



Gjensidige

# LOAN PAYMENT INSURANCE



# Loan Payment Insurance

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# General terms and conditions Ü101-2018

## APPROVED

Entered into force on 25.05.2018

## 1. BASIC TERMS AND DEFINITIONS

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- 1.1. **Gjensidige** is the insurer Akciné draudimo bendrové „Gjensidige“ (ADB Gjensidige) Estonian branch.
- 1.2. **Policyholder** is a person who has concluded an insurance contract with Gjensidige and is obliged to pay insurance premium.
- 1.3. **Insured person** or the **insured** is a person with whom the insured risk is associated. If an insured person is not specified on the policy, the policyholder is the insured.
- 1.4. **Beneficiary** is a person determined in the insurance contract, who shall be entitled to receive an insurance indemnity in the case of an insured event in accordance with the insurance contract.
- 1.5. **Third person** is a person who is not the policyholder or a person equivalent to policyholder (see p 6 for persons equivalent to policyholder).
- 1.6. **Insurable interest** is the policyholder's interest to insure him-/herself against a specific insured risk.
- 1.7. **Insured risk** is a risk insured against.
- 1.8. **Insurance contract** is an agreement concluded between Gjensidige and the policyholder, pursuant to which Gjensidige shall, in the case of an insured event, indemnify the damage caused as a result of the insured event or fulfil the contract in another agreed manner (the Gjensidige's fulfilment obligation) and the policyholder shall be obliged to pay insurance premium to Gjensidige.
- 1.9. **Policy** is a document issued by Gjensidige to certify the conclusion of an insurance contract.
- 1.10. **Insured object** or the **object of insurance** is e.g. the life or health of the insured person or a thing, liability or expense of the insured person, with regard to which the insurance contract is concluded.
- 1.11. **Insured event** is a sudden and unforeseeable event, which is defined in the insurance contract and upon the occurrence of which Gjensidige has the fulfilment obligation arising from the contract.
- 1.12. **Sudden and unexpected event** is an event, which occurs suddenly and fast, and the occurrence of which, or damage caused by which cannot be influenced, foreseen, mitigated or avoided by the policyholder/person equivalent to the policyholder.
- 1.13. **Insurance period** is a period of time, when the insurance cover is valid, and on the basis of which insurance premium is calculated.
- 1.14. **Insurance premium** is an amount which the policyholder is obliged to pay Gjensidige in accordance with the insurance contract.
- 1.15. **Place of insurance** is an address, territory, region or area defined in the insurance contract, insured events occurring in which are subject to Gjensidige's fulfilment obligation arising from the insurance contract.
- 1.16. **Deductible** is an amount of money or other value (e.g. a percentage of damage, a period or other such) determined in the insurance contract, by which the fulfilment obligation of Gjensidige shall be reduced.
- 1.17. **Sum insured** is the maximum amount payable per insurance period.
- 1.18. **Insured value** is the value of the insurable interest at the time of occurrence of the insured event.
- 1.19. **Limit of indemnity** is the maximum limit of payment of indemnity agreed in the insurance contract, which has been determined for example for an insured object, an insurance cover or an insured event. The terms and condition concerning underinsurance shall not be applied in the case of applying the limit of indemnity.
- 1.20. **Insurance indemnity** is an amount of money or a non-monetary compensation (replacement, restoration), by which the proprietary damage incurred as a result of an insured event is indemnified on the terms and conditions established in the insurance contract. The manner of indemnifying the damage shall be decided by Gjensidige. The amount of insurance indemnity per one insured event is limited by the amount of damage caused as result of the insured event, and by the sum insured or the limit of indemnity.

## 2. INSURANCE CONTRACT DOCUMENTS

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- 2.1. Insurance contract documents are: the policy, the terms and conditions indicated in the policy, and other document if it is specified in the insurance policy.

- 2.2. In the case of a contradiction between the insurance contract documents, the policy shall prevail, followed by the product terms and conditions, then the general terms and conditions and the law regarding all questions not regulated in the previous.
- 2.3. If the insurance contract documents are both in Estonian and in a foreign language, the Estonian text of the insurance contract documents shall prevail in the case of a contradiction between the documents, unless specified otherwise in the policy.

### 3. CONCLUSION AND AMENDMENT OF INSURANCE CONTRACT

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- 3.1. An insurance contract shall be concluded when the conditions specified in Gjensidige's proposal are fulfilled, e.g:
  - 3.1.1. Gjensidige has released policy to the policyholder or the insured,
  - 3.1.2. the policyholder has paid the insurance premium or the first instalment of insurance premium in a manner and amount specified in proposal,
  - 3.1.3. the policyholder has fulfilled some other condition agreed in the insurance contract.Exact terms and conditions of contract conclusion and validity of insurance cover are stated in the insurance contract.
- 3.2. Gjensidige shall issue a policy to certify the conclusion of the insurance contract. The policy shall be valid without signature, but the policy may contain the original, digital or mechanically reproduced signature of representative of Gjensidige. Gjensidige may send the policy to the policyholder electronically or by post.
- 3.3. In accordance with the principle of freedom of contract, Gjensidige shall have the right to decide with whom and on what terms and conditions it concludes or does not conclude a contract.
- 3.4. In order to amend the insurance contract, the policyholder shall submit an application to Gjensidige at least in a format which enables reproduction in writing (for example via e-mail). The insurance contract shall be considered amended when the policyholder and Gjensidige have agreed with the amendment at least in a format which enables reproduction in writing.

### 4. EXPIRY, CANCELLATION AND TERMINATION OF INSURANCE CONTRACT

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- 4.1. The insurance contract shall expire upon the expiry of the insurance period, upon the cancellation of the insurance contract, upon termination of the insurance contract, upon agreement of the parties or on other grounds established by law or in the insurance contract.

- 4.2. If Gjensidige indemnifies damages in the amount of the whole sum insured (except the deductible), then the insurance contract is deemed to have been cancelled due to lack of policyholder's insurable interest at the moment the insurance indemnity is paid out, unless the parties of the insurance contract have agreed that the sum insured shall not decrease by the indemnity paid.
- 4.3. Gjensidige shall have the right to cancel the insurance contract:
  - 4.3.1. if the policyholder has violated the terms and conditions of the insurance contract, incl if the policyholder does not take safety measures stipulated in the insurance contract or specified additionally by Gjensidige. Gjensidige shall not have the right to cancel the insurance contract, if the violation of the terms and conditions of the insurance contract does not have an effect on increasing of the insured risk or Gjensidige's obligation to fulfil the insurance contract (excluding the non-payment of the insurance premium);
  - 4.3.2. if the policyholder, insured person or the beneficiary has misled, deceived or attempted to mislead or deceive Gjensidige with regard to the insurance contract or the circumstances of an insured event;
  - 4.3.3. upon an increase in the insured risk;
  - 4.3.4. after the occurrence of an insured event.
- 4.4. Both parties to the insurance contract may cancel the insurance contract after an insured event, by giving the other party one week's prior notice thereof. Upon cancelling the insurance contract on other grounds, Gjensidige shall be obliged to comply with the requirements and terms established in the Law of Obligations Act for the cancellation of the insurance contract.
- 4.5. Upon cancellation, termination or early end of the insurance contract on other ground, the policyholder shall have the right to recover the insurance premium paid for the time left until the end of the insurance period. If Gjensidige has indemnified damages in the amount of the whole sum insured (except the deductible) as a result of the insured event, the insurance premium for the time left until the insurance period shall not be returned.
- 4.6. Gjensidige shall have the right to terminate the insurance contract, if the policyholder has not informed Gjensidige of significant circumstances that influence the insured risk or has intentionally submitted false data upon the conclusion of the insurance contract. Gjensidige shall have the right to terminate the contract within one month from the date on which it learnt or should have learnt of the violation of the notification obligation.

### 5. RIGHTS AND OBLIGATIONS AND DETERMINATION OF BENEFICIARY

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- 5.1. The beneficiary shall, upon the occurrence of an insured event, be entitled to fulfilment of obligations

by Gjensidige, but the beneficiary shall not have a claim of fulfilment against Gjensidige.

- 5.2. The beneficiary shall be determined and changed upon the policyholder's proposal. One cannot change the insurance contract afterwards (incl the beneficiary) without the approval of the beneficiary, if the insurance contract has been concluded to secure another contract concluded between the policyholder and the beneficiary. One also cannot change the insurance contract without the approval of the beneficiary after an insured event has occurred.
- 5.3. The heirs of the policyholder may not replace the beneficiary after the death of the policyholder.
- 5.4. If the beneficiary loses the right to insurance indemnity due to circumstances arising from the beneficiary or if the beneficiary has died or has been liquidated before the occurrence of an insured event, the beneficiary shall be considered as not determined.
- 5.5. If a beneficiary has not been determined it's the policyholder or a person determined by the policyholder who is entitled to Gjensidige's performance, unless Gjensidige has a statutory obligation to refrain from indemnifying without an approval of a third person (e.g mortgagee).

## 6. PERSONS EQUIVALENT TO POLICYHOLDER

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- 6.1. In the fulfilment of the obligations arising from the insurance contract, other than the payment of insurance premium, the following persons shall be equivalent to the policyholder:
  - 6.1.1. the insured;
  - 6.1.2. the beneficiary (not applicable to liability insurance);
  - 6.1.3. the legal possessor of the insured object, as well as the person to whom the legal possessor has transferred possession, e.g lessee (not applicable to liability insurance);
  - 6.1.4. the person who uses the insured object with the consent or approval of the policyholder, the insured person or the legal possessor of the insured object, e.g a family member of an insured person (not applicable to liability insurance);
  - 6.1.5. the person working for the policyholder and the person whom the policyholder uses in its economic activities marked on the policy or fulfilment of obligations marked on the policy;
  - 6.1.6. other person who is obliged to comply with the requirements of use, safety, damage prevention and limitation, rescue and other such pursuant to the law, a contract (including an employment contract) or other legal relationship (not applicable to liability insurance).
- 6.2. The policyholder shall explain the requirements and obligations arising from the insurance contract to a person who is equivalent to the policyholder.
- 6.3. If a person equivalent to the policyholder fails to comply with the requirements of the insurance

contract, the policyholder shall be considered as having violated the insurance contract.

## 7. OBLIGATIONS OF PARTIES TO INSURANCE CONTRACT

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### 7.1. Obligations of policyholder

#### **The policyholder shall be obliged to:**

- 7.1.1. pay insurance premium due date and in the manner and amount determined in the policy;
- 7.1.2. act with reasonable care to avoid the occurrence of loss event;
- 7.1.3. comply with the legal acts applicable in Estonia, the (special) terms and conditions specified in the insurance contract, safety requirements and equipment user instructions; make his/her best efforts to prevent an insured event and to reduce the possible damage, not to increase the insured risk and not to allow it to be increased by persons for whom the policyholder is liable;
- 7.1.4. immediately notify Gjensidige of an increase of the insured risk, incl in cases then the increase of insured risk was caused by generally known circumstance which does not affect only the insurance risk related to the policyholder;
  - 7.1.4.1. If the policyholder has not notified Gjensidige of an increase of the insured risk Gjensidige shall not have the obligation to indemnify damages which result from an insured event which occurs one month from the time Gjensidige should have received the respective notification.
  - 7.1.4.2. If the policyholder increases the insured risk, does not inform Gjensidige about it, and the insured event occurs after the increase of the insured risk, Gjensidige shall not have the obligation to indemnify damages in the extent the risk was increased.
- 7.1.5. during the insurance contract allow Gjensidige's representative to inspect the condition of the insured object and the documents necessary for the conclusion of the insurance contract, if Gjensidige has information on possible change of the insured risk which might provide basis for ending the insurance contract;
- 7.1.6. apply on its own cost additional safety measures required by Gjensidige, if those are necessary due to change in risk circumstances during the validity of the insurance contract (e.g assuring additional surveillance if during the insurance contract active business activity stops in a an insured hotel).
- 7.1.7. introduce with the insurance contract and explain the obligations arising from the insurance contract to persons equivalent to policyholder;
- 7.1.8. submit all notices to Gjensidige in a format which enables reproduction in writing.

#### **Upon the occurrence of an insured event, the policyholder shall be obliged to:**

- 7.1.9. immediately take measures to prevent the escalation of damage and to reduce the possible damage;

- 7.1.10. immediately inform the police, if intentional activities of third persons are suspected; the local rescue service, if the event involves a fire or explosion; the competent bodies or persons in other cases;
- 7.1.11. notify Gjensidige of the insured event at the first opportunity personally or via his/her representative, stating the data concerning the event, the expected amount of damage, the witnesses, parties and suspects, and to follow the instructions of Gjensidige's representative thereafter;
- 7.1.12. preserve the scene of the insured event untouched until Gjensidige has inspected it, if possible;
- 7.1.13. submit a list of the property lost, damaged or destroyed as a result of the insured event to Gjensidige within two weeks from the moment of learning of the insured event (not applicable to liability insurance);
- 7.1.14. allow Gjensidige to identify in the course of handling the case the reasons for and the amount of the damage caused as a result of the insured event, by submitting the documentation necessary for that purpose;
- 7.1.15. present the damaged property or the remains thereof in the post-event condition to Gjensidige for inspection (not applicable to liability insurance). The policyholder shall not start to restore damaged property or utilise destroyed property without Gjensidige's consent;
- 7.1.16. give Gjensidige complete information concerning the circumstances related to the insured event and allow Gjensidige to determine losses as a result of the insured event. The obligation to prove the insured event lies with the policyholder;
- 7.1.17. notify Gjensidige within two working days of finding an insured object lost as a result of the insured event.

## 7.2. Obligations of insurer

### Gjensidige shall be obliged to:

- 7.2.1. maintain the confidentiality of the data that has become known to him/her in connection with the insurance contract;
- 7.2.2. register the notice of event, inform the policyholder of the procedure for the settlement of insurance events and indemnification of damage, and immediately commence the handling of the insured event and to determine the amount of damage to be indemnified;
- 7.2.3. present to the policyholder a list of documents necessary for determining the reasons for and the amount of the damages caused as a result of the insured event;
- 7.2.4. decide on the indemnification of damage or refusal to indemnify the damage immediately, but not later than within 10 working days from receiving all the required documents and determining the amount and the circumstances of the damage. If civil, misdemeanour or criminal proceedings have been initiated in connection with the loss event and the circumstances to be identified in the course of the proceedings are important in determining Gjensidige's fulfilment obligation, Gjensidige shall have the right to postpone the decision until

the receipt of the ruling made in the relevant proceedings;

- 7.2.5. notify the policyholder in writing of its refusal to indemnify the damage or reducing the insurance indemnity within 5 working days at the latest from making the relevant decision, indicating the reason and grounds for the refusal or reduction;
- 7.2.6. inform the policyholder on Gjensidige's webpage [www.gjensidige.ee](http://www.gjensidige.ee) or via mass media, if the name or legal form of Gjensidige, the address of Gjensidige or the address of Gjensidige's structural unit via which the insurance contract was concluded or the address of the competent insurance supervisory body is changed during the insurance period;
- 7.2.7. submit all notices to the policyholder in a format which enables reproduction in writing..

## 8. TRANSFER OF INSURED OBJECT

- 8.1. Upon the transfer of the insured object, all the rights and obligations of the policyholder arising from the insurance contract shall pass to the acquirer of the object.
- 8.2. With regard to Gjensidige, the rights and obligations of the policyholder arising from the insurance contract shall not be considered as transferred until notification of the transfer of the insured object.
- 8.3. The transferor or the acquirer of the insured object shall give Gjensidige immediate notice of the transfer.
- 8.4. If Gjensidige is not notified of the transfer of the insured object in a timely manner, Gjensidige shall be released from its fulfilment obligation, if an insured event occurs later than one month from the date by which Gjensidige should have received the relevant notice.
- 8.5. Upon the transfer of the insured object, Gjensidige may cancel the insurance contract within one month from learning of the transfer, by giving at least one month's prior notice of the cancellation.

## 9. MULTIPLE INSURANCE, OVERINSURANCE AND UNDERINSURANCE

- 9.1. Multiple insurance is a situation where the insured object is either partly or fully insured against the same insured risk with several insurers and the total amount of the indemnities payable by the insurers would exceed the amount of damage and the insurable value. In the case of multiple insurance, the insurers shall be liable as joint and several obligors.
- 9.2. If the sum insured differs from the insurable value by more than 10%, the damage shall be indemnified in accordance with the provisions of underinsurance or overinsurance respectively (not applicable to liability insurance).
- 9.3. Overinsurance is a situation where the sum insured exceeds the insurable value. In the case

of overinsurance, Gjensidige shall not indemnify in excess of the actual amount of damage. If the policyholder requests to decrease the insurance premium according to the extent of decrease of the insured sum, Gjensidige shall decrease the insured sum from the moment Gjensidige received the respective notification of the policyholder. Not applicable to liability insurance.

9.4. Underinsurance is a situation where the sum insured is lower than the insurable value at the moment of occurrence of the insured event. In the case of underinsurance, Gjensidige shall be liable for the damage in proportion to the ratio of the sum insured to the insurable value at the time of occurrence of the insured event. Not applicable to liability insurance.

9.5. In order to avoid overinsurance and underinsurance, the policyholder shall determine the sum insured upon the conclusion of the insurance contract on the basis of the insurable value of the insured object, monitor changes in the insurable value during the insurance period and, if necessary, submit an application to Gjensidige for changing the sum insured. Not applicable to liability insurance.

## 10. INDEMNIFICATION OF DAMAGE

10.1. Gjensidige shall indemnify damage in accordance with the terms and conditions agreed in the insurance contract.

10.2. If Gjensidige indemnifies the damage incurred, Gjensidige shall also compensate the policyholder for the necessary costs incurred for the purpose of reducing the damage and preventing the further escalation of the damage, as well as the costs incurred by the policyholder in identifying the damage or determining the amount of the damage. In determining the cause of damage and the size of damage, Gjensidige or the policyholder may use expert assistance. The expert costs are borne by the party to the insurance contract using the expert assistance or by prior agreement, equally by both parties.

10.3. If the amount of or the reason for the damage caused as a result of an insured event is not fully proven, only the part that is proven shall be indemnified.

10.4. Gjensidige shall have the right to set-off its obligation to fulfil the insurance contract against the unpaid insurance premiums payable by the time of the occurrence of the insured event. If Gjensidige is obliged to indemnify damages in the amount of the whole sum insured (except the deductible), then Gjensidige has the right to set-off unpaid insurance premiums payable until the end of the insurance period.

10.5. Deductible

10.5.1. The deductible shall be applied to every insured event.

10.5.2. Upon calculating the insurance indemnity, the deductible shall be applied last after other possible deductions and withholdings.

10.5.3. If more than one insured event follows one sudden and unexpected event or due to one sudden and unexpected event insured objects with different deductibles are damaged, only the highest deductible shall be applied.

10.6. If Gjensidige does not have the data concerning the name, personal- or registry code and settlement account number of the person entitled to receive insurance indemnity, Gjensidige shall not be obliged to pay the indemnity before receiving such data.

10.7. The policyholder or the beneficiary shall be obliged to return the insurance indemnity to Gjensidige, if circumstances excluding indemnification are determined after the indemnification of the damage (e.g the insured person shall recover the possession of the stolen item) or if the damage is indemnified by a third person.

## 11. EXCLUSIONS

Gjensidige shall be released from the obligation to fulfil the insurance contract entirely or partially, if:

11.1. the damage did not occur as a result of an insured event or if the damage has already been indemnified;

11.2. the insured event did not occur in the place of insurance, during the period of insurance or in the event that the damage was caused to an item that does not have insurance cover for some other reason (incl. the part of damage exceeding the sum insured or limit of indemnity);

11.3. the policyholder or a person equivalent to the policyholder has failed to fulfil at least one obligation specified in the insurance contract and there is causal relationship between the nonfulfilment of the obligation and the insured event and/or the damage caused as a result thereof;

11.4. the policyholder has failed to pay the insurance premium by the agreed term (by the additional term established by Gjensidige in the case of instalments) and an insured event occurs after the expiry of the term for the payment the insurance premium;

11.5. the insured event has occurred due to the gross negligence or intent of the policyholder, a person equivalent to the policyholder or the beneficiary;

11.6. the damage has resulted from the loss or disappearance of the insured item;

11.7. the insured event has been caused by the activities of the policyholder or a person equivalent to the policyholder in a state of alcoholic, narcotic, toxic or other intoxication;

11.8. the damage has occurred as a result of force majeure;

11.9. the damage has occurred due to nuclear energy, use of chemical or biological weapon, electromagnetic field or radioactivity, radiation, toxicity or explosivity of any substance;

11.10. damage is related to genetically modified organisms or raw material received from them;

- 11.11. the damage has occurred due to war or war-like situation, terrorism (incl. restrictions or measures implemented for preventing thereof), riot or uprising;
- 11.12. the damage has occurred due to an epidemic, natural disaster (incl. earthquake, landslide, land subsidence), environmental pollution (incl. elimination thereof) or an epizootic;
- 11.13. the damage has occurred due to a confiscation or expropriation or from another act of public authority;
- 11.14. the damage has occurred due to a strike or work stoppage;
- 11.15. the damage has occurred as a result of or in connection with archaeological excavations;
- 11.16. the damage is due to a public law sanction (pecuniary punishment, fine, penalty payment, imprisonment, detention, etc.);
- 11.17. the damage is due to public admission, presentation of a thing, unfounded expenditures, negotiorum gestio or claims that have arisen in the relationship between persons insured under one and the same insurance contract and their equivalent persons;
- 11.18. the damage is due to a contractual liability of the insured person (incl. fine, contractual penalty, suretyship) or increased responsibility provided for in the contract (e.g. waiving objections, simplified proving, extending the expiration date, determining the extent of damage);
- 11.19. the damage is non-patrimonial damage, loss of profit, pure economic damage;
- 11.20. the damage is an expense incurred due to maintenance work or repairs that are not caused by an occurrence of an insured event;
- 11.21. the damage has occurred due to an event or circumstance that the policyholder or insured person was or should have been aware of before entering into the insurance contract;
- 11.22. the damage is a result of extortion, fraud, embezzlement or use of weapon;

- 11.23. the policyholder or a person equivalent to the policyholder has misled or attempted to mislead Gjensidige with regard to the circumstances and/or the amount of the damage or has otherwise attempted to deceive Gjensidige with regard to the insurance contract or the circumstances of fulfilment thereof.

## 12. GJENSIDIGE'S RIGHT OF RECOURSE

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- 12.1. The claim for compensation, which the policyholder or the insured person holds against a third person, shall pass to Gjensidige in the extent of the damage indemnified by it.
- 12.2. If the policyholder or the insured person waives its claim against a third person or waives the right securing that claim, Gjensidige shall be released from its fulfilment obligation in the extent of the compensation it could have claimed on the basis of that claim or right.
- 12.3. If the policyholder or the insured person holds a claim against his/her ascendant or descendant relative or spouse or against a family member living together with him/her, Gjensidige shall only have the right of recourse if the relevant liability of such person is insured or if the person intentionally caused the damage.
- 12.4. The policyholder shall be obliged to assist Gjensidige in presenting a recourse claim, submitting data, documents, explanations, etc. necessary for exercising the right of claim.

### Personal data processing

Gjensidige is processing personal data received from Policyholder, who would like to use or is using Gjensidige services, and the personal data, which is received from other sources (e. g. from registers maintained by government or private persons, from other third parties).

Gjensidige is publishing detailed information about principles of personal data processing on the website [www.gjensidige.ee](http://www.gjensidige.ee).



# Loan Payment Insurance LMK101-2023

## APPROVED

On the 2023-05-09  
 ADB Gjensidige Management Board Decision  
 Conditions come into effect from 2023-05-09

## 1. DEFINITIONS USED

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The capitalized terms, which are not defined in these Loan Payment insurance conditions (hereinafter referred to as **Conditions**), are defined in the General Insurance Terms and Conditions. Other terms and definitions used in these Conditions have the following meaning:

- 1.1. **You, or Policyholder** – a natural person specified in the Policy whose financial interests are insured by the Insurance Contract.
- 1.2. **We, or Insurer** – ADB “Gjensidige” Estonian branch, registration code 11193232.
- 1.3. **Insurance Contract** – a written agreement between the Policyholder and the Insurer, concluded according to these Conditions. The Insurance Contract consists of:
  - 1.3.1. the Policy and its annexes;
  - 1.3.2. these Conditions (Loan Payment insurance conditions);
  - 1.3.3. the General Insurance Terms and Conditions.
- 1.4. **Financial Institution** – Luminor Bank AS, registration code 11315936.
- 1.5. **Deductible Period** – the period during which the Insured Event must continue in order for the Insurance Indemnity to be paid, which is calculated from the first day after the end of this period.
- 1.6. **Initial Waiting Period** – the period, specified in the Policy, from the day of concluding the Insurance Contract, during which the event occurred is not considered an Insured Event.
- 1.7. **Financial Obligation Agreement** – a credit agreement (except the credit related with the credit card) concluded between the Financial Institution and the Policyholder.
- 1.8. **Financial Obligation** – a sum of money which the Policyholder is obliged to repay to the Financial Institution according to the Financial Obligation Agreement.
- 1.9. **Previous Medical Condition** – an illness or medical conditions, trauma or symptom of which the Policyholder was or should have been known and/or began before the concluding the Insurance Contract, regardless of whether it was treated or not. This term also includes previously diagnosed congenital or chronic diseases and their exacerbations.
- 1.10. **Permanent Residence** – a country where the Policyholder is constantly living or lives most of the time
- 1.11. **Employment** – relationship between the policyholder and his employer on the basis of a labor contract, a civil service contract in accordance with the law of the Republic of Estonia, based on of at least 13 months (in case of a fixed-term contract) or for an indefinite period, when the Policyholder works at least 16 hours a week and receives a salary or similar remuneration
- 1.12. **Monthly Insurance Indemnity** – the amount of money specified in the Policy that corresponds to the Insurance Indemnity paid by the Insurer for one full month in case of an Insured Event.
- 1.13. **Pandemic** – an outbreak of a rapidly spreading contagious disease that is dangerous to health or life in several countries or continents and has been confirmed by the World Health Organization.
- 1.14. **Epidemic** – an outbreak of contagious disease in country or region that spreads extensive and quickly, which calls for infection control measures to be applied extensively and has been confirmed by the country’s or region’s authority.

## 2. WHAT IS INSURED?

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- 2.1. The Insured Object is the financial interests of the Policyholder due to loan payment and related to following risks:
  - 2.1.1. Loss of income due to incapacity for work;
  - 2.1.2. Loss of income due to unemployment

## INSURED RISKS

## 3. INCAPACITY FOR WORK

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- 3.1. An Insured Event is considered the loss of income of the Policyholder as a result of sickness during the period of the continuous sick leave validity, if the sick leave has been issued due to illness or bodily injury, excluding the non-insured events. Sick leave is

confirmed by a document issued and/or prolonged for the same illness by a medical practitioner, proving the incapacity of the Policyholder to work for a period which is longer than Deductible Period.

- 3.2. Non-insured events:
  - 3.2.1. Previous Medical Condition;
  - 3.2.2. events when Policyholder is not sick himself/herself (for example, takes care of a sick relative), unless the Policyholder is caring for a sick child up to 18 years old (not including 18 years old);
  - 3.2.3. pregnancy or childbirth, except pregnancy complications;
  - 3.2.4. quarantine, self-isolation;
  - 3.2.5. in cases of Pandemic, Epidemic, except flu and Covid Epidemic;
  - 3.2.6. events related to treatment not appointed by doctors and/or treatment not recognized by official medicine or treatment via non-traditional (unrecognized by official medicine) methods;
  - 3.2.7. events related to plastic-aesthetic surgical operations and prosthetics (including tooth, eye or joint prosthesis), as well as treatment of its complications, excluding cases related to the bodily injury (trauma) which happened during the Insurance Period;
  - 3.2.8. events which are not approved by the medical documentation and/or diagnostic tests during the Insurance Period;
  - 3.2.9. events related to the activity of the Policyholder, which has been assessed as having elements of a deliberate crime or a criminal offense by the investigating authorities or the court;
  - 3.2.10. events associated with Human Immunodeficiency Virus (HIV, including AIDS), as well as any other mutational variation or changes;
  - 3.2.11. events directly caused by alcohol, drugs or other prohibited substances consumption.

## 4. UNEMPLOYMENT

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- 4.1. An Insured Event is considered the unemployment of the Policyholder due to termination of an Employment on the initiative:
  - 4.1.1. by Employer for economic reasons incl. redundancy, the employer's bankruptcy, collective cancellation of employment contracts. (Employment contract Act (EE - Töölepingu seadus) paragraph 89 and 90)
  - 4.1.2. by Policyholder due to a significant breach of the employer's obligation arising from the employment contract A significant breach by the employer means undignified treatment of the employee or threatening with such treatment or permitting co-workers or third parties to treat the employee in this manner; significant delays in the payment of salary; continuation of work in the case of a real threat to the employee's life, health, morals or good name. (Employment contract Act (EE - Töölepingu seadus) paragraph 91 p. 2)
- 4.2. Non-insured events, if the Policyholder:

- 4.2.1. becomes unemployed or becomes aware about forthcoming unemployment before the insurance cover entered into force or during the Initial Waiting Period;
- 4.2.2. and the employers were related, i.e. were close relatives. A relative in the sense of these conditions are parents, children, adopted parents and children, caregivers and dependents, brothers, sisters, grandparents, grandchildren, stepchildren, sons-in-law, daughters-in-law, spouses, unmarried partners;
- 4.2.3. is self-employed;
- 4.2.4. works in company where he is an owner of the company (owes 50% or more shares of company);
- 4.2.5. is using his/her acquired right for an early (preliminary/advance) retirement (age) pension, or using his/her acquired right for state pension according to the order specified by legal acts;
- 4.2.6. employment contract is terminated for a good reason arising from the Policyholder or at Policyholder's request or reasons related to the Insured Person (including health problems) or due to any other reasons than listed in clause 4.1 of the Conditions;
- 4.2.7. becomes unemployed due to expiry of an Employment contract which was entered into for a specified term and not extended (fixed-term employment contract);
- 4.2.8. loses the Employment right in Estonia which is regulated by the law of the Republic of Estonia;
- 4.2.9. becomes unemployed during the probationary period, upon termination of the seasonal employment contract, termination of the agreement for additional work or dismissed from a secondary position;
- 4.2.10. does not have valid unemployment status granted by a competent state institution (Estonian Unemployment Insurance Fund);
- 4.2.11. lost unemployment status according to the law;
- 4.2.12. becomes unemployed and the unemployment was caused by war-like situation, mass unrest (strikes, acts of terrorism, etc.), radiation exposure, radiation or any other nuclear energy exposure, global catastrophes, natural disasters (e.g., earthquakes), also as a result as force majeure;
- 4.2.13. informed us about claim event later than mentioned in clause 9.1.

## 5. POLICYHOLDER

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- 5.1. The Policyholder can be a private person who can conclude an insurance contract to secure his financial interests based on these Insurance Terms and Conditions, if all of the following prerequisites are met:
  - 5.1.1. Permanent Residence is in Estonia;
  - 5.1.2. has the Employment in Estonia which is regulated by the law of the Republic of Estonia and who has the statutory right to social benefits in accordance with the laws of the Republic of Estonia under a permanent or fixed term contract concluded for at least 13 months;

- 5.1.3. on the day when the insurance coverage begins, the Financial Obligation Agreement indicated in the Policy by the Policyholder has not less than 12 months remaining until the end of the Financial Obligation Agreement;
- 5.1.4. is at least 18 years old until the age where he/she uses his/her right to old-age pension, including where he/she uses the right to an early pension before the age of old-age pension.
- 5.1.5. working at least sixteen (16) hours a week by the moment insurance contract is entered into
- 5.1.6. is not aware of the end of their Employment or the threat thereof by the moment the Insurance contract is entered into;
- 5.1.7. does not work in a company where he is an owner (at least 50%);
- 5.1.8. is not self-employed.
- 5.2. The Insurer has a right to refuse concluding the Insurance Contract without indicating the reasons notwithstanding the fact that a person meets the criteria mentioned in p. 5.1 of these Conditions.

## 6. SUM INSURED

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- 6.1. The Sum Insured is specified in the Policy.
- 6.2. The Sum Insured is the maximum amount payable for insured events that occurred during the Insurance Period. The Sum Insured may be limited with the limit described in the p. 10.7 of these Conditions.
- 6.3. The Sum Insured will decrease by the amount of the paid Insurance Indemnity.

## 7. CONCLUSION OF THE INSURANCE CONTRACT. BEGINNING OF THE INSURANCE COVER. VALIDITY OF THE INSURANCE CONTRACT. CONDITIONS OF AMENDMENT AND TERMINATION OF THE INSURANCE CONTRACT

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- 7.1. Insurance cover comes into force from the day determined in the Policy, but not earlier than the first instalment of Insurance Premium is paid.
- 7.2. Insurance cover, apart from any other basis specified in the General Insurance Terms and Conditions and these Conditions, and unless it is specified otherwise in the Insurance Contract, ends:
  - 7.2.1. in case of the Policyholder's death;
  - 7.2.2. with the receipt of the right for a retirement (old-age pension) or use the right for early -age pension by the Policyholder;
- 7.3. To conclude the Insurance Contract, the Policyholder must provide the following information about the Financial Obligation: the contract number, its type,

the monthly amount of the credit instalment, the end date.

- 7.4. Separate Insurance Contract shall be concluded in relation to each Financial Obligation Agreement.
- 7.5. Prior to expiration of the Insurance Contract term (as defined in the Policy), the Insurer will have a right to send (submit) to the Policyholder a proposal to conclude Insurance Contract for the subsequent Insurance Period, indicating the terms and conditions of the Insurance Contract and the information on how the Policyholder may accept the offer to agree on the insurance offer for the new period.
- 7.6. Only in the case it is indicated in the policy, the Insurance Contract may be with an automatic renewal possibility. In this case the Insurer shall deliver the Policy and related documents to the Policyholder not later than 1 month before the expiry of the Insurance Contract. Sums insured, Insurance Premium, other insurance conditions may change. The Policyholder has the right to refuse to renew the Insurance Contract by notifying the Insurer in self-service at any time before the expiry of the valid Insurance Contract. The Insurer has the right to refuse to renew the Insurance Contract by notifying the Policyholder in the form which can be reproduced in writing not later than 1 month before the expiry of the Insurance Contract.
- 7.7. Notification of the insured event does not relieve the Policyholder from payment of Insurance Premiums as foreseen in the Insurance Contract.
- 7.8. The Policyholder is obliged to inform the Insurer not later than in 30 days if the Financial Commitment Agreement ends during the insurance period.
- 7.9. The Policyholder is obliged to inform the Insurer if he/she decides to acquire right for an early (preliminary/advance) retirement (age) pension or use his acquired right for an old-age pension or started work as self-employed.

## 8. DEDUCTIBLE AND INITIAL WAITING PERIODS

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- 8.1. The duration of Initial Waiting Period is specified in the Policy. A sickness or unemployment during the Initial Waiting Period is not considered an Insured Event.
- 8.2. The Initial Waiting Period does not apply to a renewed Insurance cover (if the same Policyholder, without any delay after the end of one Insurance Contract, concluded another Insurance Contract based on these Conditions, and the Financial Obligation Agreement remains the same).
- 8.3. The Deductible Period is applicable for the insurance cover and is specified in the Policy.

## 9. EVENT NOTIFICATION

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- 9.1. The Policyholder is obliged to inform the Insurer of the insured event, not later than in 60 calendar days from the day of the event, except for if it is impossible to do so because of a serious illness (sickness) or open case in the court. In such case should be reported about Insurance Event immediately after the end of the sick leave or court ruling come in force, but not later than 120 days after Insured Event occurred.
- 9.2. While the Policyholder is addressing the Insurer regarding the payment of the Insurance Indemnity the following documents should be provided to the Insurer:
- 9.2.1. event notification and request to pay the Insurance Indemnity;
- 9.2.2. a document (for example, copy from the Financial Institution's self-service) confirming the validity of the Financial Obligation Agreement, on the basis of which the Insurance Contact was concluded;
- 9.2.3. other information and documents requested by the Insurer, and which are necessary to confirm the fact of the insured event or to establish the circumstances of the event.
- 9.2.4. in case of sickness:
- 9.2.4.1. copy of medical documents (certificates, extracts) of medical institutions specifying the patient's name, ID, date of treatment, description and duration of treatment; diagnosis, anamnesis;
- 9.2.4.2. a document that confirms sick leave and its period;
- 9.2.5. in case of unemployment:
- 9.2.5.1. documents confirming the start of the employment contract (copy of the employment contract without disclosing confidential information) and confirming of termination (which must indicate the date of and reasons of termination of the employment contract, e.g. employment contract, employer's order, certificate from Unemployment Insurance Fund or employer, etc.).
- 9.2.5.2. document of confirmation from state institutions that Insured person has Unemployment status (example: unemployed person's certificate or a reminder to the job seeker supporting the fact that the Policyholder is unemployed);
- 9.2.5.3. during the period of payments of the Insurance Indemnity, every month a written confirmation that the Policyholder is still unemployed and confirmation about the validity of the Financial Obligation Agreement.
- 9.2.6. Other information or documents required to confirm the fact of the Insured event or to establish the circumstances of the event (if required by Insurer).

## 10. INSURANCE INDEMNITY PAYOUT

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- 10.1. In the case on an insured event, the Insurance Indemnity is paid every month during the period of Insured Event but not longer than for 11 months.

- 10.2. Insurance Indemnity is paid to the Policyholder by the bank transfer.
- 10.3. The Insurance Indemnity is paid once a month on the condition that the Policyholder provided the Insurer the documents confirming the fact that he/she is unemployed, or he/she has sick leave. The Insurance Indemnity is paid within 30 calendar days from the end of the Deductible Period or from the last payment date.

- 10.4. The amount of the Insurance Indemnity for the previous calendar month is calculated as follows: the amount of Monthly Insurance Indemnity is multiplied by the ratio between the calendar days when the Policyholder was unemployed/on sick leave and the number of calendar days in the previous calendar month.

$$P = \frac{U}{D} \times Mb, \text{ where}$$

*P* - the amount of Insurance indemnity for the previous calendar month,

*Mb* - the amount of Monthly insurance indemnity,

*D* - calendar days in the previous calendar month;

*U* - calendar days when the Policyholder was unemployed/on sick leave

- 10.5. The calculated periodic Insurance Indemnity is rounded to the nearest cent.
- 10.6. If both insured risks occur the Insurance Indemnity is paid for the first occurred risk.
- 10.7. The maximum amount of all Insurance Indemnity for one insured event is 20 000 EUR, regardless of the number of Insurance Contracts concluded with the Insurer according to these Conditions.
- 10.8. The Insurance Indemnity is no longer paid in case:
- 10.8.1. the Insurer paid the full sum insured specified in the Policy or maximum sums for the same Policyholder for several Insurance Contracts as foreseen in p. 10.7 of these Conditions;
- 10.8.2. sick leave (for the same specific illness) of the Policyholder has ended (closed);
- 10.8.3. the Policyholder loses unemployment status;
- 10.8.4. the Policyholder dies;
- 10.8.5. If Financial Obligation Agreement terminated or ended;
- 10.8.6. the Policyholder has rejected a job offer that matches his/her education, skills, and abilities without good reason.
- 10.9. If the Policyholder has become employed during the current month, the Insurance Indemnity is calculated only for the days when the Policyholder was unemployed.
- 10.10. If the Policyholder gets the right to a retirement pension or uses the right an early retirement pension during the current month, the Insurance Indemnity is calculated only for the days before the right to the pension has been used.



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