Terms and Conditions of Apartment Building Insurance*

*The 11th Terms and Conditions of Swedbank P&C Insurance AS are effective as of 1 January 2011.

**Principles of Swedbank P&C Insurance AS:**
- The insurance cover we offer is extensive.
- We trust you when we enter into a contract or when we pay you indemnities.
- The amount of insurance premium does not depend on the number of instalments.
- We will refund your money if you wish to withdraw from the contract within 14 days of entry into the contract.
- We make sure that indemnities are paid out quickly when loss events occur.
- The sum insured doesn’t decrease after a loss event.

**SALES AND SERVICE**
Customer Services Helpline 1513
varakindlustus@swedbank.ee
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**CLAIMS HANDLING**
Claims Handling Helpline 888 2111 (24 h)
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**Apartment building insurance contract**
A good insurance contract is precise and detailed. That is why a contract proving your insurance cover consists of different documents.

**The documents of an apartment insurance contract are as follows:**
- **Apartment building insurance terms of Swedbank P&C Insurance AS** which determine the extent of the apartment building insurance cover;
- **General Terms and Conditions of the Insurance Contracts of Swedbank P&C Insurance AS**, which determine the general principles of insurance contracts;
- **insurance policy**, which proves that an insurance contract has been entered into.

**Important information**
We need the policyholder to give us information about the following important circumstances before we can enter into an apartment building insurance contract:
- location of building, degree of construction, materials used in building structure, size of building, time of construction or renovation;
- description of previous insured events which have affected building.

We assume that the information you have provided is true and accurate. We may, as set out in the insurance contract, reduce the insurance indemnity, refuse to pay out the indemnity or terminate the insurance contract if you have knowingly submitted false information to us. Please notify us immediately if the information you provided earlier changes during the insurance period.
Definitions

We have defined the meaning of the different terms used in the terms and conditions of insurance.

We or the Insurer means Swedbank P&C Insurance AS.

Policyholder means the person specified as the policyholder in the policy. The policyholder may be an apartment association, the building administrator or another person who is acting on behalf of all apartment owners and has the obligation to pay the insurance premiums. We presume that the policyholder is authorised to enter into an insurance contract.

You or the insured persons are all co-owners of the insured building jointly.

Place of insurance means the address noted in the policy where the insured building is located.

Insurance cover means our obligation to indemnify to you for the loss you have suffered in accordance with the terms and conditions given in the insurance contract.

Insurance period means the period of time for which the insurance cover is valid and for which the insurance premium has been calculated. The insurance period will be one year, unless otherwise stipulated in the insurance contract.

Insurable value of building means the cost of restoring the building to its former condition.

Sum insured means the maximum amount of money to the extent of which we will indemnify for the loss suffered due to a single insured event.

The sum insured is specified in the policy or the insurance terms and conditions. The sum insured is not reduced by the amount of indemnity paid out.

Insured event means the event specified in the insurance contract the occurrence of which brings about our obligation to pay indemnity. See pages 3-4.

Insurance indemnity means the monetary or non-monetary compensation for the material damages you have suffered. See pages 4-5.

Excess means the part of the loss amount, which you must cover in the case of each insured event. Excess is specified in the policy. See page 5.

Insured object

Building insurance

A building is a residential building with several apartments. Insurance extends to the part of the building which is in the co-ownership of the insured persons.

Insurance covers the following parts of the building:

- foundation;
- internal and external walls;
- roof and rain pipes;
- chimneys;
- exterior finishing;
- interior finish (incl. sanitary ware, wall and floor coverings) in the joint use of apartment owners;
- inserted ceilings;
- floors;
- staircases and lifts;
- windows and doors;
- utility systems (heating, cooling, gas, water supply, power supply, sewerage, ventilation, communications, fire alarm, security alarm and fire extinguishing systems and the accompanying wires, pipelines, channels and containers);
- radio and television antennae, lighting equipment and the parts of the building’s air-conditioning equipment installed on the outer walls of the building;
- stove, fireplace and cooking stove permanently attached to the constructions of the building;
- other constructional parts.

Insurance does not cover the following:

- physical share of apartments in building, incl. as follows:
- interior finishing, incl. sanitary ware, wall and floor coverings;
• floors, ceilings and walls of the building as far as supporting constructions;
• non-load-bearing partitions within the apartment;
• the parts of utility systems (heating, cooling, gas, water supply, sewerage, ventilation, communication, fire alarm, security alarm and fire extinguishing systems) on which only the owner of the apartment depends;
• power supply system with cut-off devices and flow meter;
• structures, which are in poor condition or which have been declared unfit for living or use, or which have been declared illegally erected;
• movable property in or outside the building;
• construction work. For protection against construction work, a construction insurance contract must be entered into or the builder requested to enter into one.

Facility
If you insure your building, the insurance also covers facilities. Facilities are structures whose total area is less than 10 m² and which are located on the same plot of land as the building and permanently attached to the ground, such as barriers, wells, shelters, fences, outdoor lighting fixtures and flagpoles. Heat pumps, underground communication lines and parts of utility systems, which are located on the same plot of land as the building and which belong to you are also deemed facilities. The sum insured of facilities is 35,000 euros.

Outbuildings
It is possible to insure buildings that are in co-ownership and located on the same plot which are meant for joint or individual use with the apartment building. Insured outbuildings are specified in the policy as separately insured objects.

What does the insurance cover?
Swedbank P&C Insurance AS offers extensive and safe insurance cover – all risk insurance. Exclusions not covered by the insurance are specified separately in the apartment building insurance terms and conditions. All events not listed as exclusions are covered under the insurance contract.
If you have also opted for liability insurance, your liability for losses caused to third parties are covered to the extent specified in the apartment building insurance terms and conditions (see page 5-6).

All risk insurance cover
‘Loss Event’ means any sudden and unexpected event which has directly affected the Insured Item and as a result of which the Insured Item is damaged or destroyed.
Events listed as exclusions or the results thereof are not deemed insured events. The maximum insurance indemnity possible is the sum insured and indicated in the policy.

Exclusions
Insurance does not cover and indemnity is not paid for events caused by the following sources, events, conditions and actions, or the damages that have resulted therefrom:
• long-term process, wear, deterioration, cracking, corrosion, material fatigue, rotting, mould, dry rot, fungus diseases, humidity, changes in colours, odours, material structure and finishing;
  Exception: We will compensate damage caused to other insured items by items damaged for said reasons. (For example, a corroded pipe breaks and water damages the interior finishing of rooms in joint use. We indemnify the restoration of the interior finish, but we do not indemnify the broken pipe.)
• activities of insects, pests, rodents, birds and domestic animals;
• interruption of water and power supply if prior notice was given with regard to the interruption, you were aware of the interruption and you had the chance to prevent or reduce the loss;
• maintenance and repair of the insured item;
• defective construction or repair work; calculation, planning or design error; use of defective or unsuitable building materials, as well as damage caused by construction or repair work;
  Exception: Insurance covers the damage if such work was performed by a constructor and the required construction permission and authorisation for use were issued for the construction, renovation and exploitation of the building. However, we will not indemnify for the cost of the defective work or detail itself, but only for the damages caused to the insured object by the defective construction or repair work.
• subsidence, elevation, movement, expansion, wear of materials and vibration of the structure, its foundation, walls or other structural elements;
  **Exceptions:** We indemnify the damage caused by movement of the surface or vibration caused by the construction work performed by third parties;
  We will indemnify for damages caused by rise of surface water or a flood.
• water entering the structure through a broken construction;
  **Exceptions:** We will indemnify for the loss if injury to the construction is caused by an insured event.
  We will indemnify for the first leakage of water through roof or wall structures.
• the weight of ice or snow;
  **Exceptions:** We will indemnify damage caused by snow and ice falling off the roof.
  We will indemnify for the damage caused to buildings constructed as required on the basis of a planning permission.
• internal failure of utility systems;
  **Exception:** The internal failure of utility systems is covered if this is caused by power failures (e.g. short-circuit and excess voltage).
• nuclear weapon, nuclear fuel, nuclear energy or radioactive substance or any other source of radiation or explosion of a nuclear or radioactive substance;
• war or armed political conflict, act of terrorism, rebellion, mass riot, strike, interruption of work, expropriation of property.

**The following are not subject to indemnification:**
• losses and damages which occurred prior to entry into the insurance contract;
• losses and defects which are subject to compensation by the manufacturer or supplier and the manufacturer or supplier bears liability therefore under the law or a contract (e.g. warranty);
• expenses incurred in the maintenance, repair and elimination of minor external defects (e.g. scratches on painted, enamelled and polished surfaces and cracks in walls);
• expenses incurred in renewing technical equipment and machinery and the replaceable components of equipment forming essential parts of the building (e.g. ropes, valves, fuses and gaskets);
• indirect expenses (e.g. telephone costs, decrease in income or profit, and financial liabilities);
• value of the remaining part of an insured item;
• construction and repair work expenses not directly caused by an insured event (e.g. replacement or repair of worn parts or coverings).

**What to do if an insured event occurs**

Please notify our Claims Handling Department immediately if an insured event occurs:
Claims Handling Helpline 888 2111 (24 h)
kahjuabi@swedbank.ee
www.swedbank.ee

After the occurrence of an insured event our experts or experts approved by us are entitled to conduct an expert analysis at the place of insurance in order to determine the reasons for and amount of the loss. Please do not disturb the place of insurance until the experts appointed by us have examined the scene of the Event or until we have consented to the disturbance. Making changes in the insured property without our consent before the reason for and the amount of the loss have been ascertained is not permitted. Making such changes without our consent is permitted only if it is required to reduce the loss or it is in public interest.

Damaged property or the remains thereof must be preserved and, if necessary, transferred to our possession for the time of the expert analysis. If you recover a lost item or become aware of its location, please notify our Claims Handling Department immediately thereof.

**Principles of indemnification**

We do everything we can to make the indemnification process quick and easy. We will inform you of our decision on indemnification of damage as soon as possible, but no later than within 10 days of identification of the circumstances of occurrence of the damage and the extent of the damage and the receipt of all required documents concerning the insured event.
Exception: If the amount of loss or our indemnification obligation has not been fully ascertained, we will indemnify for the part of loss the occurrence and amount of which have been proven. If criminal or civil procedure has been initiated in relation to the insured event and such procedure is important in respect of indemnifying for the loss, we have the right to postpone making the decision on indemnification for the loss until the suspension or termination of the relevant procedure.

Excess
You must cover the excess specified in the policy or in these terms and conditions of insurance in the case of every insured event. Losses that are smaller than excess are not indemnified.
If you have failed to adhere to safety requirements (see page 6) and this causes the occurrence of an insured event, we may apply a special excess at the rate of 20% of the loss amount, but no less than five times the amount of principal excess.

Manner of indemnification
We have the right to choose the manner in which we indemnify for your loss, but we will consider your needs when we make our choice.

Structure
Damages caused to a structure are indemnified on the basis of the reinstatement value of the property. We do not consider the wear and tear of a building when it is restored.

Reconstruction. Reconstruction of a structure means restoration of the structure in a condition similar to the one the structure was in before the occurrence of the insured event whilst adhering to valid building standards. We are entitled to choose the person who reconstructs the structure and the manner of reconstruction. You can choose the person who reconstructs the structure yourself with our written consent. Reconstruction is performed on the basis of a construction estimate. We are not obliged to make any payouts until the start of the reconstruction. In the case of reconstruction we pay out the indemnity according to completed works and invoices issued for such works. The structure must be reconstructed at the place of insurance. Please follow our instructions when restoring a structure.

Monetary indemnity. We may pay out the indemnity in cash by mutual agreement. We also pay a monetary indemnity if reconstruction works do not start within two years of the occurrence of the insured event or if you do not wish to reconstruct the structure. In a case like this we deem the estimated reinstatement value to be the amount of the indemnity and the amount corresponding to the physical wear and tear of the damaged building before the occurrence of the insured event will be deducted from the amount of the indemnity. The physical wear and tear of the building before the occurrence of the insured event will be determined by experts after the insured event has occurred. The indemnity to be paid out will not exceed the amount by which the value of the registered immovable decreased as a result of the insured event.

Additional expenses to be indemnified
In the case of an insured event we also indemnify for the following expenses in addition to direct material damages and the sum insured of the structure specified in the policy.

• Cost of demolition works and rubbish removal. Expenses incurred in demolition, clearing, cleaning and rubbish collection essential for the reconstruction of the damaged structure will be compensated for. The maximum amount to be compensated is 65,000 euros.
• Expenses of loss limitation. We will indemnify for the reasonable expenses you have incurred in preventing additional loss in the case of an insured event. Such expenses are indemnified even if the measures taken did not yield the desired result, but were necessary to avoid additional damage.
• Expenses of expert analyses. We will indemnify for expenses incurred in ascertaining the loss and the amount of loss.
  We will not indemnify for the expenses you have incurred in hiring an additional expert.

Reduction of insurance indemnity or refusal to pay out indemnity
It is permitted to reduce the insurance indemnity or refuse to pay the insurance indemnity if:
• the damage was intentionally caused by you or a person equivalent to you;
• the damage resulted from gross negligence by you or a person equivalent to you;
• you have knowingly given us false information on significant circumstances regarding the insurance contract (see page 1).

Persons equivalent to you are persons who are obliged, pursuant to law, a contract or on any other legal basis, to adhere to the operational, safety, damage prevention and limitation, and salvaging requirements relating to the insured object as well as other requirements for preservation of the object.
Safety regulations
We ask you and the persons identified with you to be careful when possessing and using the property and to adhere to safety requirements established by law and administrative legislation as well as to the following safety requirements. Upon violation of safety requirements we are entitled to apply special excess. See page 5.

• Smoke flues and chimneys must be cleaned at least once a year.
• Only persons with required qualifications may perform flammable work or work involving an open flame. Upon performing flammable work as well as upon using spark-generating tools the falling of sparks onto flammable substances or materials must be prevented. Upon work involving an open flame or flammable work, the flammable substances located at the place of work must be covered with fireproof covers.
• Only persons with relevant qualifications may perform power installation work and repair electrical equipment.
• Heating, gas and power systems must be used and maintained as required.
• Roofs, rainwater and sewerage pipes, drainage systems and detritus tanks must be regularly maintained and checked.

Liability insurance
In the event of liability insurance we indemnify damage which you have caused to the property of third parties by being in possession of the insured object or personal injuries which you have caused to third parties and for which the insured person is liable.

Definition of liability insurance terms

The insured persons are you or the apartment owners jointly. The interests of the insured persons can be represented by the apartment association, which must have the respective authorisation.

Authorisation for the insurer means your written authorisation for us permitting us to hold negotiations on your behalf in the case of an insured event, represent you in court and perform other operations prescribed by law. We have the right to decide on matters related to claims handling and the need to initiate a recourse action and on the amount of legal costs. We will inform you of the aforementioned operations in advance.

Claim means legal action initiated against you or the apartment association in order to receive compensation for damage or an intention to initiate such legal action as expressed in writing.

Injured party means a third party who has suffered property damages for which the insured person is liable pursuant to law.

Losses subject to indemnification

Insured events are loss events which occurred during the insurance period and where a written claim for indemnification of damage has been filed against you or the apartment association no later than two years after the end of the insurance period. The maximum amount of indemnity for loss is the sum insured of liability insurance specified in the policy. Please adhere to our instructions in the case of an insured event. See p 4. We will indemnify personal injuries and property damage which occurred during the insurance period.

Personal injury means a loss resulting from the death or physical injury of a person. We will indemnify for the following:

• medical expenses;
• decrease in income due to temporary or permanent incapacity for work;
• funeral expenses;
• maintenance indemnities.

Property damage means a loss resulting from damage to or destruction of an item. We will indemnify for the following:

• expenses incurred in restoring or replacing the property. If it is impossible to restore or replace the property, we will compensate for the market value of the property;
• loss arising from the destruction of the property.

Legal assistance and legal costs. We will indemnify legal and procedural expenses to the extent of 4,000 euros. Legal costs are not included in the sum insured with regard liability insurance indicated in the policy. This insurance indemnity does not cover legal costs resulting from the fact that you do not agree with our decision on indemnification for the loss suffered.
**Damage not subject to compensation**

We will not indemnify for the loss:

- caused to the co-owners of the building;
  
  **Exception:** we will indemnify losses to a co-owner if less than one quarter of the building’s co-owners suffered losses due to an event. Upon calculating the indemnity we will reduce the claim proportionally on the basis of the size of the co-ownership of the person who filed the claim.
  
  A claim arising from losses caused by the damaged party or their family member to themselves is not deemed an insured event.

- which was caused to the property in your possession and which has been leased or borrowed or the use of which has been granted to you on other grounds;

- which has been caused intentionally by you;

- which you are obliged to compensate for under a contract or a warranty;

- which arises in connection with construction, renovation or maintenance work;

- which is caused by using or owning land vehicles, watercraft or aircraft powered by an engine;

- which is caused by vibration, warmth, odour, radiation, light, smoke, soot, dust, fume, humidity, gas or other similar long-term factors;

- which is caused by air, earth or water pollution;

- which is caused by the freezing, sinking or movement of earth;

- which is caused in connection with penalties and default interest;

- which is caused by the use or existence of asbestos;

- which is caused due to an insult or defamation;

- which is not subject to compensation pursuant to laws applicable in the Republic of Estonia;

- in case of which benefits are paid under unemployment insurance or insurance against accidents at work provisions;

- which is caused due to a nuclear weapon, nuclear fuel, nuclear energy or radioactive substance or other source of radiation, explosion of nuclear or radioactive substance;

- which is caused due to war or political armed conflict, act of terrorism, insurrection, mass riot, strike, interruption of work, application of international sanctions or expropriation of property.

**What to do if an insured event occurs**

In the case of an event which may give rise to a claim you must:

- immediately inform us of the possible claim and forward to us all the information related to the insured event (incl. information on civil, administrative, criminal or misdemeanour proceedings related to the insured event);

- immediately deliver the written claim to us if you have received one;

- if necessary, provide explanations regarding the insured event and the claim;

- apply measures necessary to prevent or reduce loss;

- not admit guilt or error in respect of causing the loss without our written consent (except to the police or in court);

- not submit an offer regarding indemnification for loss or promise to indemnify for loss without our written consent.

**Principles of indemnification**

If a claim is lodged, we will verify the circumstances that are the basis for such a claim, reject unfounded claims, and indemnify for the loss caused if the claim is subject to indemnification.

If several injured parties have lodged a claim against you and the total amount of the claims exceeds the sum insured under liability insurance, we will satisfy the claims to the extent of the sum insured in proportion to the amounts of the claims. If several persons are liable for the same loss, we will only indemnify for the part of the loss corresponding to your liability, but not more than the sum insured under liability insurance. We will indemnify for legal costs in the same proportion.
Documents required to apply for insurance indemnity

In the case of an insured event you are obliged to give the insurer true and complete information on the insured event, the circumstances thereof, the amount of loss and the persons possibly responsible for the event. It must be possible to identify, in a reliable manner, the circumstances of the insured event and the extent of expenses on the basis of the loss application and documents appended to the application. You must present documents and written explanations to the insurer and answer the insurer’s questions orally and in writing. If you have submitted copies, the insurer will be entitled to request original documents.

We are required to collect a range of data and specify the circumstances of the insured event in order to decide whether or not we can pay out the indemnity.

Therefore we have the right to demand the following:

• loss application on the form of Swedbank P&C Insurance AS. The loss application must include the information required to identify the circumstances of the loss event and applying for indemnification;
• certificate from the Rescue Board;
• certificate from the police in the event of vandalism or theft;
• explanations of the insured persons and property owner about the loss event;
• documents proving the expenses arising from the loss event;
• if necessary, other documents and certificates to identify the circumstances and extent of the loss event.

Complaints handling

Please let us know if you are not satisfied with the service provided by Swedbank P&C Insurance AS. We hope that we will be able to find a solution that satisfies both parties.

If you disagree with our decision or would like additional explanations, you have the right to apply for a revision of the decision. Send us your written request explaining your position about the decision we made. We will respond within 10 days of the submission date.

You have the right to turn to the Consumer Protection Board with complaints concerning our activities. We will be happy to help you if you need more data in order to compose your complaint.

You can also dispute any decision we make about indemnifying your loss in court.

The service provider is Swedbank P&C Insurance AS. Read the insurance conditions and, if necessary, consult an insurance specialist.

Additional information is available on our customer services helpline 1513 or on the Internet at www.swedbank.ee.