



"SIL INSURANCE" INSURANCE CLOSED JOINT STOCK COMPANY

Approved by the Board of "SIL INSURANCE" ICJSC  
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Chief Executive Officer ----- Hayk Baghramyan



## PROPERTY INSURANCE CONDITIONS

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## 1. GENERAL TERMS

1.1. Current Conditions are processed according to terms of RA Law on “Insurance and Insurance Activity”, RA Civil Law and other regulations and form an integral part of an insurance policy.

1.2. Current type of insurance corresponds to classes 8 and 9 (fire and natural disasters insurance and other damages to property insurance) of article 7 (Insurance types and classes) part 2 (non-life insurance) of RA Law on “Insurance and Insurance Activity”.

1.3. Under the insurance agreement (hereafter Policy) the Insurer shall compensate the Insured or the person on whose behalf the Policy is signed (hereafter the Beneficiary) the damage caused as a result of an Insurance event (Insurance compensation) within the frame of the amount set by the Policy (Sum Insured) against the payment set by the Policy (hereafter Insurance premium) in case of an occurrence of an event anticipated by the Policy (hereafter Insurance event).

1.4. Under current conditions (hereafter Conditions) signed Policies are in force within the territorial limits of RA and NKR, unless otherwise provided by the Policy.

1.5. Conditions are attached to the Policy forming an integral part of the latter and are mandatory for the Insurer and the Insured (hereafter Policy parties).

1.6. Upon mutual agreement the Policy Parties shall arrange amendment, non-applicability or other states of separate terms under the Policy not contradicting with the law or other legal acts.

## 2. MAIN CONCEPTS APPLIED

**Insurer** – “SIL INSURANCE” Insurance Closed Joint Stock Company (hereafter the Insurer or the Company).

**Insured** – Legal entity of any organizational type set by the law, foreign organization, functional physical person, foreign citizens and persons with no citizenship signing an insurance policy with the Insurer.

**Beneficiary** – a person with the right to receive Insurance compensation under the Insurance Policy in case of an occurrence of an Insurance event. In case of an insurance of pledged property the pledgee deemed as the Beneficiary mentioned in the Insurance Policy has the primary right to receive Compensation within the frames of the amount of obligation secured by pledge at the day of payment. The rest of the Compensation shall be paid to the Insured or another Beneficiary, unless otherwise mentioned in the Insurance Policy.

**Insurance policy or certificate** – a written agreement between the Insurer and the Insured during the period of which the Insurer shall provide Compensation to the Insured (or the Beneficiary) within the frames of the Sum Insured in case of an occurrence of an Insurance event (except for exclusions provided under current Conditions), meanwhile the Insured shall pay the Insurance premium set under the Policy as per the size, order and deadlines.

**Insurance risk** – possible event of a sudden and accidental nature subject to insurance that can take place during the policy period.

**Insurance event** – event at the time of the occurrence of which (except for cases set by the current Conditions) the Insurer shall pay the Insured or the Beneficiary the Insurance compensation by the procedure provided under current Conditions and Policy.

**Insurance compensation** (hereafter Compensation) – the amount payable by the Company based on the Policy to the Insured or the Beneficiary in a form of cash or equivalent property as a result of an occurrence of an Insurance event.

**Sum Insured** – the maximum size of the Insurer’s liability set by the Insurance policy for the Policy period.

**Insurance value** – the market value of the property at the Policy signing.

**Insurance premium** – the amount, the size and the conditions of which are set by the Policy, payable by the Insured to the Insurer for possible Insurance compensation.

**Deductible** – size of damage, that is not compensated by the Insurer and is set under the insurance Policy as a certain amount or as a percentage from the Sum Insured.

**Security system** – any systems and means for security assurance:

- Anti-fire, including fire extinguishing and fire alarming autostations, fire alarm, transfer and other similar systems, hydrants, fire extinguishers, fire cover means (showers), anti-fire panels and other similar means and devices.

- Anti-theft, including movement and breakage alarming devices, anti-theft gateways, labels, video, documenting and other similar means and devices.

### 3. INSURANCE SUBJECTS

3.1. According to RA legislation and based on current Conditions, "SIL INSURANCE" insurance CJSC signs Policies with functional physical persons: RA citizens, foreign citizens and persons with no citizenship, legal entities (hereafter the Insured).

3.2. The Policy is signed for the benefit of property owner or other person that has an interest in the possession of the property (hereafter the Beneficiary) based on RA legislation, other legal acts or agreement.

### 4. INSURANCE OBJECTS

4.1. Insurance objects shall be deemed as the property interests of the Insured (Beneficiary) with regards to the possession, usage and ownership of the property (property insurance).

4.2. The following shall be insured under the Policy:

#### 4.2.1. Real estate:

a) buildings, constructions, apartments, apartment constructions, private houses, rooms, garages and auxiliary buildings, public areas in the residential buildings, constructions and/or their separate constructive parts, construction and design materials set for construction (including repair) works,

b) landscape buildings, fences, land engineering equipment, systems,

c) real estate objects of incomplete constructions (the presence of base, walls, roof, doors and closed windows of the constructions is mandatory, if the presence of which is anticipated by the construction plan),

#### 4.2.1.1. Real estate interior:

- interior (repair): materials and works, that is covers and design of walls, floor and ceiling (tiling, laminate, gypsum plasterboard, parquet, skirting boards, decorative and other interior panels, small-stone, stretching and other types of ceilings, etc.), painting and plaster materials, fretworks, wallpapers and other materials, combustible constructions of doors and windows, including glasses,

- internal water, gas and canalization piping system, details and parts made for collision, electric cords, TV, telephone and other internal cords and cables. The real estate (building, house, construction, area) by itself, including built-in furniture, heating, cooling, ventilation and any other type of devices, equipment, other property is not subject for insurance under current clause.

4.2.2. **Raw and materials:** complete product, products, spare parts, raw materials, prepack products, fuel.

4.2.3. **Equipment and machines:** equipment, including electrical, tools, machines, computers, air conditioners, audio-video equipment, radio, photo and film equipment, other office equipment, means of communication, communication machines and infrastructural elements providing communication.

4.2.4. **Means of transportation and other type of moveable property** that is not being used as a transport.

#### 4.2.5. Household appliances and equipment:

a) furniture and property, household and other property, household electrical devices, tools, household and personal usage objects and items, as well as auxiliary housework objects, property and other else of personal usage,

b) small housework, garden, sport property, property assumed for household, cultural and other demands.

#### 4.2.6. Land

#### 4.2.7. Other property

4.3. In case when each unit of the insured property is not mentioned in the Policy separately, but is mentioned only as a property group that are separated by classification characteristics (machinery and equipment, products and stock, etc.), then by saying an insured property it shall be assumed to be all those objects that are in the insurance territory and are parts of such property groups, including those, that were at the time of Policy signing and those that were added to that group, including third parties property that was transferred to the Insured's possession, exploitation, repair or for other purposes, if it is not insured under another Policy. In all cases, in case of an insurance claim, the Insured shall prove that the mentioned property was present in the insurance territory during the Policy period and shall present the value of each property/item included in that group, their interest towards that property, the existence of that property before the inception of the Policy and the total value of the property shall correspond to the sum insured.

4.4. If the insured object is the property transferred for possession, repair and else under the Insured's liability then it is deemed as insured on behalf of its owner, unless otherwise provided by the Policy.

4.5. Unless otherwise provided by the Policy, then the following property is not subject for insurance:

a) cash,

b) security bonds, excise labels,

c) noble metals and precious stones, items and objects made of them, as well as jewelry items,

- d) stamps, coins, medals, money symbols, paintings, sculptures and other collections of objects that are deemed as art works, antique items,
- e) banking cards and express-payment cards,
- f) manuscripts, projects and other documents (documented information) present on the paper or electronic devices,
- g) models, miniatures, samples, forms, etc.,
- h) film-photo-audio materials, including archive materials,
- i) data on technical devices, electronic management systems and computer programs,
- j) canned (not used for a long period of time) production equipment,
- k) water resourced, not withdrawn useful fossils,
- l) plants, animals, micro-organisms,
- m) on an off-shore constructions (property on an open sea and within the border of continent shelf, including lighthouses, oil platforms, etc.),
- n) explosive substances and weapons,
- o) dumps,
- p) equipment using radioactive fuel,
- q) building and construction identified as in an emergency condition by state legal bodies, as well as property located in that type of building (construction),
- r) any property that is located in a territory deemed as landslide, landfall or other natural disaster zone by a respective authorized body,
- s) moveable property located in an open-air area, except for property, devices, equipment and systems that are engineered to be used/exploited outside of the building (in an open-air area) (unless otherwise provided by the Policy),
- t) land contaminated by various substances or with an absence of fructuous layer.

4.6. The means of transportation are deemed as insured only when in a supervised fenced or closed territory and only if that insurance is anticipated by the Policy.

4.7. Any type of property, object, accessory, means, the preservation and circulation of which is not banned or limited under RA current legislation.

## **5. INSURANCE RISKS AND INSURANCE EVENTS**

5.1 Under current Conditions, the insurance risk is deemed the assumable event in case of an occurrence of which the Policy is signed.

5.2 Insurance event is deemed as an occurred event that is anticipated by the Policy and as a result of an occurrence of which the obligation of the Insurer to fulfill insurance compensation to the Insured (Beneficiary) arises. If the given event arose as a result of periodic events and the primary and main reason of which has been insured under the Policy, then the given event shall be deemed as an insurance event irrespective of the fact of other events being insured or not.

5.3 According to current Conditions, the insurance event shall be deemed as the real damage that has been caused to the Insured's property interests by damage and/or total loss of the insurance object, as well as those expenses that the Insured made or shall make for the elimination or prevention of the consequences of an insurance event and those that occurred as a result of direct impact of the following defined insurance risks (risk groups) or their combinations:

- 5.3.1. Fire, thunderbolt, explosion,
- 5.3.2. Water damage,
- 5.3.3. Natural disasters,
- 5.3.4. Mechanical impacts,
- 5.3.5. Glass breakage,
- 5.3.6. Other persons illegals acts,
- 5.3.7. Electric wave impacts,
- 5.3.8. Direct physical damage.

Insurance policy shall be signed for each of the above mentioned risks separately or for any of their combination.

### **5.4. FIRE, THUNDERBOLT, EXPLOSION**

Under current clause, the compensation shall be provided for the damage and/or loss of the insured property that is a result of a fire:

5.4.1. **FIRE:** damages caused to the insured property as a result of impact of fire, combusting substances, hot gases, high temperature during fire, as well as damages made to the insured property as

a result of impact of water (foam, dust) used to extinguish and prevent fire, fire (smoke, soot, etc.) and other means.

5.4.2. The compensation shall be provided also for the damage or loss of insured property that arose as a result of water or foam impact when extinguishing the fire.

5.4.3 Within the frames of current Conditions by saying fire it shall be assumed to be the uncontrollable combustion that arose outside of the special places for fire burning and possession, including also the intentional combustion that is capable of solely extending and making material damage.

5.4.4. In case of fire insurance the Insurer shall not compensate:

- damage that arose as a result of processing or reprocessing or else of the insured property through fire or high temperature (for example: ironing, drying, cooking, frying, thermal processing or melting of metals), inflicting to the fire, thermal processing or other thermal impact with an intention to change the features,

- damage caused to insured equipment, devices, technical equipment that arose as a result of electricity short circuit, the load in the electricity network, the increase or decrease of electricity tension, electric induction, wandering waves or magnetic impact or is accompanied by sparkles or heating and/or as a result of thunderbolt (if there was no fire as a result of it), except for cases of arising of open fire. By saying electrical equipment it shall be assumed to be any object an electricity production, distribution, interchange or consumption (including electric cables and cords) is fulfilled,

- if the fire occurred while the fire alarm and/or fire extinguishing systems were turned off or out of order, however, only when the presence of such systems is mentioned in the Policy,

- damage and/or loss of property that arose as a result of fire of explosive, combustible or inflammable substances being kept and/or stored in the insurance territory (unless otherwise mentioned in the Policy) or as a result of fulfillment of chemical and/or physical experiments in the insurance territory.

**5.5. LIGHTNING:** damages caused to the insured property as a result of an impact of electric discharge arising from lightning (thunderbolt). Within the frames of current Conditions by saying thunderbolt it is assumed to be the electric charge arising from thunder, in case of which the electricity leaves a thermal, mechanical and electric impact on the insured property.

5.5.1. The damage and/or loss caused to the insured property arising as a result of overtension because of lightning impact shall be insured upon Parties special agreement.

Under current conditions, the compensation shall not be provided to:

- thunderstruck of electric cords as a result of transfer of electricity (electric-magnetic impulse),

- damages caused to electric equipment that are a result of impact of electric energy or additional load or thermal influence resulting from atmospheric conditions force, such as static electricity, atmosphere discharging and other induction resulting from similar phenomenons.

## **5.6. EXPLOSION**

5.6.1. Under current clause the compensation will be provided for the damage and/or loss of insured property that is a result of explosion of gas pipes, boiler, other gallons or mechanisms, containers or other similar equipment working under pressure that are set for storage, transportation and reprocessing of gas used for household or production purposes.

5.6.2. Within the frames of current Conditions the explosion is assumed to be the process of targeted provision of extensive energy with limited volume in a short period of time that is made through an expanding feature of substances.

5.6.3. If specified in the Policy, the damage and/or loss resulting from an explosion of combustible substances shall also be insured. Combustible substances are those that are arranged to realize an explosion this way or another.

5.6.4. An explosion of a reservoir (boiler, pipe, etc.) is when the walls of a reservoir are split the way that its inner and outer pressures become drastically equal. If explosion occurs as a result of chemical changes inside the vessel then the damage caused to the vessel shall be compensated even if the vessel walls were not split into pieces.

5.6.5. The following are not subject for insurance and compensation:

- a) damage and/or loss arising from an explosion within the frames of Insured's or other person's activity (non-household activity),

- b) damage and/or loss caused to an internal combustion engine or similar machines and units as a result of explosion that occurs in the combustion chamber,

- c) explosion of reservoir arising from wearout, over (excessive) rusting, sediments or other sediments emerging on the walls,

- d) damage and/or loss arising from an explosion forming an integral part of usual production process,

- e) damage arising from the pressure decrease inside the vessel (implosion),
  - f) damage occurred as a result of explosive substances and dynamite explosion. By saying explosive substances it is assumed to be the affiliation of chemical substances or mixture of substances that have a likelihood of fast chemical reaction that is accompanied by large amount of heat or gas outflow and is specifically made for various types of explosive works,
  - g) damage and/or loss arising from ongoing usage of any type of protective preventives, protective switches, thunder arresters, lightning conductors or other similar equipment,
- 5.6.6. The insurance shall not cover damage that is a result of vacuum or thin gas in the reservoir.
- 5.6.7. The compensation for the damage and/or loss caused as a result of explosion in the course of third party illegal acts shall be provided only under insured risk of "Other persons illegal acts".

## 5.7. WATER DAMAGE

5.7.1. By saying water damage it shall be assumed to be the damage and/or loss of insured property as a result of water, other substance or steam impact that arose as a result of:

- cooling of plumbing, canalization, heating, anti-fire (sprinkler) systems or sudden and unexpected accident/damage of air conditioning systems,
- sudden turn on of anti-fire systems (including sprinklers),
- impact of water and/or other substances outflow from neighbor areas/constructions not belonging to the Insured/Beneficiary.

5.7.2. In case of real estate insurance the compensation shall be provided also to:

- a) expenses of elimination of sudden and unexpected damage of exploited pipeline in the insurance territory/building, however, in this case, the compensation will be provided also for replacement expenses (obtaining and replacement works) of up to 2 lining meters of damaged pipeline aside from the damage of the insured property per each insurance event,
- b) damages caused to the pipeline as a result of sudden cooling, as well as damages of machinery and equipment (valves, tanks, bathtub, batteries, boilers, water heaters, etc.) directly attached to that pipeline,
- c) expenses made for melting of frozen pipeline.

5.7.3. The following are not deemed an insurance event and shall not be compensated:

- a) damage or loss resulting from canalization outflow, unless it is a result of flood,
- b) if the Insured failed to fulfill or violated the installation and/or exploitation terms and/or deadlines of plumbing, canalization, heating, anti-fire (sprinkler), cooling or air conditioning systems.

5.7.4. Under current Conditions, the compensation shall not provided for expenses made for repair, change or melting of plumbing, canalization, heating, anti-fire (sprinkler), cooling or air conditioning system parts and their pipes located outside of the insurance territories and/or rooms, unless otherwise provided by the Policy.

5.7.5. Damage and/or loss arising as a result of sudden turn on of anti-fire systems (sprinklers, hydrants) shall be subject for compensation, only if it is not a result of following events or acts:

- repair or reconstruction of insured real estate,
- installation, uninstalment, repair of the anti-fire system or a structural change of that system,
- construction or installation defects or defects of anti-fire and/or alarm system that the Insured knew or should have known before the occurrence of the damage.

Under current section, the compensation shall not be provided for cases that are a result of:

- rain or melting snow,
- cleaning/washing of the real estate or flood or increase of underground water level,
- damage that is a result of natural wearout, corrosion or rust of plumbing, canalization, heating, anti-fire (sprinkler), cooling or air conditioning systems,
- damage that arose upon exploitation of plumbing, heating, canalization, water removing, anti-fire systems being under an emergency / not suitable for usage condition or upon failure of terms and/or deadline set for exploitation of such systems by the Insured and/or person responsible for exploitation,
- damage caused to stored and/or installed property (except for furniture and insured property placed in it) that is located on a height of less than 20 cm, unless otherwise provided by the Policy,
- damages (mold, rot, fungus) resulting from humidity inside the building/construction, irrespective of humidity reasons,
- damage that occurred before the inception of the Policy, but was discovered after the enforcement.

5.7.6. The Insured must assure:

- a) proper exploitation, technical service and repair of plumbing, canalization, heating, anti-fire, cooling or air conditioning systems,

b) turn off and assure an on time exemption of water and steam from the mentioned systems in cases when the insurance territory and/or real estate is not being exploited and/or resided for more than 60 subsequent days,

5.7.7. Upon failure to fulfill the demands of clause 5.7.6, the Insurer shall waive their right to pay compensation, if the failure of fulfillment of those demands resulted in an occurrence of an insurance event.

## **5.8. NATURAL DISASTERS**

**5.8.1.** Under current clause, the compensation shall be provided for the damage and/or loss of the insured property that is a result of:

- a) Movement of air mass,
- b) Hail,
- c) Flood,
- d) Earthquake,
- e) Volcano eruption,
- f) Mountain landfall,
- g) Ground sediment,
- h) Landslide, landfall,
- i) Big pile of snow, snow, heavy rain.

Each of the risks mentioned under a)-i) of current clause is deemed as insured, if it is directly mentioned in the Policy.

## **5.9. AIR MASS MOVEMENT: STRONG WIND, STORM, GALE, HURRICANE**

5.9.1. Under current section, the damage and/or loss resulting from strong wind, storm, gale, hurricane and air mass other movements shall be subject for compensation if the wind at the given time and place exceeded 20.8 meter per second and above strength or 9 points of Beaufort scale.

5.9.2. By saying damage caused by air mass movements it is assumed to be the damage and/or loss caused to insured property arising from:

- a) direct mechanical impact of wind blow speed,
- b) direct impact with moving (displacing) objects, stones and/or ice or snow pieces as a result of wind.

5.9.3. The Insurer shall compensate the damage and/or loss caused to objects attached to the insured buildings (such as masts, satellites, air conditioners, open electric cords, advertisement materials, etc.), if specified by the insurance Policy,

5.9.4. The wind speed shall be confirmed by a statement given by state bodies realizing environmental control. Upon failure to provide such a statement based on reasons irrespective of the Insured, then it shall be assumed that the wind was of sufficient speed, if the Insured proves the presence of at least one of the below mentioned conditions:

- a) the air mass movement in an insurance territory or its surroundings caused loss or damage to a building or other property that is capable of bearing wind speed similar to a building being in a good condition,
- b) loss or damage of an insured property being in a good condition could have occurred only with an impact of air mass movements.

5.9.5. Damages caused by air mass movements of subsequent 72 hours shall be deemed as one insurance event.

## **5.10. HAIL**

5.10.1. By saying "Hail" it shall be assumed to be the atmosphere precipitations with the form of round ice pieces.

5.10.2. By saying damage or loss caused by hail it shall be assumed to be the damage caused to the insured property that arose as a result of a mechanical impact of ice parts (hail pieces) on the insured property.

5.10.3. The damages caused by hail that took 24 consequent or interrupted hours shall be deemed as one insurance event.

## **5.11. FLOOD**

5.11.1. By saying flood it is assumed to be the damage or loss of the insured property because of sudden cover of water (going underneath the water), that is a result of river, lake, sea or other natural reservoir or artificial pond water level increase, dam cleft, demarcating dams, tsunamis, as well as heavy rains.



5.11.2. According to Conditions, sinking is not deemed as an insurance event, that results from water leakage of upper ground reservoirs that could have been foreseen taking into account local conditions (local relief, climate, seasonal water fluctuations, etc.) that are specific to the insurance territory.

5.11.3. It is assumed that the coming of the water out of its bank is possible to predict, if those events occur more often than one time on average of 10 years in the last 30 years (at the time of the start date of the Policy).

5.11.4. Within the frames of flood insurance the compensation shall not be provided for damages that are a result of:

- a) mold (rot, fungus) resulting from humidity,
- b) ground waters,
- c) outflow of canalization waters, unless it is a result of flood.

## **5.12. EARTHQUAKE**

5.12.1. By saying earthquake it shall be assumed to be the underground shocks and vibrations that are of natural reasons.

5.12.2. The damages caused by earthquake shall be covered by insurance, if the earthquake is registered by authorized seismographic services of the insurance territory and the earthquake strength is 5 (five) points and above as per Richter scale.

## **5.13. VOLCANO ERUPTION**

5.13.1. By saying volcano eruption it shall be assumed to be the output of lava, ash, hot gases and pieces of mountain rocks from the volcano crater.

5.13.2. By saying damage caused by volcano eruption it shall be assumed to be the damage or loss occurred as a result of direct impact of melted lava, ash, hot gases or pieces of mountain rocks on the insured property.

## **5.14. GROUND SEDIMENT**

5.14.1. By saying ground sediment it shall be assumed to be the natural seating of the ground on natural hollows (mountain hollows, rifts).

5.14.2. The insurance shall not cover damages and/or losses resulting from ground sediment occurred before the inception of the Policy.

5.14.3. The insurance shall not cover the following reasons of damage or loss resulting from ground sediment:

- a) soil cooling or melting,
- b) soil dynamic impact (vibration),
- c) soil overdrying, drainage (dehydration),
- d) various construction works, specifically: removal from the ground, installation of underground communication means, destruction, digging, capital repair and reconstruction of buildings,
- e) realization of explosion works, processing and extraction of useful fossils,
- f) wrecking (erosion) of onshore or river soil,
- g) natural grounding of newly constructed buildings,
- h) impact of ground waters.

5.14.4. The ground sediment insurance shall not cover damages that are arising directly or indirectly from:

- a) earthquake,
- b) volcano eruption,
- c) flood, except for cases when insurance of such risks is provided by the Policy.

## **5.15. LANDSLIDE (LANDFALL)**

5.15.1. By saying landslide (landfall) it shall be assumed to be the natural slide of land, falling of stones and clods, including stone-falling and muddy water.

5.15.2. The landslide (landfall) insurance shall not cover land recovery expenses.

5.15.3. The insurance shall not cover damages arising from landslide (landfall) that are a result of:

- a) various construction works, specifically: removal from the main ground or installation of underground communications, destruction of buildings, capital repair or reconstruction,
- b) realization of explosion works, processing or extraction of useful fossils,
- c) wrecking (erosion) of onshore or river soil,
- d) natural grounding of newly constructed buildings.

5.15.4. The landslide (landfall) insurance shall not cover damages that are directly or indirectly connected to earthquake, volcano eruption, flood, except for cases when insurance of such risks is provided by the Policy.

#### **5.16. BIG PILE OF SNOW, SNOW, HEAVY RAIN**

5.16.1. By saying a big pile of snow it shall be assumed to be the moving mass of snow or ice that slides down the mountain.

5.16.2. Together with the mechanical impact of snow and ice masses the big pile of snow insurance covers the damage caused by the air pressure accompanying that pile as well.

5.16.3. The damage or loss caused by snow or heavy rain is deemed as an insurance event if those atmosphere phenomenons are unlikely for the given area and:

- the insured property has been damaged as a result of snow pressure, the number of precipitations of which was not less than 20 mm and it lasted for not less than 12 subsequent hours
- the insured property has been damaged as a result of heavy rain, which means that the number of precipitations of which was not less than 100 mm and it lasted for not less than 12 hours with short intermissions (not more than an hour).

5.16.4. The insurance under current clause shall not cover the damages caused to the building (construction) being under construction, semi-constructed buildings, unexploited building, as well as property located in that kind of building (construction).

5.16.5. Damage or loss as a result of snow or heavy rain of the insured property located in an open-air area is not subject to compensation, unless otherwise provided by the Policy.

5.16.6. Big pile of snow insurance shall not cover damage and/or loss that has directly or indirectly arisen as a result of earthquake, flood, except for cases when the given risks are covered under the Policy.

#### **5.17. MECHANICAL IMPACT**

5.17.1. Under current section the damage and/or loss of property is deemed to be an insurance event and is subject for compensation that is a result of:

- a) Impact, blow,
- b) Smoke impact.

5.17.2. By saying impact or blow it shall be assumed to be the damage or loss of an insured property that is a result of:

- impact with the means of transportation or cargo transportation with the latter,
- impact with animals,
- impact as a result of falling of air transportation means and/or flying objects and devices, their pieces and parts,
- blow arising from the sound waves of flying objects,
- impact of falling of poles (including lighting poles, etc.), trees, branches, construction hoists and other construction mechanisms.

5.17.3. Insurance mentioned under current section shall not cover:

a) Damages caused to means of transportation and/or animal and/or air transport and/or flying object (cargo being transferred by any mentioned means of transportation) belonging and/or rented by the Insured, their employees or Insured's family members, relatives or owner of the insured building. If the Insured is a physical person, then the terms set under current clause shall be extended towards the latters relatives (father, mother, sisters, brothers, children).

b) damages that occurred during transportation of insurance objects on automobile roadways (public roads).

5.17.4. Smoke impact means any damage and/or loss of insured property that occurred as a result of smoke or soot resulting from fire (irrespective of fire place).

#### **5.18. OTHER PERSONS ILLEGAL ACTS**

5.18.1. Under current section the damage and/or loss is deemed to be an insurance event and is subject for compensation, if it is a result of:

- a) Hijacking: theft, robbery, banditry,
- b) Third party illegal acts.

5.18.2. According to Conditions, by saying theft or robbery it is assumed to be such hijacking, in case of which, the criminal does one of the following actions:

5.18.2.1 Through breaking and/or forcible entry to insured means of transportation or insurance territory or such an area (building, construction, warehouse, apartment, residential building or house, office, etc.) where the insured property is located (hereafter Area), in the meantime:

- a) an illegal invasion to the Area has been realized by breaking (slitting, opening a hole) or damaging area walls, fence, doors, windows, roof or other constructive elements,
- b) false keys or other technical (including electrical) means have been used,
- c) invaded into the area and used any of the means mentioned in "a" and/or "b" of 5.18.2.1 of Conditions in order to leave.

5.18.3. Banditry means attack with an intention of hijacking of an insured property (or keys that are used to enter the Area) that was realized by applying violence or threatening to do so to the life or health of the Insured, their employees or persons responsible for possession of the property or Insured's family members.

5.18.4. Other cases of theft (usual theft) shall not be deemed as insurance event and shall not be subject for compensation, unless otherwise provided by the Policy. Current limitation (exclusion) shall not apply to the hijacking of such insured property that the Insured keeps and takes with them, that is cell phone, computer appliances, jewelry and jewelry items, cash, banking cards, watch and other similar moveable and personal usage items. If, at the time of hijacking, the property mentioned under current clause was worn and/or dislocated by a physical person other than the Insured (except for their family members), then that event shall not be deemed as an insurance event and shall not be subject for compensation. If the Insured is a legal entity, then their employee, from whom the property mentioned under current clause was hijacked, shall prove their right to wear and/or dislocate the given property. The liability to prove the mentioned lays also on the Insured.

5.18.5. In case of hijacking risk insurance, the insurance shall provide coverage also for illegal possession of the means of transportation, without an intention of hijacking, when kept in a fenced area or while parked in a closed area, on a condition that the given event corresponds to 5.18.2.1 of the Conditions.

5.18.6. According to insurance provided under current section, the compensation shall not be provided for damage and/or loss that is directly or indirectly connected to:

- a) intentional acts of the Insured or their family members, relatives, if the Insured is a physical person,
- b) intentional acts of the Insured's employee.

5.18.7. Hijacking shall be deemed as realized only if a respective decision on filing a criminal case with a presence of criminal features is made on the fact of the event by investigation bodies under procedure set by RA legislation.

5.18.8. The fact of property disappearance in the insurance territory shall not be enough proof of false key usage.

5.18.9. The damage and/or loss that is a result of hijacking attempt shall be deemed as insurance event and shall be subject to compensation.

5.19. Under current section the following events are also deemed as insurance events:

- Intentional destruction or damage of property,
- Careless destruction or damage of property,
- Vandalism.

5.20. Under current section, the loss and/or damage of the property shall not be deemed as insurance event and be subject for compensation if it is a result of such acts, that are classified differently by the legal state bodies from the above mentioned. In case of changes of classification names in the Civil Code of RA they shall accordingly be automatically renamed.

5.21. In case if hijacking took place in an area where the alarm system was turned off or out of order, given that the presence of such system is mentioned in the Policy and taking into account current Conditions, then it shall not be deemed as insurance event and shall not be compensated.

5.22. Under current section the compensation shall not be provided in case of unexplained loss of insured property.

## **6. LAND INSURANCE CONDITIONS**

6.1. According to current Conditions, the subject of insurance is the risk of uselessness of land areas (lands).

6.2. Lands as an insurance object shall be insured only from the risks mentioned under current Conditions and only in addition to the insurance of real estate located in those areas.

6.3. Lands as an insurance object shall be insured only if specifically mentioned in the Policy.

6.4. By saying a risk of uselessness it shall be assumed to be the:

- contamination, garbage dump in an insured land as a result of events mentioned under current Conditions (except for damages that are a result of natural/nature's phenomenon and that are not of sudden, unexpected, disastrous nature),
- damage to the fructuous layer, contamination by oil products and other substances,

- other damage, that is of an unexpected, short-term, unpredictable nature and leads to a uselessness of the purpose use of land,
- other persons illegal, intentional acts.

6.5. The land damage, landslide, the impact of underground water or diving of permanent (repetitious) nature for the given area is not deemed an insurance event.

6.6. The insurance value is accepted to be the average market value of similar lands.

6.7. At the time of an insurance event, the Insurer shall compensate, within the frames of sum insured, the expenses made for the elimination of cleaning, disinfection effects, as well as expenses necessary to bring the land its usefulness.

6.8. If expenses necessary to bring the land its usefulness or necessary for land conservation exceed the sum insured, or if it impossible to use the mentioned land for its purpose for more than 3 years, then the Insurer shall compensate the Insured the size of the average of market value of that land at the day of insurance event within the frames of sum insured.

## **7. GLASS, MIRROR AND SHOWCASE BREAKAGE INSURANCE**

7.1. Under current section the damage or loss of property is deemed as insurance event and is subject for compensation, if it is a result of risks mentioned under current Conditions or the Policy:

- a) window or door glass, glass wall, mirror, installed in the showcase or frame of window and door or building, construction, apartment or other real estate constructive elements (design, interior details), similar glass items installed in their attachment places,
- b) glass details, light or advertisement devices made from neon or similar lamps.

The Insurer shall provide insurance compensation for the damage or loss of the mentioned property only if the crack intersects the full width of the damaged glass and if the damage is a result of events mentioned under current Conditions.

The insurance shall not cover the damage caused to the glass of a building (construction) that is under building, construction or repair works.

7.2. Under current section, the compensation within the frames of insurance shall not be provided for the damage that has been caused as a result of:

- a) accidental or intentional painting of insured glasses,
- b) damage of surface of glasses or glass items (for example: scrape or small cracks).

7.3. As per insurance provided under current section, the compensation shall not be provided for damages that are directly or indirectly connected to:

- a) glass and/or its parts, furniture, window frame or its permanent attachment, removal or uninstalment from other places, as well as damage or loss that occurred during glass installation,
- b) natural grounding of newly constructed real estate,
- c) glass breakage: physical wearout or worsening of window frames and bases,
- d) any other event/risk that are not mentioned under current Conditions, including sudden damage or loss.

7.4. Unless otherwise provided by the Policy, any real estate shall be subject for insurance, where the presence of glasses installed in all doors and windows is included. In case of insurance of real estate with special and/or additional glasses (glass wall, mirror, showcase, light or advertisement devices made from neon or similar lamps, etc.), the mentioned glass items and constructions shall be deemed as insured when specifically mentioned in the Policy.

7.5. All the glasses shall be accepted as glasses of usual quality, except for cases, when the glass has a specific feature (colored, mirror, armored, etc.) and when a respective note is made in the Policy.

7.5. Under current section the damage or loss shall not be subject for compensation if it has been caused to the mentioned property under current section by a sudden and unexpected event and/or acts.

## **8. DIRECT PHYSICAL DAMAGE INSURANCE**

8.1. Under current section the compensation will be provided for the damage and/or loss of insured property that is a result of direct, unexpected, unpredictable influence of physical factor, and those that differ from the risks mentioned in the Conditions and are simultaneously not included in the exclusions mentioned in the Conditions. The direct physical damage insurance risk shall be insured only if specified in the Policy.

8.2. Direct physical damage means damage or loss that arose as a result of sudden, unexpected, short-term (up to an hour) events, the occurrence of which the Insured, the Beneficiary or their employees or family members or other persons that have the right to exploit and/or use the insured property could not foresee based on their professional skills necessary for their activity realization and that those events occurred irrespective of the mentioned persons will. The damage and/or loss of the property insured by

the risk of direct physical damage that occurred by the fault or because of any other person is not subject for compensation;

8.3. Within the frames of current section by saying damage it shall be assumed to be the non-favorable change of the physical condition of the property. The damage shall not be deemed as occurred unless any defect, irrespective of the fact of changing the physical condition of the property or not, existed before the inception of the Policy,

8.4. As per insurance provided under current section the compensation shall not be provided for damages that are directly or indirectly connected to:

- a) enforcement of exploitation, exploitation, technical service or repair of mechanical, electric-technical or electric equipment (for example: defect made by the servicing stuff, spoilage of meter, ruler, distributor or controller equipment, shortage of water, oil or lubricants,
- b) natural wearout or aging,
- c) decay (corrosion), rust,
- d) cosmetic damages: scrapes, small cracks, smears, paint damages, discoloration,
- e) breach of elementary norms of property possession: leaving without supervision in a public area, including leaving without supervision in the means of transportation, leaving in a means of transportation with open doors and/or windows, leaving in an open-air area under rain, snow and other similar cases,
- f) intentional acts of causing damage or loss to the Insured's and/or any exploiter's and/or user's property,
- g) usual impact of natural conditions that shall be taken into account based on seasonal or endemic conditions,
- h) change of color, smell or weight, sediment, decline, division, contraction or expansion,
- i) inner spoilage, decay, humidity, heating or cooling, impact of micro-organisms, animals or plants, on-purpose usage,
- j) painting, writing, engraving, posting something and other similar actions on the insured property,
- k) natural features of the property,
- l) electricity fluctuations, electricity provision or loss,
- m) inner issues: vibration, overtension, factory defects and flaws, including breakage, incorrect exploitation or temporary termination air conditioners, property cooling and heating systems, as well as microclimate assuring systems,
- n) acts of genes, gene mutations or other gene changes,
- o) drying or overdrying,
- p) processing or reprocessing,
- q) fermentation or outthermal dilution,
- r) disruption of incandescent meltages,

8.5. Current risk is subject for insurance only if specified in the Policy.

## **9. ELECTRIC CURRENT IMPACT INSURANCE**

9.1. Under current section, the compensation shall be provided for the damage or loss of electric devices and equipment, that is a direct result of electricity fluctuation: short circuit, the load in the electricity network, the increase or decrease of electricity tension, electric induction, wandering waves or magnetic impact (hereafter electricity impact), or is accompanied by sparkles or heating, except for cases of arising of open fire.

9.2. Under current section the insurance shall be provided only for the property provided by a separate list.

9.3. The fact of an impact of electricity shall be defined with accordance to criteria set in an electrical energy sphere, electrical-magnetic compatibility of technical means and norms of electrical energy quality, general meaning of electricity provision.

9.4. The fact of an impact of electricity shall be confirmed by the company providing electrical energy.

## **10. COMPENSATION OF ADDITIONAL EXPENSES**

10.1. If mentioned in the Policy and if an additional insurance premium is paid by the Insured, in addition to the compensation of the damage caused to the insured object as a result of an occurrence of an insurance event, the Insurer shall compensate the following reasonable and targeted additional expenses that are needed after the insurance event for:

- temporary possession (up to 72 hours) (possession costs) of damaged insured property and/or its remainders, that are subject to compensation by the Insurer for which the Insurer provided their written agreement.
- cleaning costs of the insurance territory/accident place (in places of an insurance event occurrence), including the displacement/transfer of insured property and/or its remainders to another place/area,

- removal of rubbish resulting from an occurrence of an insurance event and expenses (cleaning and breakage expenses, utilization) of transfer to the nearest dump, elimination or burning of other remainders (only of an insured property). If, as a result of a disaster, the cleaning place/area is outside of an insurance territory, then the compensation will be provided for those cleaning expenses that are with regards to the insured property and insurance territory. The above mentioned cleaning and rubbish removal expenses shall be compensated with a maximum size of 10% of the sum insured.

- expenses of installation, uninstallment and attachment of damaged insured property,  
- the expenses made on the recovery or reproduction of document folders (files), projects, business books, cards, graphs or other documented information (documents), including magnetic tapes, disks or other information keeping devices, including the value of those devices, with accordance to 12.7.9 of Conditions. In any case, the inner value of the Insured for that documented information is not subject for compensation. If there is no need for information recovery, then the Insurer shall compensate only the value of those devices.

10.2. If defined by the Policy, the Insurer shall compensate also the reasonable and targeted expenses of the Insured that arose as a result of robbery or banditry with accordance to current Conditions and as a result of lock or key change.

10.3. If defined by the Policy, the Insurer shall compensate also the expenses resulting from glass breakage with accordance to a respective clause of current Conditions, in relation to:

- a) temporary replacement of broken glasses, in case, when it is impossible to immediately replace the broken glass with the similar ones,
- b) installation and uninstallment of objects preventing the glass change (jalousies, bars, etc.),
- c) expenses and installation of wooden materials or crane rent, if those are necessary for the glass change in upper floors,
- d) painting, design, engravement or decoration of broken glasses, if those glasses were insured and mentioned in the Policy,
- e) installation and collection of lighting advertisement equipment instead of broken glasses.

## **11. GENERAL EXCLUSIONS**

11.1. The damage shall not be deemed as an insurance event and shall not be subject for an insurance compensation by the Insurer if it is caused as a result of:

- a) impact of rain, hail, snow, mud or other precipitation on an insured property that:
  - penetrate from buildings/constructions open windows, doors, water pipes and/or covers attachment places, attic, panel joints or other holes, and/or
  - holes generated as a result of building wearout, constructive mistakes/defects of buildings, including hydro isolation defects of roof or inter-panel holes, if only those holes are not a result of natural disasters,
- b) damage and/or loss caused to the property being in an emergency/not appropriate for usage condition,
- c) failure by the Insured or a person responsible of terms, norms and/or deadlines set for cooling, plumbing, heating, canalization, water removing, security and other similar systems exploitation and/or usage,
- d) influence of humidity (fungus, mold, etc.) on an insured real estate,
- e) sudden cracks and/or collapse of a building, construction or its part, if it is not a result of an insurance event, including as a result of its wearout or emergency condition,
- f) moveable property that is located outside of the real estate, except for such property that is attached to the building from an external part (for example: showcases, luminous equipment, jalousies and satellites), unless otherwise provided by the Policy,
- g) to the building that has been built with a failure of construction norms and rules, that is in a technically bad condition or needs capital repair, as well as property located inside the building,
- h) to the real estate that is under construction and/or is not exploited, as well as property located inside that real estate,
- i) damage or loss resulting from impact of ground (underground) water or water collection of a periodic (repeated) nature,
- j) damage or loss resulting from an increase of the underground water level, which in its turn is a result of thaw or heavy rains,
- k) water leakage from the roof or walls (including thaw or rains), if it is a result of absence or obstruction of pipes or constructions required for water removal from the roofs,
- l) damage caused to insured property as a result of failure of electricity, gas, water, heating provision (irrespective of reasons of failure),

11.2. The damage and/or loss of an unfinished or semi-constructed real estate as a result of natural disaster shall not be deemed as an insurance event and shall not be compensated.

11.3. Unless otherwise provided by the Policy, those events that are directly or indirectly connected to the following shall not be deemed an insurance event:

- a) war, armed invasion, state acts with hostile intentions (regardless of whether the war has been announced or not), civil war, riot, revolution, or disturbances,
- b) confiscation or nationalization of the property, requisition, destruction or distortion under the State bodies order or by the order of local municipalities,
- c) terrorist acts, taking of hostages or diversion,
- d) strikes, mass or national disturbances,
- e) the Insured, on behalf of the manager (authorized person), with another body of legal entity (management, directorate) intention, as well as other persons who even though act on their behalf, they act with a knowledge and interests of the Insured,
- f) an influence of any type of contamination, chemical or other biological substances and raw materials,
- g) ionized radiation or contamination of radioactive substances, nuclear junk obtained from any nuclear fuel or combustion of nuclear fuel, radioactive, toxic, explosive or any substances containing dangerous prerequisites and/or any explosive nuclear unit or nuclear component present in it,
- h) planning, construction, installation mistakes, inefficient work or material defects (shortage).

11.4. The Insurer shall not compensate also any loss or damage that occurred when real estate and/or other property was used or exploited:

11.4.1. for such purposes that do not correspond with the purpose of use of the given building/property by their technical characteristics,

11.4.2. with failure to apply rules/norms set by the manufacturer (builder) or authorized bodies for usage or exploitation of the property,

11.5. The Insurer shall not bear a compensation liability:

11.5.1. for the property located in an insurance territory, but not mentioned in the Policy,

11.5.2. for wearout and amortization, gradual worsening and present defects,

11.5.3. in case of impossibility of property usage or exploitation, including expenses for temporary replacement of the property,

11.5.4. for mechanical or electric defects, malfunctioning or breakage that are not a result of an insurance event,

11.5.5. for any reduction of property market value or its presence after restoration or repair,

11.5.6. for property and equipment malfunctioning that is a result of usage or exploitation,

11.5.7. for damages and/or losses that were caused as a result of events occurred before the inception of the Policy, even if the damage/loss was discovered during Policy period,

11.5.8. for damages and/or losses caused during or as a result of repair, reconstruction, technical service, replacement, reformation or expansion of an insured property,

11.6. The following as well are not deemed as an insurance event:

11.6.1. The Insurer shall refuse the demand for an insurance compensation, if it becomes known before or after the occurrence of an insurance event that the insured building was planned, built and exploited with defects that might have an essential impact on the stability of the building, or if the seismic-geographic and other significant conditions were not taken into account,

11.6.2. if the insured property was in an open-air area at the time of an occurrence of an insurance event (even if that area is insured), the demand for insurance compensation shall be subject for a refusal, except for property, devices, equipment and systems that are specifically meant to be exploited outside of the building,

11.6.3. for the loss and/or damages resulting from any types of events that are not provided under current Conditions and the Insured did not insure the risk of their occurrence,

11.6.4. for the loss and/or damages resulting from any types of events that are a direct or indirect result of Insured's (Beneficiary's) acts contradicting to legislation, even if the occurred damages are insured under the Policy,

11.7. The Insurer shall not bear liability for financial and other connected damages and/or losses of the Insured, Beneficiary, that is lost/unearned income, penalties, mandatory payments, expenses and else resulting from fulfillment/non-fulfillment and/or incomplete fulfillment of obligations set by any agreement, even if these are a result of an insurance event.

## **12. SUM INSURED AND INSURANCE VALUE**

12.1. The sum insured is an amount in a form of money agreed upon by the Insured and the Insurer within the frames of which the Insurer shall be obligated to pay an insurance compensation at the time of an occurrence of an insurance event.

12.2. The sum insured cannot exceed the real (market) value of the property. If the sum insured set by the Policy exceeds the real (market) value of the property, then the Policy shall be void by the amount exceeding the sum insured and the paid additional insurance premium shall not be subject to return.

12.3. If according to the Policy the insurance premium is paid in installments and it is not fully paid at the time of 12.2 of Conditions then the consequent parts of the insurance premium shall be paid with reductions respective to sum insured decrease.

12.4. If the event mentioned under 12.2 of Conditions is a result of the Insured's deceit, then the Insurer shall have the right to demand to make the Policy void and to not return the paid insurance premium.

12.5. If the sum insured set by the Policy is less than the real (market) value of the property (insurance by a not full value), then the Insurer shall fulfill the damage compensation with such proportion that exists between the sum insured and the real (market) value of the property (unless otherwise provided by the Policy).

12.6. The insurance value is deemed to be the real (market) value of the property at the time of signing of an insurance policy. For the definition of insurance value the Insurer shall take one of the following values as a basis:

- a) the value announced by the Insured,
- b) estimated value provided by evaluation and/or expert organizations or persons having a licensed/legal permission to provide such services,
- q) balance remainder value of the insured property.

12.7. The real (market) value of the property can be decided also:

- 12.7.1. for a building and construction: by the value of planned construction for the given area similar with its planning characteristics and with the quality of construction materials used for the building (construction) with a reduction of its wearout percentage,
- 12.7.2 for an area: by the market value of an area in the given location (residence, residence area) similar to an insured property with its purpose, area, planning, wearout and physical condition,
- 12.7.3. for interior design of a building, construction or area: by expenses (including the material value) necessary for undertaking the double of the interior works similar to insured interior design with its volume and quality with a reduction of wearout (unless otherwise provided by the Policy),
- 12.7.4. for machinery and equipment: by the value (including transportation, installation expenses, customs payments and fees, other mandatory payments) of obtaining similar new machinery and equipment with the same purpose and technical characteristics with a reduction of their wearout value,
- 12.7.5. for furniture and inventories: by the value of obtaining similar new items with a reduction of their wearout value,
- 12.7.6. for products (incomplete production and completes product) manufactured by the Insured: by its double production expenses, including buying and transportation expenses (freight, cargo insurance expenses, customs payments and fees) of raw materials, prepack products, but not higher than their sales price.
- 12.7.7. for products obtained by the Insured with a purpose of further sale, for raw and materials bought by the Insured: by the price of obtaining similar products, including transportation costs (freight, cargo insurance expenses, customs payments and fees). In case when the product (ready or incomplete) is already sold, its insurance value shall be accepted as equal to its market value with a reduction of expenses made for packaging and transportation.
- 12.7.8 for bonds: by an amount of their reproduction and printing,
- 12.7.9. for data carrying devices, electronic management systems or programs of general use, except for data contained in those: by the amount of expenses for data restoration, programs installation (except for data restoration costs).

12.8. The insurance value set by the Policy shall not be later argued about, except for the case, when the Insurer, not fulfilling their right to estimate the insurance risk before the signing of the Policy, was intentionally diluted about that value.

12.9. If the property is insured by its not full value or if there was an increase in the property value during Policy period, then the Insured has the right to increase the sum insured through payment of an additional insurance premium. In this case, an amendment shall be signed between the Policy parties.

12.10. In case of non full value insurance, if it becomes known that the sum insured on the day of an occurrence of an insurance event is less than the insurance value, then the Insurer shall compensate a part of the damage caused to the Insured and/or Beneficiary: the proportionate correlation of sum insured and the insurance value at the time of an occurrence of an insurance event, unless the Parties set another case.

12.11. If, during Policy period, the real value of the insured property decreases, then the Insured has the right to decrease the sum insured and insurance premium by a respective size with a reduction of



expenses made by the Insurer from the day when the Insured notified the Insurer in a written form about the necessity of sum insured decrease.

12.12. If the Insured is provided with an insurance compensation, then the sum insured shall be decreased by the size of paid insurance compensation. The sum insured is deemed as decreased starting from the day of making a decision on insurance compensation payment.

12.13. The Insured has the right to restore the primary sum insured against additional insurance premium; otherwise, "Insurance by not full value" clause shall be applied for the subsequent insurance event.

12.14. During Policy period, the total sum of paid compensations shall not exceed the size of the sum insured mentioned in the Policy.

12.15. Cash, bonds, documents, savings books, as well as expenses mentioned under f) and i) of 4.5 and 10.2-10.3 of Conditions shall be considered as insured under "first risk" according to current Conditions.

12.16. If defined by the Policy, the separate belongings and/or expenses shall be insured under "first risk" condition. In this case, when defining insurance compensation amount for the insured property (expenses) the correlation between the sum insured and the insurance value shall not be taken into account and the compensation shall be paid in full with a consideration of the deductible.

12.17. In addition to sums insured, the Policy may set maximum amounts of insurance compensation (compensation sub-limits) during Policy period for the insured property, separate groups of insurance risks, insured expenses, one insurance event or sum of all insurance events occurred during Policy period.

### **13. INSURANCE PREMIUM**

13.1. The insurance premium is the amount set for insurance that the Insured is obligated to pay the Insurer according to the Policy.

13.2. The insurance premium is calculated based on the insurance rate (insurance premium against sum insured), that is defined based on property type, characteristics and other factors that may have an impact on an occurrence of an insurance event and on the size of the damage.

13.3. By the procedure set under the Policy, the Insured shall make the Insurance premium payment in full or in installments, as well as in the form of cash or by transfer.

13.4. Unless otherwise provided by the Policy, the date of insurance premium payment by the Insured shall be set as:

- a) in case of cash payment, the date of receipt of the amount by the Insurer or their authorized person,
- b) in case of transfer, the date of entry of the amount to the Insurer's account.

13.5. If the insurance event occurred before the subsequent payment of an insurance premium, that was overdue, then the Insurer shall have the right to net the full size of insurance premium when deciding the size of insurance compensation subject to payment.

13.6. If the Insured does not make the lump-sum or first subsequent payment of insurance premium within 14 days after the inception of the Policy, then the Insurer shall have the right to cancel the Policy ex parte, unless other deadline or an option of insurance premium payment in installments is set by the Policy.

13.7. If the Insured did not pay the subsequent insurance premium by the procedure and deadline set under the Policy, then the Insurer shall have the right to cancel the Policy ex parte after 5 days (grace period) from the set day of insurance premium payment, without notifying the Insured about this.

13.8. If, in case of insurance premium payment in installments, the subsequent insurance premium payment was not made within the deadline set by the Policy or was made by less amount than mentioned in the Policy, then the arranged insurance shall not cover those insurance events that occurred from the 00 hours 00 minutes of the date following the date mentioned in the Policy as the final date for payment until the 24 hours 00 minutes of the date of making the payment of obligation.

13.9. If the Insured failed to make an insurance premium payment before the occurrence of an insurance event, then the Insurer shall have the right to refuse insurance compensation.

### **14. DOUBLE INSURANCE**

14.1. The Insured shall inform the Insurer in a written form about all the insurance policies signed with other insurers with regards to the insured property. In the meantime, the Insured shall mention the names of other insurance companies, property insured with them, insurance risks, sizes of sums insured and active insurance periods.

14.2. If there is another insurance policy (certificate) present at the time of an insurance compensation demand under the Conditions by which the compensation is being provided for the same loss and/or

damage, then the Insurer shall waive their right to provide compensation, if there is an insurance policy signed earlier for the same risks with regards to the insurance objects.

## **15. DEDUCTIBLE**

15.1. The Policy may set a deductible (the participation of the Insured in the compensation of the damage), that is the amount agreed between the Insurer and the Insured or set as a percentage of the sum insured.

15.2. The deductible may be conditional (excess) or non-conditional (deductible).

15.3. In case of an excess set under the Policy, the Insurer is released from the insurance compensation liability, if the size of an insurance compensation does not exceed the amount of the excess set by the Policy and is obligated to pay the insurance compensation in full, if the size of an insurance compensation is greater than the excess.

15.4. In case of a deductible set under the Policy, the Insurer is released from the provision of an Insurance compensation by an amount of the deductible.

## **16. POLICY INCEPTION, ITS ENFORCEMENT PERIOD, PROVISION OF POLICY DUPLICATE**

16.1. The basis for Policy/Certificate signing forms the application form provided by the Insurer, filled in by the Insured or an oral application.

16.2. The Policy/Certificate is signed in a written form, in two copies. If necessary, it can be signed in more copies.

16.3. Amendments or endorsements can be issued as an attachment to the Policy/Certificate forming an integral part of the latter.

16.4. In case of loss, damage or distortion of the Policy/Certificate the Insurer shall provide the Policy/Certificate duplicate based on the Insured's application.

16.5. The Policy/Certificate is signed for the period of one year, unless otherwise provided by the Policy/Certificate.

16.6. Policy/Certificate is in force within the territorial limits of the Republic of Armenia and Nagorno Karabakh Republic, unless otherwise provided by the Policy/Certificate.

16.7. The Insured shall inform the Insurer about the possibility known to them of an appearance of circumstances having a significant meaning on an occurrence of an Insurance event and the decision of the possible size of damage resulting from the latter.

16.8. If after signing of the Policy/Certificate it becomes known that the Insured provided false information about the circumstances that have an impact on the probability of an occurrence of an insurance event, then the Insurer shall have the right to demand to make the Policy/Certificate void and apply the consequences under Civil Code of RA.

16.9. At the signing of the Policy/Certificate, the Insured, upon the Insurer's demand, must present the following documents:

a) in case of a legal entity: the company requisites, the presence of an interest towards the property, in case of a real estate or land insurance: certificate of ownership, property evaluation act (if present), inventory lists or the list of property subject for insurance with its values, property purchase documentation (if present),

b) in case of a physical person: the Insured's passport, in case of a real estate or land insurance: certificate of ownership, property evaluation act (if present), the list of property subject for insurance with its values, other documents upon the Insurer's request.

16.10. The details of the insurance objects mentioned by the Insured in the application shall be deemed as circumstances that have an essential meaning for the definition of the probability of an occurrence of an insurance event.

16.11. When signing the Policy, the Insured shall inform the Insurer about all those circumstances regarding the property known to them that have an essential meaning for the risk assessment.

16.12. If, after the inception of the Policy, it is confirmed that the Insured provided false information, then the Insurer shall have the right to make the Policy void and apply the consequences under law and other legal acts.

16.13. Before signing of the Policy, the Insurer shall have the right to realize examination of the property, as well as, if necessary, arrange an expertise in order to find out the real (market) value of the property.

16.14. Unless otherwise provided by the Policy, the insurance shall cover only those insurance events that occurred:

a) from 00 hours 00 minutes of the date subsequent to the one mentioned as the start date of an insurance period,

b) before 24 hours 00 minutes of the insurance period end date mentioned in the Policy.

16.15. If during the insurance period, the right of insured property ownership, possession or usage is transferred to another person, then that person shall immediately, but not later than within 3 working days, inform the Insurer about it in a written form. The rights and obligations under the Policy shall be transferred to the new owner upon the Insurer's agreement by issuing an amendment. If the right towards the insurance object was transferred to another person and the Insurer's agreement on that was not obtained within the deadline and by the procedure set under current section, then the insurance compensation in case of an insurance event shall be subject for a refusal.

16.16. In case of loss of the Policy, the Insurer shall provide the Insured with a Policy duplicate within 2 working days, meanwhile, the lost copy of the Policy shall be deemed as void and compensation shall not be provided under that Policy.

16.17. As per current Conditions, the property shall be insured from all the cases mentioned under 5.3.1.-5.3.8 of Conditions, as well as from a separate case or group of cases; however, insurance risks mentioned under 5.3.5, 5.3.7. and 5.3.8 of Conditions shall be included in the Policy only in addition to 5.3.1.-5.3.4. and 5.3.6 of Conditions. Under 5.3.5, 5.3.7. and 5.3.8. risks a separate insurance shall not be provided, unless otherwise provided by the Policy.

16.18. For the enforcement of a risk or coverage, it is necessary for the given risk/coverage to be included in the Policy.

## 17. POLICY CANCELLATION, POLICY VOID

17.1. The Policy shall be cancelled:

- a) in case of the Insured's insolvency, if the latter is a legal entity and in case of the Insured's death, if the latter is a physical person,
- b) in case of early retraction from the Policy by the Insured (Beneficiary),
- c) in case of fulfillment by the Insurer of all the obligations stipulated by the Policy, including in case of sum insured exhaustion,
- d) in case of total loss of an insurance object,
- e) in other cases stipulated by law, other legal acts, Conditions or Policy.

17.2. The Policy shall be cancelled, if after the enforcement of the latter, the possibility of an occurrence of an insurance event has vanished and the existence of an insurance risk has been interrupted by a circumstance other than the insurance event. In this case, the Insurer shall have the right towards the insurance premium with respect to the active insurance period.

17.3. In case of Policy cancellation upon the Insurer's request, the insurance premiums shall be returned to the Insured in full, except for the case specified under 17.4 of Conditions.

17.4. The Policy shall be cancelled upon the Insurer's request, in case of breach of obligations of the Insured under law, other legal acts, Conditions or Policy, in which case the pro-rata insurance premium shall be returned to the Insured.

17.5. The Insured has the right to cancel the Policy ex parte with not less than 15 days prior notification of the Insurer about it, unless other deadline is set by the Policy.

17.6. In case of early retraction from the Policy by the Insured, the paid insurance premium shall be returned to the latter with a reduction of a certain percentage according to the below provided short-term insurance premium return table:

Period of Policy enforcement (month*)	Insurance premium subject to return
1 month	75%
2 month	70%
3 month	60%
4 month	50%
5 month	40%
6 month	30%
7 month	20%
8 month	15%
9 month	10%
10-12 month	0%

\*By the meaning of current clause 16 and more days in a month are considered as one month.

17.7. In case, when the request for Policy cancellation from the Insured is stipulated by a failure of Policy conditions by the Insurer, then the latter shall provide the Insured with the paid pro-rata insurance premium.

17.8. In case of early cancellation of the Policy, the insurance premiums shall not be returned to the Insured, if the Insured, under the current Policy, irrespective of the compensation amount, applied to receive an insurance compensation or received it (except for the case, when the insurance compensation was refused and the Insured (Beneficiary) agreed with the statement of refusal provided by the Insurer).

17.9. In case of the Insurer's insolvency, the latter shall provide the Insured with the paid pro-rata insurance premium.

## **18. INSURANCE TERRITORY**

18.1. The property is deemed as insured only when located in the insurance territory. The insurance territory is deemed as the area mentioned in the Policy. In the meantime, separate insurance territories shall be set for different groups of insured property and different risks. If the moveable property of one Insured is insured in different locations/addresses, then the location mentioned in the Policy per each property is deemed as insurance territory for that property. If, in the future, during Policy period, the Insured dislocates that property or its part to another insurance territory or to a new territory that is mentioned in the Policy, then the latter shall be obligated to inform the Insurer about it before the dislocation, but not later than the completion of dislocation, otherwise, the possible insurance claim for the mentioned dislocated and damaged/lost property shall be refused. In case of dislocation of an insured property in full or its part to another insurance territory, an amendment shall be issued.

18.2. The insurance territory is deemed as the following, mentioned in the Policy:

- a) for products located in a building, construction or open fenced area: the area of land on which the property complex of the Insured is located,
- b) for construction and agricultural equipment: the area of construction or another territory of exploitation within one residential area,
- c) for other moveable property: the area of a building or area dimension and/or other area mentioned in the Policy or geographic/administrative unit.

18.3. The insurance is in force also in case when the property is dislocated from the insurance territory as a result of an insurance event or with an intention to prevent possible damages and/or losses.

18.4. Upon Parties agreement, the Policy shall provide insurance for separate groups of property (specifically, for transferable property or moveable equipment) outside of the building (construction) or land on which the Insured's main property is located. In this case, unless otherwise provided by the Policy, the insurance territory is deemed as the area of the Republic of Armenia and Nagorno Karabakh Republic.

18.5. If the insured property or its part is taken outside of the insurance territory, then that property shall not be under insurance coverage until its return to the insurance territory or transfer to new insurance territory, unless otherwise set by the Policy.

## **19. CHANGE OF RISK LEVEL**

19.1. During the Policy period, the Insured shall immediately, but not later than within 1 (one) working day, inform the Insurer about essential changes and other circumstances known to them that may have a crucial impact on the increase an insurance risk.

19.2. In all cases, essential are:

- a) the change of economic activity fulfilled in the insurance territory and/or change of the purpose of insured real estate usage,
- b) the provision of the insured property for rent or leasing,
- c) the fulfillment of construction and installation works (dislocation, reconstruction, capital repair or innovation of the building, construction, equipment) in the insurance territory or building (construction), where the insured property is located,
- d) the change of stored insured inventory,
- e) any change of supervision and possession conditions of the insured property, as well as security and other means of safety and systems,
- f) loss of keys of an insurance territory and/or a territory where the insured property is located.

19.3. In case, if the Insured did not inform about an essential change (increase) in the risk level by the procedure and deadline set by current section of the Conditions, the Insurer shall have the right to:

- cancel the Policy by law, other legal acts and Conditions, or
- demand compensation of damaged related to Policy cancellation according to law and other legal acts, or

- refuse the compensation in case of an insurance event, if the occurrence of the insurance event is a direct result of risk level change.

19.4. After being informed about the change in an Insurance risk, the Insurer shall have the right to demand an amendment of insurance conditions or set an additional insurance premium. If the Insured refuses the amendment of insurance conditions or payment of an additional insurance premium, then the Insurer shall have the right to cancel the Policy according to law, other legal acts and Conditions

19.5. The Insurer shall not cancel the Policy, if the threat of risk level increase has vanished.

## **20. SECURITY RULES AND REGULATIONS**

20.1. The Insured must:

20.1.1. preserve all the security actions, rules and norms set by the law, other legal acts and/or Conditions. Deviations from the security rules shall be allowed if the latter were approved by bodies realizing state control,

20.1.2. keep the insured property in a working condition, especially, equipment and machinery connected to plumbing, heating, cooling, canalization systems, roofs and equipment installed in an external part of the building, immediately repair those in case of damage,

20.1.3. assure exploitation conditions and data possession activities according to rules and indications from the manufacturer.

20.1.4. preserve and/or store the insured property (except for furniture or property that is designed for putting or preserving only on the ground/floor) on a height of not less than 20 cm from the ground or on a height agreed with the Insurer. The demand for compensation of the damage caused by water impact upon failure to fulfill the mentioned condition may be refused.

20.1.5. In case of insurance of damages caused to plumbing, heating, canalization and other similar systems, sprinkler system and water pumping pipe:

a) fulfill tours of not used or closed territories at least once a month and, if necessary, in case of cold weather,

b) heat the insured property and/or territories where the insured property is located by a necessary level in case of cold weather, if impossible, remove the water (empty the water from the pipes and barrels) from all water holding constructions and equipment located in that territory.

20.2. In case of "Robbery" insurance, the Insured must properly close the entrance doors, other holes and niches for non-working hours. If only a part of the insurance territory or warehouses belongs to the Insured, then the term set under current subsection shall cover only those territories (warehouses).

20.3. The following requests shall be fulfilled towards anti-robbery and fire safety means and/or systems announced by the Insured and mentioned in the Policy:

a) 24 hour security of the insurance territory (if possible) that must be fulfilled 24/7,

b) safety, fire alarm, fire extinguishing systems (fire extinguishers, sprinklers, water pumps, etc.) that are present in the insurance territory or under the protection of which the insurance property is located, these must permanently be turned on and in a working condition and, with respect to manufacturer and other norms, must be tested from time to time, must turn on on time or must be permanently turned on depending on their usage regime. Safety and fire alarm remotes must be constantly supervised.

c) the Insured shall immediately inform the Insurer in case of security system and/or its part breakage and/or being under construction, 1 (one) day before the start of such works.

If, at the time of an insurance event, it becomes known that the mentioned systems were not present or not in a working condition and/or were under construction or were turned off by any reason or were not in their specific location (about which the Insurer should have been informed), then the Insurer shall have the right to refuse the presented insurance claim.

20.4. In case of an insurance of product stocks, moveable property and other similar property, the Insured shall fulfill the accounting of the products present in the warehouse (commercial hall, office and other place). The accounting documentation (duplicates) shall be located/preserved outside of the insurance territory or be present on any device. In case of an occurrence of an insurance event, the Insurer shall be provided with respective accounting data on the presence and circulation of the products. Upon failure to provide that data, the Insurer shall have the right to refuse the insurance compensation of the damage resulting from an insurance event.

20.5. Upon failure to fulfill the demands of the current chapter, the Insurer shall have the right to refuse the insurance compensation.

## **21. RIGHTS AND OBLIGATIONS OF PARTIES**

21.1. The Insured has the right to:

- 21.1.1. sign an Insurance Policy,
- 21.1.2. request changes and/or amendments to the Policy conditions,
- 21.1.3. cancel the Policy by the set procedure,
- 21.1.4. enjoy the discounts set by the Insurer,
- 21.1.5. receive insurance compensation under the procedure set by current Conditions and the Policy,
- 21.1.6. receive the duplicate or the copy approved by the Insurer of the Policy in case of loss or damage of the original.

**21.2. The Insured must:**

- 21.2.1. fulfill terms set under current Conditions and the Policy,
- 21.2.2. at the time of Policy signing, provide the Insurer with necessary information about the insurance object(s), as well as notify the Insurer about the information known to them that might have a significant impact on risk level and on deciding of the probability of an occurrence of an Insurance event,
- 21.2.3. make the Insurance premium payment by the order, terms and deadline set by the Policy,
- 21.2.4. inform the Insurer within 24 hours by any possible means (telephone, fax, e-mail) and later, within 2 working days in a written form, in case of property amortization during the Policy period,
- 21.2.5. properly exploit the property and water supply, canalization, heating and other systems, arrange their technical service and repair works on time,
- 21.2.6. undertake necessary reasonable steps in order to protect the insured property from any loss or damage,
- 21.2.7. transfer and provide the Insurer with all the documents and information, if possible, support the Insurer in the fulfillment of compensation for the damages that arose as a result of an accident,
- 21.2.8. introduce the current Conditions and Policy terms to the Beneficiary and persons using/exploiting the property.

**21..3. The Insurer has the right to:**

- 21.3.1. refuse or reduce the insurance compensation upon breach of terms and conditions of the Policy and current Conditions by the Insured during the Policy period,
- 21.3.2. check the information provided by the Insured about the insurance object,
- 21.3.3. if necessary, check the condition and usage terms of the insured object during Policy period,
- 21.3.4. cancel the Policy ex parte, if during the Policy period, the Insured provided the Insurer with incomplete or false information, realized a fraud with regards to receipt of an insurance compensation,
- 21.3.5. request and receive from the Insured the necessary information and documentation for the confirmation of the fact of occurrence of an insurance event and decision of the size of an insurance compensation,
- 21.3.6. solely or by involving other persons, undertake actions for revelation of reasons and circumstances of an insurance event, the definition of the size of an insurance compensation, if necessary, request information from legal or other authorized bodies about the fact and reasons of an occurrence of an insurance event and the definition of the size of an insurance compensation,
- 21.3.7. refuse the application provided by the Insured on renewal or change/amendment of the Policy based on an essential increase of an insurance risk as a result of it and other reasons,
- 21.3.8. in case of provision of an insurance compensation, request the Insured to provide them with components, parts, details and units changed during restoration, repair of damaged property as a result of an insurance event,
- 21.3.9. prolong the deadline of decision making on insurance compensation payment until the confirmation of the necessary information about the event, including until receiving of the answers to the requests sent to authorized bodies; in the meantime, in case a criminal case is filed with regards to the caused damage, then until the decision on the cessation of the given case or the enforcement of final court act.

**21.4. The Insurer must:**

- 21.4.1. introduce the current Conditions and provide one copy of the Policy and Conditions to the Insured,
- 21.4.2. preserve and fulfill the terms and conditions set under current Conditions and the Policy,
- 21.4.3. Receive information and documentation from the Insured, learn them with accordance to current Conditions, and in case of receiving a written application from the Insured on an essential change and/or amendment in the Policy, learn it and make a decision within 3 working days.
- 21.5. The Parties shall not publicize, reveal and/or provide third parties through other means with commercial, financial and insurance information deemed and/or containing confidential information (hereafter Confidential information) that became known to them in the course of the Policy fulfillment, except for cases set by the RA Legislation, shall not use the Confidential information for their personal and/or third parties benefit, as well as for making a damage to the economic state of the both.

## **22. PARTIES RESPONSIBILITIES IN CASE OF AN OCCURRENCE OF AN INSURANCE EVENT**

22.1. In case of an occurrence of an insurance event or any other event that can lead to an insurance event, the Insured shall immediately, by any available means (telephone, fax, electronic mail, short message, etc.) and by means confirming the fact of information provision, inform the Insurer (their representative) about the occurred event by contact details, telephone numbers, mentioned in the Policy, as well as inform the Insurer in a written form by submitting an application not later than within 2 working days from the occurrence of an event.

22.2. If the Insured failed to inform the Insurer about the insurance event by the procedure and/or deadline mentioned under 23.1 of the Conditions, then the Insurer shall have the right to refuse the insurance compensation payment, unless it is proved, that the Insurer was informed about the occurrence of an insurance event on time and that the absence of such information from the Insurer could not have influence on their obligation to pay insurance compensation.

22.3. From the point when the Insured becomes informed about an occurrence of any event that can become a basis for referral to the Insurer, the Insured (their representative or the Beneficiary) shall:

22.3.1. undertake necessary actions towards the prevention or reduction of the damage,

22.3.2. immediately inform a respective authorized body about the event,

22.3.3. in cases of fire and/or explosion, inform the Police, respective bodies of fire and/or emergency service, rescue services, gas service,

22.3.4. in case of water damage, inform the respective emergency service, rescue services and/or local municipal body, condominium,

22.3.5. in case of natural disasters, rescue services, local municipal body, condominium and other authorized bodies depending on the situation and nature of damage,

22.3.6. in case of mechanical impact, Police and/or rescue service, local municipal body, condominium,

22.3.7. in case of glass breakage, condominium, local municipal body,

22.3.8. in case of hijacking and third party illegal acts, the Police,

22.3.9. in case of electricity impact, electric network/electricity distribution organization, condominium or local municipal body,

22.3.10. in case of direct physical damage, rescue service or local municipal body or condominium,

22.3.11. in case of land insurance, state hygienic and epidemic control and/or police or other legal bodies, condominium, local municipal body,

22.4. The choice to choose either this or that service depends on the nature of an event and its appropriateness. The Insured can request the Insurer's help in choosing either of the above mentioned services. The Insurer has the right to, upon their discretion, realize a respective investigation with a purpose of clarifying the reason and/or the size of the damage or to order the realization of such an investigation to an independent expert.

22.5. The Insured must:

a) collect available preliminary data about the reasons and circumstances of the occurrence of damage (for example: form a free-form act with the participation of local, other official bodies, as well as witnesses of the occurred accident) before the arrival of the Insurer's representative, police officers or other authorized bodies to the place of an accident, fix, as much as possible, the picture of damage by photographing, videotaping or filming and transfer it to the Insurer for the purpose of deciding the size and reason of the damage more precisely,

b) preserve the damaged property and picture of the accident in an invariable condition and present it to the Insurer's representative for examination and/or formation of an act by the set form, except for a case, when the change of the picture of damage is stipulated by safety rules under an order of an authorized body representative (to reduce the size of the damage),

c) provide the Insurer with an opportunity to pass an examination or observation of the damaged insured property and accident picture, an investigation of the reasons and the sizes of the damage,

d) provide other information and documentation requested by the Insurer,

e) perform other obligations by law, other legal acts, Conditions and the Policy.

22.6. Upon failure to fulfill or improperly fulfill the demand of the current chapter, the Insurer shall have the right to refuse the insurance compensation.

## **23. LIST OF DOCUMENTS NECESSARY FOR COMPENSATION PROVISION**

### **23.1. Documents confirming the reason and the circumstances of the accident:**

23.1.1. The Insured and/or the Beneficiary shall present the following documents to Insurer with a purpose of receiving insurance compensation:

- a) in case of damages resulting from fire: reference provided by the body responsible for the case, which must include reasons and circumstances of fire, in case of filed criminal case: the copy of the respective decision or copy of the respective decision on the closing of the criminal case,
- b) in case of damages resulting from natural disasters, as well as lightning: a reference from meteorological service with a description of natural events regarding the place and the date of the occurrence of an accident (in case of storm and earthquake, the reference shall include details about air mass movement and/or earthquake speed and strength),
- c) in case of damages caused by water of plumbing, heating, canalization and similar systems: an act or reference given by specialized services exploiting plumbing or other similar networks that describes the reasons and possible guilty party for the coming out of order of those systems,
- d) in case of damages resulting from explosion: references or acts about the reasons of damage from the mountain state technical control or other state service realizing supervision of power units (gas networks) conditions mentioning the persons guilty for technical defects, violation of exploitation norms,
- e) in case of hijacking: robbery, theft, banditry or third party illegal acts:
  - e-a) copy of the application submitted by the Insured to the Police about the occurred event and a receipt provided by the Police about the acceptance of that application,
  - e-b) copy of the decision on filing of a criminal case (or refusal of that case),
  - e-c) in case of realization of protection of insured buildings and other property by another organization: copy of an agreement signed with an organization realizing the protection or the ones realizing outdepartment protection,
  - e-d) in case of presence of a protection alarm system: documents on the working condition of an alarm system, documents confirming the receipt on the remote of an organization possessing the alarm or departure of outdepartment protection and operative group to the accident place,
  - f) copy of the service documents regarding safety actions of the organization realizing protection,
  - g). in case of damages resulting from an accident or other impact with the means of transportation:
    - g-a) respective statement or decision from the road police or a respective body responsible for realization of investigation
    - g-b) copy of the documents, available with the Insured, containing details of such organization or physical person whose means of transportation participated in the accident.

23.2. In all cases, the Insured shall provide the copy of internal service documents (that is any act, statement, explanation, service letter, report and similar document) that is directly or indirectly related to the damages being examined.

23.3. In all cases, the Insured shall provide the copy of the decision on filing of a criminal case or closing of the case, upon the participation of the police, prosecution or other legal bodies in the discussion of circumstances causing the damage.

23.4. The Insured shall provide documents confirming and grounding the amount of the size of the suffered damages, on the basis of which the insurance compensation calculation shall be carried out, depending on the nature of an insurance event.

Such documents include:

- a) list of damaged, destructed or lost property and/or inventory books,
- b) documents confirming the value of the damaged, destructed or lost property at the time of an occurrence of an insurance event,
- c) property inventory acts that are formed on a fact of property damage (destruction) by the date close to the date of occurrence of an insurance event,
- d) product reserves accounting (entry and unloading), documents, including accounting, of final production (raw, materials, products or prepack products subject to realization).

### **23.5. Documents confirming the size of damage:**

- a) financial document (invoice, reference) and/or reference given by a person or organization holding a right for the repair of such property by the procedure set under law or
- b) statement or act or report given by an independent expert,
- c) if it is necessary to replace the damaged/lost property or its certain parts/details as a result of an insurance event, according to Conditions, then it shall be necessary to present a document (invoice, reference) and/or reference given from an organization selling similar property and/or part/details,

23.5.1. if, upon the Insurer's written agreement, the expenses were made solely by the Insured, then it is necessary to provide the following financial documentation confirming the made expense:

- a) agreement and/or invoice and
- b) cash-receipt, in case of cash payment or
- c) bank payment order, in case of payment by transfer.



23.5.2. The Insured's or Beneficiary's banking details in case of receiving the compensation by transfer.

23.5.3. Other and/or additional documents the necessity of the presentation of which shall be decided by the Insurer depending on the nature of an insurance event and the size of damage.

23.6. The size of the damage by the mentioned documents shall be of information nature for the Insurer, and if the Insurer does not agree with the mentioned size of the damage or if the Insured is not able to provide a document confirming the size of the damage, then the Insurer shall have the right to refer to the service of an independent expert for the purpose of damage size and/or reasons definition. The mentioned expenses shall be born by the Insurer.

23.7. The Insured (Beneficiary) shall present the Insurer with the documents about the event set under Conditions within 2 (two) months from the day of written application submission.

23.8. Upon the Insured's (Beneficiary's) failure to provide documents set under the Conditions within the mentioned time period or in case of non-provision of a written intermediation on the prolongation of the set 2-month period, the Insurer, according to Conditions, shall refuse the payment of an insurance compensation within 5-day period after the expiration of the deadline set under current section, based on the non-completion or improper completion of the Insured's obligations.

23.9. In case when the Insured provides written intermediation about obstacles of documents provision or other grounded argumentation about the prolongation of the set deadline, then the Insurer, based on the circumstances of the given case, shall prolong the deadline for up to 6 months. The consequences of non-fulfillment of the set obligation of the Insured in the mentioned period shall be identical to the terms set under 23.8.

23.10. Upon failure to fulfill or improperly fulfill the demand of the current chapter, the Insurer shall have the right to refuse the insurance compensation.

## **24. DAMAGE ESTIMATION AND INSURANCE COMPENSATION PAYMENT PROCEDURE**

24.1. The size of insurance compensation shall not exceed the size of damages caused as a result of insurance event. The size of insurance compensation shall not exceed also the size of the sum insured set by insurance policy. For separate units of insured property, for which a sum insured or a sum insured sublimit is set, the insurance compensation shall be limited to the size of the given sum insured or sum insured sublimit

24.2. In case of partial damage of insured property, the compensation shall be provided for those expenses that are necessary to restore the property condition to the one present just before the insurance event (restoration expenses).

24.3. Within the frame of Conditions, by saying restoration expenses it shall be assumed as:

- a) expenses made for purchase of spare parts and materials necessary for repair,
- b) expenses of transportation of spare parts and materials for repair,
- c) expenses made for payment of repair works.

Meanwhile, restoration expenses shall be reduced by the size of damaged property wearout at the time of an occurrence of an insurance event.

24.4. The following rules shall apply for calculation of damaged property restoration or repair expenses (restoration expenses):

- a) materials and spare parts of a similar type shall be applied for damaged property restoration (repair), that were used for the damaged property or other materials and spare parts that are of the same value with the latters,
- b) for fulfillment of building and construction repair, the materials expenses shall be compensated with a reduction of values of materials (useful remainders) suitable for further usage, that were left as a result of uninstalment of damaged building (construction) constructive elements,
- c) the expenses of repair works shall be compensated by average rates, existing at the time of an occurrence of an insurance event, of similar works fulfilled in the repair works area, in case of fulfillment of repair works by the Insured on their own, by repair cost price or by average rates, existing at the time of an occurrence of an insurance event, of similar works fulfilled in the repair works area, depending on which one of those amounts will be smaller,
- d) the calculations shall include only those expenses of fulfillment of works that are necessary for elimination of consequences of an insurance event.

24.5. The compensation shall not be provided for additional expenses that are related to urgentness of works to be done, refinement of insured property or change of planning (structure), fulfillment of planned repair.

24.6. The preliminary expenses of damaged property shall be compensated only in case when the preliminary repair is a part of final repair and if total expenses of repair shall not increase because of preliminary repair.

24.7. If, as a result of an insurance event, the construction elements of damaged building or construction are subject to destruction and the construction elements that are not damaged (for example: covers, roofs, etc.) are subject to collection yet again, then the expenses of these works shall be included in the repair expenses.

24.8. If it is necessary to conduct a temporary reinforcement for building's or construction's separate constructive parts (supporting equipment, holder, etc.), then the amount of expenses for fulfillment of such works and the expenses of necessary materials for the fulfillment of such works shall be included in repair expenses.

24.9. Additional expenses, related to payment of additional work, as well as express delivery or air transportation of materials, spare parts or machinery shall not be compensated.

24.10. In case of total loss if insured property the insurance compensation shall be calculated by the size of property real value at the time of an occurrence of an insurance event with a reduction of the value of such remainders that can be sold or used with practical purposes (necessary remainders). The Insured shall not have the right to refuse those remainders.  
Under Conditions, by saying total loss it shall be assumed as the loss, damage or destruction of insured property with the technical impossibility of its restoration or such a condition of the latter when the necessary expenses for restoration and/or repair exceed the real value of the property at the time of an occurrence of an insurance event.

24.11. The value of the rescued property (products subject to use) shall be decided based on the sales price of those remainders in the given area.

24.12. The level of wearout shall be calculated based on an estimation of an expert. If the sum insured is set according to the balance value, then the level of property unit wearout shall be considered as equal to the level of wearout accumulated as per accounting data.

24.13. If the sum insured is set by an AMD equivalent of an amount expressed in foreign currency, then the size of insurance compensation payment shall be calculated based on the estimated exchange value set by the Central Bank of RA for the given foreign currency on the day of an occurrence of an insurance event.

24.14. If the compensation for the caused damages was provided to the Insured by third parties, then the Insurer shall pay only the difference between the amount subject to compensation set by the Policy and the amount received from third parties. In case of receipt of such amounts, the Insured shall immediately inform the Insurer about that.

24.15. The Insured and/or the Beneficiary shall immediately inform the Insurer, once the location of the hijacked property becomes known to them.

24.16. If the hijacked property:

- a) is returned to the Insured in an undamaged condition before the insurance compensation payment, then the insurance compensation shall not be paid,
- b) is returned to the Insured in an undamaged condition after the insurance compensation payment, then the Insured shall return the paid insurance compensation in full to the Insurer. The deadlines for return shall be decided upon Parties agreement,
- c) is returned to the Insured in damaged condition, then the Insurer shall pay the compensation according to current chapter.

24.17. The expenses made for fulfillment of obligations of property rescue shall be compensated by the Insurer, if the compensation of such expenses is mentioned in the Policy. The mentioned expenses shall be compensated by the proportionate size of the sum insured towards the insurance value, but not more than 20 (twenty) percent of the sum insured.

24.18. The Insurer shall be released from compensation of those expenses that arose as a result of intentional non-fulfillment of reasonable and available measures for damage reduction by the Insured.

24.19. The insurance compensation shall be paid to the person (Beneficiary) on whose behalf the Policy is signed.

24.20. The bases for insurance compensation refusal by the Insurer shall be:

- a) an intentional illegal act, that is qualified as such according to the documents of court or investigation body, of the Insured, their representative or the Beneficiary targeted towards an occurrence of an event,
- b) an intentional provision of incorrect information by the Insured regarding the insurance object, except for cases, when that information did not have an essential impact on the assessment of an insurance risk,
- c) other cases stipulated by law, other legal acts, Conditions or the Policy.

24.21. Upon their will, the Insurer shall choose the option of property restoration, repair or replacement or shall compensate the value of loss in the form of money. In case of a compensation demand of the Insurer for any loss or damage, the amount subject to payment shall be based on the market value in RA of property of the given type at the time of given loss or damage.

24.22. The refusal of insurance compensation payment can be appealed by court order.

24.23. The payment of insurance compensation shall be prolonged upon filing a criminal case against the Insured, their representative or the Beneficiary with respect to the occurrence of an event, as well as in cases stipulated by law, other legal acts, Conditions or the Policy.

24.24. The Insurer must:

a) make a statement (decision) on provision or refusal (mentioning the reasons in case of refusal) of an insurance compensation according to law and other legal acts within 15 (fifteen) days after the receipt of all the necessary documents mentioned in the Conditions. The Insurer provides the Insured (Beneficiary) with the decision on insurance compensation payment in a proper way: either by submitting the latter personally to the Insured (Beneficiary) or by mail delivery to the address of the Insured (Beneficiary) mentioned in the Policy. In case of insurance compensation reduction or refusal, the justified decision made by the Insurer shall be delivered by an ordered mail to the Insured's (Beneficiary's) permanent residence address within 5 days,

b) make the insurance compensation payment within 15 (fifteen) days from the decision on fulfillment of compensation.

24.25 The Insurer shall have the right to prolong the payment of insurance compensation in case if:

a) there are grounded suspicions about the right of the Insured to receive insurance compensation. In that case, the insurance compensation shall not be paid until the provision of the required proofs (such proofs include documents mentioned under chapter 23 of the Conditions),

b) a criminal case on the fact of insurance event is filed by the Police against the Insured's managers (the Insured themselves or their relatives, if the Insured is a physical person), until the completion of the investigation.

24.26. The date of insurance compensation payment shall be deemed as the date of withdrawal of money from the Insurer's account or cash box.

24.27. In case of insurance compensation payment to the Insured (Beneficiary), the sum insured shall be automatically reduced by an amount of paid compensation. The sum insured is deemed as reduced from the point of insurance compensation payment by the Insurer. After receiving insurance compensation the Insured shall have the right to restore the sum insured against additional insurance premium.

24.28. In case of insurance compensation refusal, the grounds for refusal shall be mentioned in the statement.

## **25. EXPERTISE AND DAMAGE ESTIMATION PROCEDURE**

25.1. The Insurer or their authorized person may form an accident statement. With that purpose they hold a right to request additional data on an insurance event from the legal bodies, state municipal bodies or other persons that possess information about circumstances of an occurrence of an event.

25.2. The Insurer holds a right to refer to independent experts after the occurrence of an event with an intention to determine the reasons of an insurance event and clarify the size of the damage, as well as to base on the statements of the latter when deciding the size of insurance compensation.

25.3. If necessary, the Insurer shall refer to state bodies, organizations or other persons that possess information about insurance event with an intention to obtain information about the occurred event.

25.4. The Insurer holds a right to personally investigate and learn circumstances and reasons of an insurance event.

25.5. The Insured as well holds a right to appoint expert-surveyor for the definition of the reasons of an occurrence of damage and/or estimation of the latter's size.

25.6. Each of the Policy parties bears the expenses of expert (surveyor) services appointed by them.

## **26. THE TRANSFER OF RIGHTS TO ANOTHER PERSON UNDER THE INSURANCE POLICY**

26.1. In case of transfer of rights towards the insured property of the person on whose behalf the Policy was signed to another person, the rights and obligations under the Policy shall be transferred to a person to whom the rights towards the property were transferred in case of informing the Insurer by the procedure and deadlines mentioned under 21.2.4.

26.2. If only a part of an insured property is being transferred (sold) that does not form a separate object with an insurance purposes, then the insurance provided by the Policy shall not cover such objects.

26.3. If the risk of an occurrence of an insurance event increases as a result of insurance objects transfer (sale), then the general terms of the Conditions with respect to risk level increase shall be applied.

## **27. SUBROGATION**

27.1. The right of demand of the Insured (the Beneficiary), that the latter has towards the person responsible for the damage compensated by the Insurer, shall be transferred to the Insurer after the payment of an insurance compensation.

27.2. The Insured (Beneficiary) shall provide the Insurer with the documentation and proofs, as well as all the data in order for the Insurer to fulfill the right of demand transferred to them.

27.3. If the Insured waives the right of demand towards the person responsible for the damages compensated or to be compensated by the Insurer or the fulfillment of that right is impossible because of the Insured's (Beneficiary's) fault, then the Insurer shall fully or by a respective size be released from the payment of Insurance compensation and shall have the right to demand the return of the overpaid Compensation amount from the Insured (Beneficiary).

## **28. NOTIFICATION**

28.1. All the notifications that the Insured shall fulfill according to Conditions and/or other conditions of the Policy shall be approved in a written form, if those notifications were made orally, by telephone, telegraph or other means. The notification date is assumed to be the date of notification receipt.

28.2. The Amendments regarding Policy content are valid only if those are made in a written form.

## **29. IMPACT OF UNCONQUERABLE FORCE (FORCE MAJEURE)**

29.1. Neither of the Parties shall be liable for the incompleteness or partial completeness of the obligations under the Policy, if the latter is a result of an impact of force majeure that arose after the inception of the Policy and that Parties could not foresee or prevent. Those cases include earthquake, flood, fire, war, announcement of military and emergency state, civil disturbances, strikes, cessation of operation of communication means, acts of state bodies etc., that make it impossible to complete Policy obligations.

29.2. If the impact of force majeure continues for over 3 (three) months, then each of the Parties shall have the right to cancel the Policy with prior notification of the other party.

29.3. The impact of force majeure on the completion of obligations set under the Policy shall be proved by the Party whose obligations are prevented from completion because of that impact.

## **30. DISPUTES RESOLUTION PROCEDURE**

30.1. All the disputes arising during Policy period shall be resolved through negotiations between the Parties. Upon failure to reach an agreement through negotiations, the disputes shall be resolved according to legislation.

30.2. In case of discrepancies between the Policy and the Conditions, the Policy terms shall prevail.

30.3. In case of disputes, the issues not regulated by the Conditions are subject to regulation by the procedure set by law and other legal acts.