

GENERAL TERMS AND CONDITIONS FOR FIRE AND OTHER PERILS PROPERTY INSURANCE

1. MAIN CONCEPTS

- 1.1. **Insurer:** "INGO ARMENIA" Insurance CJSC.
- 1.2. **Insured:** A person, who signed with the Insurer an insurance policy and/or a certificate (henceforth, the Policy) against fire and other damage caused to property.
- 1.3. **Beneficiary:** A person entitled to receive the insurance indemnity stipulated by the Policy in case of occurrence of an insurance accident. The Beneficiary can be an individual or a legal entity having legal interest in the insured property, pursuant to the Armenian legislation, a legal document or agreement.
- 1.4. **Object of Insurance:** Property and personal interests subject to insurance, not contradicting the Armenian legislation.
- 1.5. **Insurance accident:** An event or incident stipulated by the Policy, in the event of occurrence of which the Insurer shall be liable to pay an insurance indemnity to the Insured or the Beneficiary, in the manner and within terms and conditions determined by the Policy .
- 1.6. **Sum Insured:** The maximum amount of potential insurance indemnity subject to payment by the Insurer specified by the Policy.
- 1.7. **Insurance indemnity:** Monetary or equivalent property expression of an amount, which the Insurer shall be liable to pay to the Insured or the Beneficiary upon occurrence of Insurance Accident stipulated by the Policy.
- 1.8. **Insurance premium:** An amount paid by the Insured to the Insurer, against which the Insurer assumes the liability to indemnify the Insured (Beneficiary) for the loss caused by the insurance accident as stipulated in the Policy.
- 1.9. **Deductible:** A specific amount or a percentage rate of an insurance amount determined in a Policy, at the size of which the Insurer shall be relieved from making an insurance indemnity.

2. GENERAL PROVISIONS

- 2.1. Based on "General Terms and Conditions for Fire and Other Perils Property Insurance" (henceforth, the "Conditions") and governed by the effective Armenian legislation, the Insurer enters into Policies.
- 2.2. Pursuant to these Conditions, the parties to insurance are the Insurer, the Insured and the Beneficiary.
- 2.3. The insurance shall be fulfilled by the Policy signed by the Insured with the Insurer.
- 2.4. The Insurer shall have the right to reject the offer to sign or renew the Policy.
- 2.5. These Conditions shall be deemed indivisible part of the Policy.
- 2.6. The Insurer shall familiarize the Insured with these Conditions, provide a copy thereof and make a respective note about it in the Policy.
- 2.7. In the event of any inconsistency between the Policy and the Conditions, the Policy shall prevail.
- 2.8. If, at the time any claim arises under this Policy, there is any other existing Insurance covering the same loss, damage or liability, the Insurer shall indemnify only its proportion of loss, damage, costs or expenses. The amount of indemnity payable by the Insurer shall be determined by the ratio of the insurance amount specified in the Policy to the total insurance amounts effective under all Insurance Policies.
- 2.9. If any provision of these Conditions or the Policy is held invalid or unenforceable, it shall be revised to achieve the intent of the Parties within the scope of respective laws and norms. Such invalidity or unenforceability shall not influence the validity and enforceability of any other provision of these Conditions and the Policy. Neither Party shall use the unenforceability of any provision to avoid their obligations under these Conditions and the Policy.

3. OBJECT OF INSURANCE

- 3.1. Object of Insurance shall be deemed interests of the Insured (Beneficiary) not contradicting the Armenian legislation and related to possession, disposal and or usage/maintenance of the property stipulated in the Policy.
- 3.2. The following may be insured under these Conditions:
- 3.2.1 structural parts of buildings/constructions, apartments or rooms, and houses (the foundation, walls, floor, ceiling, roof, etc.), including doors and windows (with the exception of those between rooms), wires of the electricity supply system, pipes of the water supply, heating, water discharge, and gas supply systems;
 - 3.2.2 internal and/or external coating (of walls, ceiling, floor, decorative coating, doors and windows between rooms, etc.);
 - 3.2.3 technical equipment of buildings/constructions, apartments or rooms, and houses, including the heating system, the security system (video cameras, monitors, etc.), fire prevention and air conditioning systems, the water supply system (including wash-stands, bathes, etc.), the sewerage (including sanitary engineering devices of the lavatory), the gas supply system (including gas-stoves, etc.), the electricity supply system, including low voltage equipment (such as antennas, telephone sets, signaling sound systems, radio sets, etc.), as well as other equipment/systems stipulated in the Policy;
 - 3.2.4 movable property, including furniture, furnishing articles, internet devices, audio, video, photo equipment, electronic and household devices, musical instruments, measuring and optical devices, clothes, utensils, personal articles, tools, sporting and hunting articles, etc.;
 - 3.2.5 landscape constructions, fencing, engineering equipment and systems on the land plot;
 - 3.2.6 other property stipulated in the Policy, except for that mentioned in Clause 3.4 below.
- 3.3 In certain cases, if specially stipulated in the Policy, the following may also be insured:
- 3.3.1 jewelry made of precious and semiprecious stones and metals;
 - 3.3.2 paintings, statuettes, stamps, coins, and other collections;
 - 3.3.3 things/articles of cultural or religious value;
 - 3.3.4 antiques;
 - 3.3.5 unfinished buildings and constructions (with mandatory availability of the foundation, walls, floor, ceiling, roof, doors and windows (with the exception of those between rooms)).
- Insurance of things/articles of cultural or religious value and antiques shall be fulfilled only in case of availability of a written opinion/report that shall be issued by a certified expert, shall confirm the authenticity of the given article and give its cost.
- 3.4 Unless otherwise stipulated in the Policy, the following may not be insured on these Conditions:
- 3.4.1 cash, plastic cards, securities, and other similar values;
 - 3.4.2 manuscripts, plans, drawings, and other documents, accounting and operating books, etc.;
 - 3.4.3 information/data of any kind (including information and database, etc.), irrespective of the type of equipment and/or means intended for their storage;
 - 3.4.4 vehicles subject to state registration;
 - 3.4.5 models, patterns and other exhibition samples;
 - 3.4.6 precious metals, bars of such metals, precious stones (separately, not as a part of jewelry);
 - 3.4.7 property located in the insured premises, which the Insured has no right to possess/dispose of by the ownership right or on other legal bases;
 - 3.4.8 domestic animals and cattle, trees (including fruit trees), agricultural yield, etc.;
 - 3.4.9 old buildings, structures and constructions, as well as those in emergency state;
 - 3.4.10 property located in a place endangered by landslide, flood and/or other natural disasters;
 - 3.4.11 movable property located in a roofless space, except for such property, devices, equipment and systems, which are intended for usage/operation outside buildings (in open air);
 - 3.4.12 any type of property, articles, and devices, usage and circulation of which is forbidden or restricted in accordance with the effective Armenian legislation.
- 3.5 The Policy can be signed for each object specified in Clauses 3.2 and 3.3 or a group of such objects.

4. INSURANCE PREMISES

- 4.1 The property is considered insured only within the scopes of the premises (building, structure, (construction, plot) specified in the Policy (Insurance Premises), unless otherwise stipulated in the Policy.
- 4.2 If the insured property or a part thereof is moved outside the Insurance Premises, insurance coverage shall not apply to this part of property until it is returned to the Insurance Premises, unless otherwise stipulated in the Policy.

5. INSURANCE ACCIDENT

Pursuant to these Conditions, except cases stipulated in the Policy and Conditions, insurance accident shall be deemed any loss of or damage to insured property caused by actually occurred random event/risks, including:

5.1 FIRE, LIGHTNING, GAZ EXPLOSION

- 5.1.1 FIRE: the effect on the insured property of the flame, high air temperature, hot gas, smoke, and other products of combustion caused by fire;
- 5.1.2 LIGHTNING: the effect on the insured property of the electric flash of thunder (stroke of lightning);
- 5.1.3 GAZ EXPLOSION: the effect on the insured property of the explosion of gas used for domestic purposes and/or of the fire caused by such explosion.
- 5.1.4 According to this Clause, the Insurer shall indemnify also the losses caused to the insured property as a result of usage of the devices operated for fire prevention and fire extinguishing.
- 5.1.5 In the context of these Conditions, fire means uncontrollable burning, that takes place outside the special location (space) intended for producing, upholding and/or usage of fire, or that has uncontrollably spread out of the mentioned space and might cause damage to the insured property.
- 5.1.6 In the context of these Conditions, lightning means the electric flash originating in the atmosphere at the time of thunder, the voltage of which affects the insured property either thermally, mechanically or electrically.
- 5.1.7 In the context of these Conditions, explosion means a rapid process of surge (originating) of a big quantity of electric power, caused by gas spreading, which might cause damage to the insured property.
- 5.1.8 According to this Clause, the damage caused by the following shall not be deemed as insurance accident:
 - a) treatment of the insured property by fire or heat (for purposes such as drying, boiling, ironing, melting, etc.);
 - b) fluctuation in electrical current supplied to devices connected to the electric network, voltage rise or fall, other similar incidents and/or stroke of lightning (if no fire has been caused by it), unless otherwise stipulated in the Policy.

5.2 DAMAGE BY WATER

- 5.2.1 The following shall be covered pursuant to sub-clause 5.2:
 - a) damage caused to the insured property by leakage of water or the steam originated in the result of breakdown of the systems of water supply, heating, sewerage, water discharge or fire-prevention;
 - b) damage caused by inflow of liquid from other inhabited premises (not belonging to the Insured/Beneficiary).
- 5.2.2 In case of insurance of buildings, constructions, houses, apartments, and rooms, the Insurer shall indemnify also the following:
 - a) costs related to elimination of the damage caused by sudden breakdown of the systems of water supply, heating, sewerage, water discharge or fire-prevention located in the insured buildings, constructions, houses, apartments, and rooms. If the pipes need to be replaced in the result of such damage, only the costs of replacement of two linear meters of pipes shall be indemnified. If the devices (taps, tubs, bathes, batteries, boilers, etc.) connected to such pipes shall be repaired or replaced, the costs related to repair/replacement of such devices and equipment for each accident shall be indemnified only for the amount not to exceed 1% of the total insurance amount stipulated in the Policy;
 - b) costs related to freezing of pipelines located in the insured constructions (specified in sub-clause 5.2.2 a)) having an individual heating system: for each accident, the Insurer shall indemnify only the costs of replacement of two linear meters of pipes.
- 5.2.3 The following shall not be deemed as insurance accident and shall not be covered pursuant to sub-clause 5.2:
 - a) damage caused in the result of an incident not specified in sub-clause 5.2.1 of these Conditions, including damage arising at the time of cleaning of the insured construction, damage caused by flood, or raising of underground water level;
 - b) damage caused by penetration of rain, snow, hail or slush into the insured premises (construction), if it was through windows or doors left open, deliberately opened inlets, or cracks resulting from the age of the construction, or if the damage was due to constructions drawbacks and faults, including inadequate waterproofing of the roof or inter-panel openings;
 - c) damage caused in the result of repair or reconstruction of the insured object;

- d) costs related to repair/replacement of pipes/pipelines located outside the insured premises, as well as the devices/equipment connected to such pipelines;
- e) damage caused in the result of operation of the systems of water supply, heating, sewerage, water discharge, and fire-prevention in emergency state/unfit for usage, or in the result of violation of the operating conditions or useful lifetime for such systems by Insured;
- f) damage caused by lasting dampness in the insured construction (blue stain fungus, moldiness, etc.).

5.2.4 In case of insuring the property under sub-clause 5.2, the Insured shall:

- a) ensure proper usage/operation of the systems of water supply, heating, sewerage, water discharge, and fire-prevention in the insured premises, their timely repair and maintenance;
- b) discharge the water available in the individual heating system in case of temporary ceasing of usage/operation thereof or in case of negative air temperature.

5.3 NATURAL DISASTER

Damage caused by the following shall be covered pursuant to sub-clause 5.3:

- a) earthquake;
- b) flood;
- c) storm, tempest, gale;
- d) landslide, rockfall;
- e) hail.

5.3.1 Damage caused by storm, tempest, gale and other movement of air masses shall be covered if the wind speed in the given place at the given time exceeded 60 km/h (16,6 m/s). The wind speed shall be confirmed by the Armenian meteorological offices.

5.3.2 Only if specially stated in the Policy, the Insurer shall indemnify the damage caused to the devices fixed on the insured constructions (such as satellites, antennas, air conditioners, open electric wires, etc.) or destruction thereof.

5.3.3 The following shall not be deemed as insurance accident and shall not be covered pursuant to sub-clause 5.3:

- a) damage caused by land collapsing, sagging, landslide, movement/collapse of rock masses in the result of land, road construction, building construction, blasting, soil removal or other similar works carried out on the territory of the premises or in a nearby location;
- b) damage caused by penetration of rain, snow, hail or slush into the insured premises (construction), if it was through windows or doors left open, or through any other inlet that was not the result of earthquake, landslide, storm, tempest, or gale;
- c) damage caused by water, if such effect was not the consequence of one of the disasters specified in sub-clause 5.3.1, including damage cause by melting of snow, rain, or underground water, that was the result of raising of underground water level, or water penetration from the roof or the walls;
- d) damage caused in the result of emergency state of buildings, constructions, and structures and/or their unfitness for usage/operation, or damage caused to the property located in such buildings and constructions.

5.3.4 Buildings still under construction are not insured against damage caused by flood, storm, tempest, gale or hail. If the Insured intends to vacate the insured construction for a period longer than 60 days for capital repair or renovation or for some other purpose, he/she shall immediately notify the Insurer about it. In such case, the Insurer has the right to suspend the Insurance Policy for the quoted time period.

5.4 THEFT, ROBBERY

Damage caused by he following shall be covered pursuant to sub-clause 5.4:

- a) theft;
- b) robbery.

5.4.1 In the context of these Conditions, theft means stealing of the insured property, effected in the following manner:

- a) illegal entry to the insured premises (by breaking/cracking doors or windows, opening locks with false keys, using special instruments or other technical devices);
- b) breaking or damaging the articles or devices located on the insured premises or intended for storage of the insured property, using false keys, special instruments or other technical devices);
- c) damaging constructive parts of the insured building (walls, floor, ceiling, roof, doors, windows), including breaking of glass.

False keys are those prepared upon instruction or permission of the persons who had no right to possess the real key.

Mere disappearance of property from the insured premises is not enough to prove usage of false keys.

Usage of false keys, special instruments or other technical devices can be confirmed in the opinion (report) issued in the result of a police investigation.

- 5.4.2 In the context of these Conditions, robbery means obvious stealing of the insured property, effected:
- a) by using or threatening to use violence dangerous or not dangerous for the life or health of a person present in the insured premises;
 - b) at the time when a person present in the insured premises was in a helpless situation.
- 5.4.3 In case of property insurance by sub-clause 5.4, the Insurer shall indemnify also the costs related to elimination of the damage caused by theft or robbery to the constructive parts of the insured building (walls, floor, ceiling, roof, etc.).
- 5.4.4 In case of insuring the property under sub-clause 5.4, the Insured shall:
- a) make sure that all doors (external) and windows are closed when there is no one present in the insured premises;
 - b) make sure that the security system is switched on when there is no one present in the insured premises, if availability of such system is stipulated in the Policy.
- 5.4.5 In case of property insurance by sub-clause 5.4, the following shall be deemed as increasing the insurance risk:
- a) absence of the inhabitants from the insured premises for a period longer than 40 days;
 - b) repair or reconstruction of the buildings and structures, where the insured property is located;
 - c) malfunction of the security system;
 - d) in case of loss of the keys to the locks on the insured premises, failure on the part of the Insured to take immediately the required measures in order to replace the locks with similar or more reliable ones.
- 5.4.6 The following shall not be deemed as insurance accident and shall not be covered pursuant to sub-clause 5.4:
- a) damage caused by theft or robbery if this was effected by persons living with or working for the Insured,
 - b) damage caused by theft or robbery if this was effected when the security system was switched off or out of order, if availability of such system is stipulated in the Policy;
 - c) damage caused to property located outside the building (fixed on the roof or the external side of walls, located on the insured land parcel), unless otherwise stipulated in the Policy;
 - d) damage caused to property in ways other than theft or robbery.

5.5 ILLEGAL ACTIONS BY THIRD PARTIES

Damage caused to the insured property by the following illegal actions on the part of third parties shall be covered pursuant to sub-clause 5.5:

- a) deliberate destruction of or damage to the property;
 - b) hooliganism.
- In the context of these Conditions, hooliganism means deliberate gross violation of the public order, with destruction of or damage to the property belonging to others.
- 5.5.1 The following shall not be deemed as insurance accident pursuant to sub-clause 5.5:
- a) disappearance, unexplained loss or stealing of the insured property;
 - b) collapse of the insured building, cracks or other defects in the insured building, caused in the result of repair/reconstruction works in the insured building or apartment or in adjacent buildings/apartments, or caused by land, road construction, building construction, blasting, soil removal or other similar works carried out on the territory of the premises or in a nearby location, unless otherwise stipulated in the Policy;
 - c) damage caused in the result of theft of or acquisition of rights towards the insured property by means of fraud, lie, abuse of confidence;
 - d) appropriation – damage caused in the result of actions by a third party towards the insured property entrusted to this third party (through a rent, lease or some other agreement);
 - e) swindling – damage caused by the demand to transfer to a third party the right of ownership for the insured property or to take other actions of such kind, effected by means of threatening to disclose uncommon information about the Insured (Beneficiary) or his/her relative, or information that might significantly injure the rights and legal interests of the Insured (Beneficiary) or his/her relative, as well as threatening to use violence towards the Insured (Beneficiary) or his/her relative or to destroy (damage) the property belonging to the Insured (Beneficiary) or his/her relative or property managed and maintained by other persons;
 - f) incautious destruction of the insured property by third parties;

- g) damage caused to the insured property in the result of lowering of temperature, malfunction of the systems of electricity, gas, water and heat supply (irrespective of the causes of malfunction);
- h) painting, writing, carving, sticking objects on the insured property and other similar actions.

5.6 COLLISION, BLOW

Damage caused to the insured property by the following incidents shall be covered pursuant to sub-clause 5.6:

- a) collision of a vehicle with the insured property;
- b) clash of animals with the insured property;
- c) falling of trees or other articles on or clashing with the insured property;
- d) falling of flying objects or parts thereof on the insured property;
- e) blow of acoustic waves caused by flying objects.

5.6.1 The following shall not be deemed as insurance accident and shall not be covered pursuant to sub-clause 5.6:

- a) damage caused to the insured property by vehicles, animals, flying objects or other articles or with usage thereof, that belong to or are under the responsibility of the Insured (Beneficiary), his/her family members, people running common household with or working for him/her;
- b) damage caused by collapsing, land sagging, landslide, movement/collapse of rock masses in the result of land, road construction, building construction, blasting, soil removal or other similar works carried out on the territory of the insured premises or in a nearby location;
- c) damage resulting from contamination, pollution or corrosion;
- d) damage caused by a natural disaster, theft and/or robbery, illegal actions on the part of third parties, shall not be deemed as consequence of any of the incidents specified in sub-clause 5.6.

5.7 PROPERTY LOCATED OUTSIDE THE PREMISES

Pursuant to sub-clause 5.7, the Insured can also additionally insure loss or damage caused to the insured movable property (personal property) by occurrence of any of the accidents specified in sub-clauses 5.1-5.6 of the Conditions and stipulated in the Policy, if such damage was inflicted at the time, when the mentioned property was outside the insurance premises.

5.8 ADDITIONAL COSTS

Pursuant to sub-clause 5.8, the Insured can also additionally insure the following necessary and reasonable costs related to elimination of the damage caused to the insured property by occurrence of any of the accidents specified in sub-clauses 5.1-5.6 of the Conditions and stipulated in the Policy:

- a) cleaning/removal of the debris accumulated in the result of the accident (garbage, remainder of burnt/damaged property, etc.);
- b) payments made for architectural and/or appraisal (evaluation) works required for restoration of buildings.

5.8.1 This sub-clause does not cover any cost related to preparation and presentation of a claim for insurance indemnity, or appraisal of damage.

5.9 Pursuant to these Conditions, property can be insured against all accidents specified in sub-clauses 5.1-5.6 of the Conditions, against only one of such accidents or a group thereof.

5.10 Insurance coverage specified in sub-clauses 5.7 and 5.8 of the Conditions can be included in the Policy only in addition to sub-clauses 5.1-5.6; separate insurance shall not be provided for these two sub-clauses.

5.11 In order to enforce a risk or coverage, such risk/coverage shall be stipulated by the Policy.

5.12 A number of events, occurrence of which results in fulfillment of insurance, shall be deemed as one insurance accident at the time of occurrence, if these events have the same primary cause; damage shall be deemed inflicted as a consequence of the first of these events and shall be indemnified only in case if the damage caused to the property as a result of occurrence of the first event has been insured.

6. GENERAL EXCLUSIONS

6.1 In all cases, any loss or damage shall not be deemed an insurance accident and shall not be covered, if such loss or damage:

- 6.1.1 is due to deliberate actions of the Insured (Beneficiary), or people running common household with or working for him/her;
- 6.1.2 occurs or arises from mass riots or civil commotions;

- 6.1.3 arises from ionizing radiation or pollution by radioactive materials from any nuclear fuel or from any nuclear waste from combustion of nuclear fuel, or radioactive, toxic, explosive, and other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
- 6.1.4 is a consequence of war, invasion, act of foreign hostile forces, military actions (whether war has been declared or not), civil war, rebellion, revolution, insurrection or military coup or usurped power;
- 6.1.5 is a consequence of confiscation, governmentalisation, nationalization, or arrest of the insured property through enforcement of decisions or actions of state authorities.
- 6.2 The Insurer shall not be liable to cover any loss or damage whilst the insured building and/or property was used/operated:
 - 6.2.1 for purposes other than those provided in the technical specifications of usage of such building/property;
 - 6.2.2 in violation of the rules/manual for usage or operation of such property, defined by the manufacturer (constructor) or the relevant authorities;
 - 6.2.3 in violation of the fire-prevention and safety rules.
- 6.3 The Insurer shall not bear the liability to pay indemnity for:
 - 6.3.1 property located in the Insured Premises, but not stipulated in the Policy;
 - 6.3.2 for damage/loss inflicted by events that occurred before the commencement date of the Policy, even if such damage/loss was revealed within the validity period of the Policy;
 - 6.3.3 for damage causes as a consequence of repair, maintenance, replacement, modification, or enlargement of the insured property;
 - 6.3.4 for collapse of buildings/constructions or a part thereof, if this was not the consequence of an insurance accident;
 - 6.3.5 if before or after occurrence of an insurance accident, it is revealed that the insured building was designed, constructed and maintained with such flaws that could significantly affect steadiness of the construction, or that seismic-geological and other important conditions of the location were not taken into consideration, the Insurer, at the time of paying the indemnity, shall reduce it for the amount, by which the mistake or dereliction has caused occurrence of the insurance accident and/or the extent of the inflicted damage;
 - 6.3.6 if at the time of occurrence of the insurance accident, the insured property was located in open area (even if this area is insured), except for such property, devices, equipment and systems, which are specifically intended for operation outside buildings;
 - 6.3.7 depreciation, amortization, gradual depreciation and existing drawbacks;
 - 6.3.8 impossibility of usage or operation of the property, including costs of temporary replacement thereof;
 - 6.3.9 mechanical or electrical breakdowns, failures or breakages, which are not the consequence of an insurance accident;
 - 6.3.10 any reduction in the market value of the property following restoration or repair;
 - 6.3.11 malfunction of the property and equipment, which is the consequence of usage or operation;
 - 6.3.12 loss or damage caused by any event, if it is not stipulated in these Conditions or if the Insured has not insured the risk of its occurrence;
 - 6.3.13 the Insured's (Beneficiary's) liabilities towards third parties;
 - 6.3.14 loss or damage caused by any event, which was the direct or indirect consequence of actions taken by the Insured (Beneficiary) in violation of the effective Armenian legislation, even if the resulting damage is insured under the Policy;
 - 6.3.15 financial and other related damages and/or losses suffered by the Insured or the Beneficiary, such as lost/unearned income, fines, mandatory payments, costs and other expenditures associated with full and/or partial failure to fulfill obligations under any agreement, even if such costs and expenditures are consequences of the insurance accident.
- 6.4 All devices and systems intended for safety of the insured property, including the signaling system, shall be properly maintained in the course of validity of the insurance and shall not be removed, modified or replaced without obtaining the prior consent of the Insurer. Such systems shall be adequate and fully operative. In case of malfunction and/or repair of the security devices, the Insured shall immediately notify the Insurer about it.

7. INSURANCE AMOUNT

- 7.1 Insurance amount(s) is (are) determined separately for each object of insurance, unless otherwise stipulated in the Policy.
- 7.2 The insurance amount determined by the Policy for the property may not exceed the real (market) value of the latter as of the date of entering into the Policy.

- 7.3 When calculating the real (market) value of the vehicle, the Insurer may rely on the actual expenses (invoice, contract, etc.) incurred by the Insured for purchasing/constructing the property, the appraisal reports or opinions issued by authorized persons/organizations, or determine it independently.
- 7.4 **Insurance at partial (not full) value (average clause):** If the insured object has real (market) value higher than declared sum insured, the Insured shall only be entitled to recover the same proportion of any loss or damage as the Sum Insured bears to the real (market) value of the insured Property, unless otherwise stipulated by the Policy.
- 7.5 If specified in the Policy sum insured of the property exceeds the real (market) value thereof, the loss caused to the property shall be subject to indemnity only at the amount of the real (market) value of such property. In this case, the portion of premium paid in excess shall not be refunded.
- 7.6 When entering into the Policy, the Insurer shall be entitled to determine a Deductible Amount, upon incorporating a special notice about it in the Policy:
- 7.6.1 Conditional Deductible, in which case the Insurer shall be relieved of paying indemnity for the actual damage or loss, if such damage does not exceed the Deductible specified in the Policy, and shall pay full indemnity, if the damage exceed the specified Deductible;
- 7.6.2 Unconditional Deductible in which case the Insurer shall be relieved of paying an indemnity at the amount of the Deductible, irrespective of the total amount of damage or loss.
- 7.7 Unless otherwise stipulated in the Policy, after the payment of each insurance indemnity, the sum insured for the respective insured object shall be reduced by the amount of paid indemnity.
- 7.8 The Insured shall be entitled to restore the original/initial limit of the sum insured, by making an addendum to the effective Policy. In this case, for such portion of the sum insured that has been reduced due to payment of indemnity, the Insured shall pay a premium pro rata to the unexpired period of the Policy.

8. INSURANCE PREMIUM

- 8.1 The size, the manner and the terms of payment of the insurance premium shall be determined by the Policy.
- 8.2 The premium shall be calculated by the Insurer, based on the real (market) value and other characteristics of the object of insurance, the sum insured, the type (class) of insurance, available information on terms of the Policy, approved rates of the Insurer, applied discount and additional payments.
- 8.3 The premium shall be paid in lump sum, unless otherwise stipulated by the Policy. It shall be the right of the Insurer to decide on the installments and the schedule of paying the premium.
- 8.4 If the Insured submits an indemnity claim to the Insurer before he/she makes the regular installment of the premium, the Insurer shall be entitled to retain an amount equal to the unpaid premium from the indemnity amount.
- 8.5 The insurance premium of the Policy signed for a period of less than one year shall be calculated on pro rata bases.
- 8.6 Any person making the payment by the instruction of the Insured shall not obtain any right to the Policy in connection thereof.
- 8.7 The premium to be paid by the Insured cannot be less than the minimum premium specified by the Insurer.
- 8.8 In the event of failure to pay the regular installment of premium, the Insurer shall be entitled to suspend the Policy without any notice to the Insured, starting from 00 hour and 00 minute of the day following the payment date specified in the Policy. The Policy suspended pursuant to this clause may be recovered within 30 days once the respective premium is paid. The Policy is recovered from the moment of payment of the premium (unless otherwise specified by an additional agreement). The Insured, at the request of the Insurer, shall make the property available for examination. In this case, the effective period of the Policy shall not be extended.
- 8.9 The events that occur during the suspended period of the Policy shall not be deemed insurance accidents.
- 8.10 If the Insured fails to make the payment within time period specified in sub-clause 8.8 above, the Policy shall be deemed unilaterally terminated 30 days after the suspension date.

9. INSURANCE POLICY

- 9.1 The Policy is signed for a period of one year, unless otherwise stipulated in the Policy.
- 9.2 The Policy is signed based on verbal or, if requested by the Insurer, written application of the Insured. At the request of the Insurer, the Policy is signed based on the written application of the Insured, which shall

- be deemed an indivisible part of the Policy. The sample form of the insurance application shall be developed and approved by the Insurer.
- 9.3 The Policy shall become effective from 00 hour 00 minute of the date specified in the Policy as the commencement date of the Policy, (unless otherwise stipulated by the Policy).
- 9.4 Renewal of the Policy shall be made by the Insurer, based on verbal or, in the event of material changes in the risk and characteristics of the object of insurance, written application of the Insured, through signing a new Policy.
- 9.5 Attachments to the Policy shall become effective not earlier than the date of bilateral signing thereof.
- 9.6 The Policy shall be terminated:
- by the virtue of expiration of the term stipulated in the Policy (00 hour 00 minute of the date specified as the end of effective period of the Policy);
 - upon full execution of obligations of Insurer towards the Insured;
 - in cases stipulated by the Policy and Conditions;
 - in other cases stipulated by the effective Armenian legislation.
- 9.7 The Policy may be terminated early:
- 9.7.1 If after the Policy becomes effective, probability of occurrence of the insurance accident is eliminated. In such case, the Insurer shall terminate the Policy within 3 business days after receiving of the relevant written application from the Insured.
- 9.7.2 Upon the Insured's initiative, by means issuing at least 15-day advance written notice to the Insurer. In this case, the Insured shall be entitled to get back the premiums for the remaining effectiveness period of the Policy;
- 9.7.3 Upon the initiative of either party, if the other party has violated the Policy and/or these Conditions significantly, within three months after revealing the violation.
- 9.8 If the Policy is terminated on the initiative of the Insured for violation of the provisions of the Policy and these Conditions by the Insurer, the Insured shall have the right to get back the positive difference between the premiums paid by the Insured within the effective period of the Policy and the insurance indemnity received on accident claims.
- 9.9 If the Policy is terminated on the initiative of the Insurer for violation of the provisions of the Policy and these Conditions by the Insured, the insurance premiums shall not be returned to the Insured.
- 9.10 If the Policy is terminated under clauses 9.7.1 and 9.7.2 of these Conditions, the Insurer shall return to the Insured the premiums paid for the unexpired period of the Policy, calculated according to the following formula:

$$P_u = (P - I_i) * U_p / E_p - \text{AMD } 5,000$$

where:

- P_u – Premium for the unexpired period of the Policy;
- P – Premium stipulated in the Policy;
- I_i – Insurance Indemnity paid on accident claims occurred during the effectiveness period of the Policy;
- U_p – Unexpired period of the Policy;
- E_p – effective period of the Policy as stipulated therein;
- AMD 5, 000 – operating costs.

- 9.11 The Policy shall be deemed void since the date of its signing in cases stipulated by the Armenian legislation and, if the insured property is subject to confiscation by legally enforced court decision, or if the Insured's ownership or usage right towards the insured property was not properly registered and/or was obtained in a manner contradicting the effective Armenian legislation.
- 9.12 If the Insurer intends to make amendments in these Conditions, the Insurer shall notify the Insured about it as soon as possible. If the Insured does not agree to such amendments, he/she shall be entitled to terminate the Policy immediately.
- 9.13 The Parties may agree to amend/supplement certain provisions of the Policy and these Conditions within the effective period of the Policy. Any amendments to the Policy and these Conditions shall be made in writing, in the form of producing a separate document, which shall be signed by the Insured and the Insurer.

10. CONSEQUENCES OF INCREASE OF THE INSURANCE RISK WITHIN THE EFFECTIVE PERIOD OF THE POLICY

- 10.1.1 Within the effective period of the Policy, the Insured shall notify the Insurer within 24 hours in any possible manner (by telephone, fax, e-mail), and thereafter shall issue a written notification to the

Insurer within two business days, about any change related to the insured property, including the following:

- leasing or pledging of the insured property;
- changing the purpose of usage/operation of the insured property;
- in case of double insurance;
- any damage caused to the insured property, that can be deemed insurance accident pursuant to these Conditions;
- changes in the information and purpose of usage/operation of the property notified to the Insurer at the time of signing the Policy and other circumstances, that may significantly affect the probability of occurrence of an insurance accident and the size of the insurance indemnity;
- in other cases deemed as increase of risk, pursuant to the Policy and these Conditions.

10.1.2 After getting notification about such changes, the Insurer shall be entitled to suggest to the Insured amending/supplementing the provisions of the Policy or to demand payment of an additional insurance premium by the Insured, pro rata to the increase of the risk.

10.1.3 Refusal of the Insured to make such amendments or to pay additional insurance premium will be deemed as the Insured's consent to early termination of the Policy. The Policy shall be deemed early terminated by the agreement of the parties from the moment of the refusal on the part of the Insured to make such amendments or to pay additional insurance premium.

10.1.4 If the Insured (Beneficiary) fails to notify the Insurer about making such changes, and if such changes cause an insurance accident, the Policy shall be deemed early terminated by the agreement of the parties from the moment of making such changes.

10.1.5 The Insurer shall not demand amendment of the conditions of the Policy or payment of additional insurance premium, if increase of the insurance risk is no longer available at the time of getting notified about it.

11. RIGHTS AND RESPONSIBILITIES OF THE PARTIES

11.1 The Insured shall be entitled to:

- 11.1.1 sign a Policy;
- 11.1.2 apply for amendments in the terms and conditions of the Policy;
- 11.1.3 early terminate the Policy in the defined manner;
- 11.1.4 benefit from discounts determined by the Insurer;
- 11.1.5 receive insurance indemnity, in compliance with the procedure defined by these Conditions and the Policy;
- 11.1.6 receive a duplicate of the Policy, in the event of loss of or damage to the original.

11.2 The Insured shall:

- 11.2.1 fulfill provisions the stipulated in these Conditions and the Policy;
- 11.2.2 when signing the Policy, furnish the Insurer with the necessary information about the object(s) of insurance, and other information known to him/her, which may have significant influence on assessment of risk and the probability of occurrence of an insurance accident;
- 11.2.3 make the payment of the premium, at the amount and in the manner stipulated by the Policy;
- 11.2.4 within the effective period of the Policy, notify the Insurer about alienation of the insured property, by any means of communication (telephone, facsimile, e-mail), within 24 hours, and then, within two business days, issue a written notice to the Insurer;
- 11.2.5 properly use the insured property and the systems of water supply, sewerage, heating, etc., and perform their maintenance and repair in timely manner;
- 11.2.6 take the necessary reasonable measures to prevent any damage to or loss of the insured property;
- 11.2.7 promptly inform the Insurer about obtaining any information on location of the stolen property, when the Insured has received an indemnity due to robbery or theft of the property;
- 11.2.8 deliver and submit to the Insurer all available documents and information, and assist the Insurer in exercising the right of damage claim assigned to it;
- 11.2.9 familiarize the Beneficiary and the persons using/operating the property with the provisions of these Conditions and the Policy.

11.3 The Insurer shall be entitled to:

- 11.3.1 reject or reduce the insurance indemnity, if during the effective period of the Policy the Insured has violated terms and conditions of the Policy and these Conditions;
- 11.3.2 check the information provided by the Insured about the object being insured;

- 11.3.3 if necessary, inspect the state and the maintenance conditions of the insured property within the effective period of the Policy;
- 11.3.4 early terminate the Policy unilaterally, in the event of occurrence of such circumstances in the effective period of the Policy, which might permit the Insurer to mistrust the Insured, such as provision of incomplete or false information to the Insurer when signing the Policy, fraud in respect of getting indemnity;
- 11.3.5 demand and receive from the Insured information and documents necessary to prove the fact of occurrence of the insurance accident and to determine the amount of indemnity;
- 11.3.6 carry investigation, independently or with involvement of other parties, to detect reasons and circumstances of insurance accident and, if necessary, make inquiries with law enforcement or other competent authorities, to confirm the fact and reason of occurrence of the insurance accident, and to determine the amount of indemnity;
- 11.3.7 reject the Insured's application for renewal of or making amendments/supplements to the Policy, if this may cause considerable increase of the insurance risk, or on any other reasonable grounds;
- 11.3.8 in case when the Insurer provides indemnity, the Insurer shall be entitled to require from the Insured to present such property or components thereof, or spare parts and/or devices/equipments replaced in the course of repairs/restoration of the property damaged due to the insurance accident;
- 11.3.9 to postpone the date of making a decision regarding payment of the indemnity until checking the required information about the event/occurrence, including getting the reply of the authorized bodies to the inquiries sent to them; and if a law case has been initiated with regard to the caused damage – until making a decision about termination of the case, or issuance of the court decision on it.

11.4 The Insurer shall:

- 11.4.1 familiarize the Insured with these Conditions and provide a copy hereof;
- 11.4.2 comply with and fulfill terms and conditions of these Conditions and the Policy;
- 11.4.3 receive and study information and documents from the Insured in compliance with these Conditions and, in the event the Insured submits an application to make significant amendment/supplements to the conditions stipulated under the Policy, review them and make a decision within three business days;

- 11.5 Except for the cases stipulated by the Armenian legislation, the Parties hereby agree not to publish, disclose, or otherwise provide to third parties any information deemed and/or containing medical, financial and insurance secret known to the Parties in respect of execution of this Policy (hereinafter "Confidential Information"). The Parties also agree not to use the Confidential Information for their own benefit and/or for the benefit of third parties, as well as for harming the business of the other Party.

12. INTERRELATIONS OF PARTIES IN THE EVENT OF OCCURRENCE OF INSURANCE ACCIDENT; INSURANCE INDEMNITY

12.1 In the event of occurrence of insurance accident, the Insured or the Beneficiary shall:

- 12.1.1 take the necessary actions to reduce the size of the damage;
- 12.1.2 report the accident to the Insurer, promptly, not later than within 24 hours (immediately, in the event of stealing/theft), by any available means of communication (telephone, fax, e-mail);
- 12.1.3 promptly report the accident to the following authorities:
 - the Police of the RA in case of theft or robbery of the property or unlawful actions with regard to it;
 - the fire service of the Police of the RA in case of fire, lightning, gas explosion;
 - in other cases - the competent bodies that are authorized to investigate the causes and circumstances of the damage/loss of the property;
 - if the insurance accident has occurred outside Armenia (in case of insuring movable property with the coverage specified in sub-clause 5.7 of these Conditions), the Insured shall report to the respective authorities of the country in question;
- 12.1.4 receive from competent authorities duly produced appropriate documents related to the accident;
- 12.1.5 ensure proper protection of his/her rights and interests in the relations with other parties;
- 12.1.6 where a second party (party at fault) is involved in the accident, ask for the names, addresses and the identification documents of such second party;
- 12.1.7 if possible, ask for the names, addresses, and the identification documents of the accident witnesses;

- 12.1.8 take all required actions to prevent leaving the damaged property unattended;
- 12.1.9 not repair/restore, shift the property (its parts or remnants) damaged in the result of the accident, until it is inspected by the Insurer or its authorized representative. Unless it is required to repair/restore, shift the property, its parts or remnants for safety purposes, or to prevent further loss or damage or reduce it, then, before taking such actions, the scene of the accident shall be fixed in detail by means of shooting with a video or photo camera and the videotape/photographs shall be provided to the Insurer. During inspection, it is also required to present to the Insurer the property damaged through the accident, or its parts and remnants;
- 12.1.10 file a written claim application with the Insurer, within a seven-day period;
- 12.1.11 deliver to the Insurer the available information about other persons involved in the accident and witnesses thereof;
- 12.1.12 agree with the Insurer on follow-up actions to effect the insurance indemnity;
- 12.1.13 promptly inform the Insurer about any claims to the Insured in connection with the accident.
- 12.2 If the market value of the insured property changes within the effective period of the Policy and exceeds the sum insured at the time of occurrence of the insurance accident, the indemnity shall be calculated based on the size of the sum insured, and if it is less than the sum insured, the indemnity shall be calculated based on the market value of the insured property.
- 12.3 If the Insured fails to restore the original/initial size of sum insured in the manner stipulated by sub-clause 7.8 of these Conditions, the indemnity against the next insurance accident shall be in such proportion as the proportion of the sum insured reduced due to payment of indemnity to the real value of the insured property.
- 12.4 In case of total loss of the insured property (it has become totally unfit for usage), i.e. the restoration value is 80% and over the value of the property (which means that the restoration is technically impossible and/or economically inefficient), after covering the claim, all the rights towards the damaged or lost insured property shall be transferred to the Insurer, if the latter wishes so.
- 12.5 In case of loss or damage of the insured property, the Insurer shall pay the costs required for reconstruction, replacement, repair, and restoration of the property within the limits of the sum insured specified in the Policy, to the extent sufficient for restoration of the property to the same condition (not better or more expensive) that was before the loss or damage.
- 12.6 In the event of damage caused to the insured property (its parts, or devices fixed on it) in the result of effected or attempted stealing/theft, the Insurer shall pay the costs of repair or restoration at maximum 15% of the sum insured, for the part to which damage has been inflicted.
- 12.7 The Insurer, at its discretion, may choose to restore, repair or replace the property, or may pay in cash the amount of loss or damage. The amount payable by the Insurer in respect of any loss or damage claim shall be based on the market value of the particular property, established in the Armenian market at the time of loss or damage.
- 12.8 The Insurer may also indemnify the required and reasonable costs related to the measures taken by the Insured in order to prevent or reduce the damage, even if such measures have not been effective. Such costs will be covered even in case if indemnity of other damages exceed the sum insured.
- 12.9 In the event of damage to the property, the amount of damage shall be determined based on expenses required for replacement/repair thereof, which shall not exceed the sum insured stipulated in the Policy. In such case, damaged components shall be replaced when the restoration thereof is economically inexpedient or, if the restoration will not bring them into a condition fit for further usage.
- 12.10. If during restoration of the property concealed damages are detected, which are not specified in the inspection report, the Insured shall inform the Insurer about such damages prior to remedy thereof. The Insurer will cover previously undetected damages caused by the insurance accident, in the event the Insured submits duly produced documents evidencing such damages.
- 12.11 In case if the property is insured for the coverage specified in sub-clause 5.8 of these Conditions, the Insurer shall also indemnify the following reasonable costs required to cover the inflicted damage:
- cleaning/removal of debris;
 - payments made for architectural and/or appraisal (evaluation) works required for restoration of buildings, except for any cost related to preparation and presentation of a claim for insurance indemnity, or appraisal of damage.
- 12.12 Where disputes arise between the Parties regarding occurrence of an insurance accident and the indemnity amount, each Party shall have the right to carry out an expertise at its account. However, the results and conclusions of such expertise shall not be binding for the other Party.

13. PROCEDURE OF ACCEPTANCE AND SETTLEMENT OF CLAIMS

- 13.1 To receive an insurance indemnity, the Insured (Beneficiary) shall actually prove its legal interest in the object of insurance, introduce to the Insurer the fact of occurrence of the insurance accident, and submit documents confirming the size of damage.
- 13.2 Documents required to prove the interest in the object of insurance are as follows:
- 13.2.1 identification document, social card, claim application, Policy;
 - 13.2.2 documents certifying the Insured's (Beneficiary's) right to possess, use and administer the insured property (ownership right certificate for the immovable property, purchase and sale agreement or lease agreement or power of attorney, validated by public notary). Otherwise, the insurance indemnity is paid to the owner of the insured property.
- 13.3 Documents certifying the insurance accident are as follows:
- 13.3.1 in the event of fire, conclusion of the Fire Service of the Police of the RA with regard to the accident;
 - 13.3.2 in case of theft, robbery, or illegal actions on the part of third parties, the relevant document issued by the Police of the RA;
 - 13.3.3 in case of damage by water, a conclusion or reference on the accident, issued by the condominium;
 - 13.3.4 in cases other than those mentioned above, a reference and/or conclusion and/or report and/or statement issued by an expert or a competent body that is authorized to investigate the causes and circumstances of such damage/loss of the property;
 - 13.3.5 if the insurance accident has occurred outside Armenia (in case of insuring movable property with the coverage specified in sub-clause 5.7 of these Conditions), the conclusion of the respective authorities of the country in question;
 - 13.3.6 if the Insurer agrees to it, an opinion/report or an expertise conclusion issued by an independent expert may be presented instead of the required documents specified in sub-clause 13.3.4 of these Conditions.
- 13.4 Documents certifying the size of damage caused in the result of an insurance accident are as follows:
- 13.4.1 a financial document (invoice, account statement) and/or reference issued by an individual or entity legislatively vested with the right to perform and engaged in repair/restoration of such property, or
 - 13.4.2 a conclusion, or statement, or report, issued by an independent expert;
 - 13.4.3 if the property damaged/lost in the result of an insurance accident, or some parts/components thereof need to be replaced pursuant to these Conditions, a document (invoice, account statement) and/or reference issued by a vendor supplying such property or parts/components thereof shall be presented;
 - 13.4.4 if the costs are incurred by the Insured independently, by written consent of the Insurer, the Insured shall submit the following financial documents supporting such costs:
 - a) contract and/or invoice and
 - b) cash invoice, in case of cash payment, or
 - c) bank payment instruction, in case of payment by bank transfer.
- 13.5 Other necessary documents: bank requisites of the Insured or the Beneficiary, in the event the indemnity is paid through transfer.
- 13.6 Necessity to submit additional documents shall be determined by the Insurer, depending on the insurance accident and the size of damage.
- 13.7 In the event of failure to submit the documents specified in sub-clauses 13.2.1-13.6 of these Conditions, the Insurer shall have the right to refuse or reduce the insurance indemnity.
- 13.8 After the Insured files presents an accident claim, the Insurer shall:
- inspect the damaged property within 3 business days, and produce a respective report. The damaged property may be inspected also by an authorized person of the Insurer;
 - agree with the Insured on the procedure of restoring, repairing, or replacing the damaged property.
- 13.9 The Insurer, within 15 business days after the date of receiving the claim application and all required documents from the Insured and/or competent authorities, shall accept or reject the claim for indemnity. The Insurer shall issue a decision on settlement of claim, by producing a relevant conclusion.
- 13.10 In case of accepting the event as an insurance accident based on the claim application and the documents presented by the Insured, the Insurer shall pay indemnity on the claim within 15 business days following the date of issuing a decision/conclusion on the settlement of the claim.
- 13.11 The payment on the claim may be made in lump sum or, by the written consent of the Insured, by installments.

14. TRANSFER OF RIGHT OF DAMAGE CLAIM FROM THE INSURED TO THE INSURER (SUBROGATION)

- 14.1 When paying the insurance indemnity, the right of claim against the person causing damage to the Insured (Beneficiary) arising due to occurrence of insurance accident, shall be transferred to the Insurer, at the amount of paid indemnity.
- 14.2 The Insured (Beneficiary) shall transfer to the Insurer all documents and other evidences certifying its right of claim.
- 14.3 If the Insured (Beneficiary) waives its right of claim in respect of a person responsible for damages indemnified by the Insurer or, where exercising of subrogation right is impossible through fault of the Insured (Beneficiary), the Insurer shall be entitled to refuse payment of insurance indemnity and, if such payment is already made, demand refunding of the paid excess indemnity.

15. FORCE-MAJEURE

- 15.1 The parties shall be relieved from liability for full or partial failure to fulfill their respective obligations under the Policy if such failure is due to force-majeure events that have occurred after entering into the Policy, and that could not be anticipated or prevented by the Parties. Such events include earthquake, flood, fire, war, declaration of marital law and state of emergency, civil disturbances, strikes, cessation of operation of communication means, acts of state authorities, etc., which make impossible the execution of obligations under the Policy.
- 15.2 If the impact of a force-majeure event lasts for more than 3 (three) months, each Party shall be entitled to terminate the Policy by issuing an advance notice to the other Party.
- 15.3 Proving the force-majeure impact on the execution of obligations under the Policy shall be the liability of such Party, the execution of obligations of which is hindered by the impact thereof.

16. GOVERNING LAW

- 16.1 The Policy and Conditions are produced and regulated in the manner stipulated by the legislation of the Republic of Armenia.

17. SETTLEMENT OF DISPUTES

- 17.1 All disputes arising from the Policy shall be settled through negotiations and, if Parties fail to reach mutual agreement, such disputes shall be resolved in the manner prescribed by the RA legislation.