



**The terms and conditions of machinery insurance describe the scope of insurance cover, actions in the case of an insured event, and the principles of damage compensation.**

Machinery insurance provides insurance cover in case the machine is damaged, destroyed or lost due to an unexpected and unforeseen event as described in the terms and conditions. Such an event may include, for example, a traffic accident or other accident, vandalism, fire, natural disaster, theft of the machine or damage resulting from other events.

The parts of the insurance contract are the insurance policy (hereinafter the **policy**) and these machinery insurance terms and conditions (hereinafter the **terms and conditions**). The Policy specifies the sum insured of the insured object and the excess amount. Before signing the insurance contract, the policyholder must ensure the accuracy of the data specified in the policy, the suitability of the insurance cover, and familiarise themselves with the terms and conditions.

**Insurer** is AS LHV Kindlustus (hereinafter **LHV**).

**Policyholder** is the person indicated in the policy. Individuals equated with the policyholder are the owner of the insured object and all individuals who legally possess or use the insured object (hereinafter the **policyholder**).

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# Machinery insurance terms and conditions

Valid from  
01/06/2025

## Definitions

**Third party** is a person to whom the policyholder has caused damage and who is entitled to compensation from the policyholder or a person who has caused damage to the policyholder.

**Beneficiary** is a person who has the right to receive an insurance indemnity under the insurance contract in the event of an insured event.

**Loss event** is an unexpected event that causes property damage to the insured object.

**Insured event** is an event outlined in the terms and conditions, in which LHV is obligated to fulfil its contractual obligations.

**Insurance cover** is the scope of LHV's obligation to pay an insurance indemnity or otherwise fulfil the insurance contract in the case of an insured event, as defined in the terms and conditions.

**Insurance period** is the period specified in the policy, during which LHV will cover any damage arising from an insured event that occurs within that period.

**Sum insured** is the insured value of the insured object or the maximum amount that LHV will compensate for damage caused by an insured event. The sum insured is not reduced by any indemnities paid unless the insured object is completely destroyed. If the ratio between the sum insured and the insured value is less than 10%, underinsurance does not apply.

**Insured value** is the market value of the insured object immediately prior to the occurrence of the insured event. The market value is the average sale price of the object in Estonia or the purchase cost of an object with equivalent technical specifications and age at the time of the insured event. For insured objects less than two (2) years old, the insured value is the original purchase price if the object was insured within 30 (thirty) calendar days of its initial registration or commissioning, and the object has had only one owner or responsible user since that time.

**Excess** is the amount specified in the policy that is deducted from the claimable damage amount and is the responsibility of the policyholder in the event of an insured event.

**All-risk insurance** is insurance cover under which damage or destruction of the insured object due to a sudden and unforeseen event is compensated, except for events excluded in Chapter 3 of the terms and conditions.

**Equipment** is a tool adapted for a specific task or a device that facilitates work (e.g. generator, soil compactor, laser measuring tool). Equipment may be installed on a machine.

**Total loss** is a situation where the insured object is damaged to an extent that its restoration is technically impossible or unreasonably costly.

**Territory** is the area specified in the policy, where the machine is moved (e.g. from storage to the work site) or where the machine is used for work purposes (e.g. field, landscape, construction site, quarry). Unless otherwise specified in the policy, insurance cover is only valid in Estonia.

## Insured object

1. **Insured object** is a **machine** or **equipment** (hereinafter collectively as the **machine**) in working order, as specified in the policy, either as a complete unit or as **machine parts**, as determined by the manufacturer.
  - 1.1. Insurance cover applies to the insured machine when used for its intended purpose, during transport, proper storage, and while performing correct repair or maintenance work.
  - 1.2. Machine parts include complete systems or subsystems that make up the whole necessary for the machine's operation. In the context of the terms and conditions, a machine part refers to an entire functional system, rather than just a single component within it.

**Example.** If the machine has a hydraulic system, the entire hydraulic system, along with all of its components, is considered part of the machine, rather than just an individual component such as a hose or pump.

## Insurance cover

- 2. Insured event of all-risk insurance** occurs in the event of damage to or destruction of the insured object due to an unexpected and unforeseen event, taking into account the exclusions outlined in clauses 3.1–3.24.

**Example.** Insured events may be caused by the following events, for example:

- fire and explosion;
- storm or a tree or other object falling on the insured object due to the storm;
- theft, robbery or attempted theft of the insured object or any part it;
- deliberate actions by a third party (vandalism);
- a traffic accident on the road, including when the insured object is being transported or towed;
- colliding with an obstacle or stationary object;
- the insured object falling into a ditch or trench, sinking or getting stuck in the ground, as well as damage caused during its retrieval;
- falling of an object onto the insured object during lifting or excavation.

- 3. Damage caused directly or indirectly by the following events or consequences is not insured.**

**3.1. Electrical system failure**

Damage caused by an electrical system failure, except if it was caused by a direct lightning strike to the insured machine or any of its parts.

**3.2. Frost damage**

Damage caused by the freezing of oil, coolant or any other liquid.

**3.3. Fluid shortage or poor-quality fuel**

Damage resulting from a shortage or leakage of oil, coolant or any other fluid; inadequate lubrication or insufficient lubricant; poor-quality or incorrect fuel, oil or other liquid, or its use.

**3.4. Internal explosion**

Damage caused by an internal explosion in the engine, pressure vessel or similar equipment. This exclusion does not apply if internal failure cover as specified in clause 5.1 is selected.

**3.5. Internal failure or non-compliance with technical requirements of a part of the insured object**

Damage resulting from the fact that the machine's engine, transmission, chassis, device, system (electrical, steering, brake, ventilation, cooling, power, exhaust, hydraulic or other systems) or any other part does not comply with the technical condition or requirements established for its equipment, leading to damage, breakdown, malfunction or operational disruption.

**3.6. Software error**

Damage directly related to a software malfunction or error. If a software error, malfunction or-failure causes an insured event (e.g. traffic accident), this damage will be compensated. However, LHV will not cover the costs related to software restoration or replacement.

**3.7. Normal wear and tear or continuous operation**

Damage caused by normal wear and tear or fatigue failure occurring during the regular use of the insured object without any external impact. Continuously affecting factors include wear and tear, corrosion, cavitation, scale, exposure to chemicals and substances, excessive moisture, and deterioration due to lack of use or ordinary weather conditions.

**3.8. Pre-existing damage**

Damage that existed before the start of the insurance contract, regardless of whether the policyholder was aware of it or not.

### 3.9. **Improper use or overloading**

Damage caused by using the insured object for a purpose for which it was not designed, as well as damage resulting from usage under unusual conditions, and from making unauthorised modifications to the machine or exceeding the permissible limits and overloading.

**Example.** LHV will not compensate for damage caused to a tractor used in demolition work without the manufacturer's recommended and technically compliant additional equipment.

### 3.10. **Machine operating underground**

Damage to the insured object caused during underground operations, including when any part of the object becomes stuck underground, as well as the costs involved in bringing the object back to the surface.

### 3.11. **Damage to the insured object on aircraft or watercraft and floating equipment**

Damage caused to the insured object while on an aircraft or watercraft or floating equipment (e.g. raft, pontoon) (including sinking or submerging of the object).

### 3.12. **Use of inappropriate transport vehicle**

Damage caused during the transportation or towing of the insured object using an inappropriate motor vehicle or trailer or due to improper or insufficient securing of the object during transport.

### 3.13. **Fraud, extortion, and embezzlement**

Damage to the insured object occurring when it leaves the possession of the owner or legal possessor due to fraud, embezzlement or extortion, as well as damage occurring to the object while it is unlawfully outside the possession of the legal owner.

### 3.14. **Aesthetic damage**

Damage that does not affect the insured object's intended use, such as scratches, dents, stains, dings, tears, colour changes, and similar cosmetic damage.

### 3.15. **Tyre damage**

Damage that occurs solely as a result of tyre damage, unless it was accompanied by an insured event. If the tyre burst causes an insured event (e.g. driving off the road), the damage resulting from the insured event will be compensated.

### 3.16. **Other damage covered under the contract**

Damage compensated, for instance, under the terms of a contract or by law, by the manufacturer, seller, installer, maintainer, lessor or lessee of the object.

### 3.17. **Routine maintenance**

Damage occurring during the insured object's routine maintenance, inspection or when returning a rented object to the lessor, where it cannot be established that the damage occurred during the insurance period and/or as a result of an insured event, as well as the costs of routine maintenance and the cost of replacing standard wear parts.

### 3.18. **Modifications to the machine**

Damage and costs resulting from any modification or addition made to the insured object or its parts during repair, replacement or restoration, compared to the condition the object would have been in had the insured event not occurred.

**Example.** If a new function or addition is added to a damaged machine during repairs, which was not previously present, LHV will not cover the costs related to this addition.

### 3.19. **Accelerated spare part delivery costs**

LHV will not cover the costs of expedited delivery of parts during replacement, overtime or any increase in material, spare parts, labour or other costs. This exclusion does not apply if such actions are coordinated with LHV in advance to reduce other costs.

### 3.20. **Influence of alcohol or narcotic or psychotropic substances**

Damage caused by the policyholder or a person under their responsibility being under the influence of alcohol, narcotic, toxic or other psychotropic substances.

### 3.21. **Cyberattack**

Damage caused to the insured object as a result of malicious activity through network and information systems, except where the cyberattack results in fire damage.

### 3.22. War, terrorism, and civil unrest

Damage caused by war, political armed conflict, terrorism, rebellion, civil unrest, strikes, work stoppages, warfare, mass disorder, coup d'état or a state of emergency.

### 3.23. Nuclear energy and radioactive radiation

Damage caused by the explosion or contamination of nuclear or radioactive material, the use of nuclear energy for any purpose or the loss of control over nuclear energy, solar storms or any similar cause.

### 3.24. Blasting, vibration or earthquake

Damage caused by blasting operations, vibration or an earthquake.

4. If a part of the insured object damaged as a result of incidents described in clauses 3.1–3.5 causes damage to other independent parts of the object, the damage to the independent part will be compensated. Independent parts are those that can be repaired or replaced without relying on the damaged part.

**Example 1.** If the failure of a gear wheel in the machine's gearbox causes damage to the drive shaft or axle, these are considered independent parts and the damage will be compensated.

**Example 2.** A loader experiences a brake system failure, causing the machine to be unable to brake properly and crash into a building wall, resulting in damage to the loader. LHV does not compensate for the damaged brake system itself, as the damage was not caused by an external factor, but by a malfunction in the machine's own system. However, LHV will compensate for the damage to the loader caused by the collision with the building.

**Example 3.** If an item being lifted falls onto the forklift and damages it, the damage will be compensated. However, if the forklift fails due to material fatigue, LHV will not compensate for the damage.

## Extra covers

5. By agreement between LHV and the policyholder, the following extra covers can be added, taking into account the exclusions mentioned in clauses 3.1–3.24.

### 5.1. Internal breakdown cover

Under internal breakdown cover, damage resulting from the sudden and unforeseen internal failure of the insured object, which was not caused by external influence, will be compensated. The costs of repairing or replacing the object's parts will be covered if the failure is caused by a material or manufacturing defect, an electrical system malfunction or an unexpected breakage.

#### Safety requirements for internal breakdown cover

The insured object must only be used for its intended purpose and all manufacturer-provided operating instructions must be followed. Maintenance must be performed regularly according to the manufacturer's instructions and maintenance must be documented. Maintenance and repair must only be carried out by qualified specialists.

### 5.2. Tyre cover

Under tyre cover, damage that occurs solely due to tyre damage of the insured object will be compensated.

### 5.3. Financial compensation for usage interruption

If, as a result of an insured event, the insured object cannot be used, the policyholder will be compensated for the loss of use of the object at a daily rate, as agreed in the insurance contract, for each day the insured object is unfit for use. The compensation period begins when the insured object becomes unfit for use and lasts until the machine or part of the machine is repaired or replaced, but not exceeding 30 (thirty) calendar days.

#### Safety requirements for usage interruption

The policyholder must immediately notify LHV of the usage interruption and take reasonable measures to expedite the restoration of the insured object. Compensation will only be paid for the period during which the insured object could not be used due to the insured event.

### 5.4. Liability insurance

An insured event under liability insurance is a situation where the use of the insured object causes unforeseen and unexpected personal or property damage to a third party, for which the policyholder is legally responsible. Damage to third parties will be compensated up to the insured sum agreed in the insurance contract. Legal costs related to processing the damage claim will also be covered, provided they are coordinated with LHV in advance. LHV will not

compensate for damage covered under compulsory liability insurance agreements, such as those under the Motor Insurance Act.

#### **5.5. Glass damage without excess**

If the insurance contract includes glass damage without excess as extra cover, no excess will apply if the damage is solely to the interior windows of the insured object.

### **Safety requirements**

- 6.** The following safety requirements must be adhered to when using the insured object:
  - 6.1.** the object may only be used by authorised personnel who have the right, qualifications, and training to operate it;
  - 6.2.** the user of the object must adhere to all safety requirements specified in the user manual, applicable legislation, regulations, guidelines, etc., as well as the manufacturer's requirements and the technical condition and equipment requirements of the object;
  - 6.3.** the object is prohibited from being used for tasks for which it was not designed or for tasks that do not meet the technical condition and equipment requirements established for the object (e.g. operating with a load exceeding the manufacturer's permissible limit or lifting an object heavier than the allowed lifting capacity);
  - 6.4.** the object must be maintained according to the user manual and the manufacturer's requirements. All required maintenance must be carried out in a timely manner by a competent person or company. Maintenance must be documented and the corresponding documents must be kept;
  - 6.5.** the object's condition and technical state must be regularly checked. Any part, detail, fluid or substance with a short lifespan or high wear rate must be replaced in a timely manner according to the manufacturer's requirements and user manual;
  - 6.6.** if it is necessary to participate in traffic when moving or towing the object, the policyholder must adhere to applicable laws, regulations, guidelines, etc. During transportation and towing, the object must be installed and/or secured in such a way that it cannot become loose or move during regular operations (including sudden braking, sharp turns).

### **FIRE SAFETY**

- 6.7.** The insured object and its storage location must comply with the fire safety requirements set out in the applicable legislation. The object must be equipped with the prescribed primary fire extinguishing equipment, which must be in working condition and regularly checked.
- 6.8.** When maintaining and repairing the insured object, the room (e.g. garage) where the work is being carried out must be equipped with primary fire extinguishing equipment. The selection, placement, marking, and maintenance of this equipment must comply with the applicable legislation, regulations, guidelines, etc.
- 6.9.** If a fire extinguishing system is installed in the engine compartment of the insured object, it must be in working condition and maintained.

### **THEFT-PREVENTION SAFETY REQUIREMENTS**

- 6.10.** The insured object must be kept under supervision when not in use. Supervision refers to the following conditions, of which at least one measure must be implemented:
  - 6.10.1.** physical supervision (security guard) at the storage location of the insured object within the building or on the site, 24 hours a day or during non-operating hours;
  - 6.10.2.** a policyholder's employee or the user of the insured object being in the immediate vicinity, meaning the person is able to notice any actions involving the insured object and can intervene in case of danger;
  - 6.10.3.** an alarm system in the premises of the building or perimeter alarm system around the fenced area of the site where the insured object is stored. The alarm system must be installed in such a way that the insured object is within the range of its sensors. The system must have an output to a security company or a continuously monitored control station or at least to two (2) phones;
  - 6.10.4.** a video surveillance system in the building or on the site where the insured object is stored. The video surveillance system consists of a control unit, camera, sensor, and other components that allow monitoring of the insured object and the surroundings, responding to movement, and recording information. The system must be installed in such a way that the insured object is within the range of the system's sensors and cameras. If the video surveillance system is activated by movement, it must have an output to a security company or a continuously monitored control station or at least to two (2) phones;

- 6.10.5.** an anti-theft alarm system installed on the insured object. This is a complete system consisting of a control unit, switch, sensor, siren, remote controls, acoustics, and other devices that respond to the opening of the object's door, window, engine compartment hatch or any other opening. The activation of the alarm system must be noticeable through the siren's sound and flashing lights. The alarm system's battery must be autonomous and able to send a signal even if the battery cable is cut. If only the above-mentioned security measure is applied, anti-theft cover applies only if the entire insured object is completely destroyed or stolen;
- 6.10.6.** a tracking system installed on the insured object that identifies its location. This is a complete system consisting of a control unit, transmitter, and other components that allow location identification through satellite or other technology. The tracking system must be operational. If only the above-mentioned security measure is applied, anti-theft cover applies only if the entire insured object is completely destroyed or stolen.
- 6.11.** A farmyard is considered a supervised area and separate supervision of the insured objects within it is not required. A farmyard is a restricted-access area located close to the insured object owner's or holder's farm building.
- 6.12.** The person authorised to use the insured object or its holder must, each time they leave the insured object, ensure the following:
  - 6.12.1.** close and lock all doors, windows, openings, and hatches;
  - 6.12.2.** take the registration documents and all keys (including mechanical and/or electronic keys, remote controls) with them;
  - 6.12.3.** keep the registration documents and keys in a secure and inaccessible location, which is not accessible for third parties;
  - 6.12.4.** activate the anti-theft alarm system installed on the object (if specified in the insurance contract and required). The alarm system must be operational;
  - 6.12.5.** activate the tracking system installed on the object or check that it is activated (if specified in the insurance contract and required).
- 6.13.** The person authorised to use the insured object or its holder must, each time they leave the building where the insured object is stored, ensure the following:
  - 6.13.1.** close and lock all entries and exits of the building (including doors, windows, shutters);
  - 6.13.2.** activate the building's alarm system and/or the perimeter alarm system (if specified in the policy and required) and ensure that the range and sensitivity of the system's sensors are not restricted or reduced in any way. The alarm system must be operational;
  - 6.13.3.** activate the video surveillance system or check that it is activated (if specified in the insurance contract and required) and ensure that the range and sensitivity of the video surveillance system's sensors and cameras are not restricted or reduced in any way, and ensure that the video surveillance system's battery or power supply is sufficiently charged and that information recording is guaranteed. The video surveillance system must be operational;
  - 6.13.4.** keep the fire alarm system installed in the building activated 24/7 (if required by applicable law). The fire alarm system must be operational.
- 6.14.** The supervision requirements related to the insured object and additional instructions in clause 10.9 are set out in the insurance contract. LHV reserves the right to apply additional safety requirements to the machine.

## Excess

- 7.** Excess is a part agreed in the insurance contract, which is deducted from the insurance indemnity in the event of each insured event.
- 7.1.** Damage resulting from different events are considered as separate insured events and a separate excess is applied for each insured event.
- 7.2.** The policy may specify multiple excesses, which will be applied either together or separately, depending on the terms and conditions.

## Conduct in the case of a loss event

- 8.** In the case of a loss event, the policyholder must:
  - 8.1.** immediately take measures to prevent further damage and reduce the existing damage;

- 8.2. notify the police without delay if the incident involves theft, robbery or any third party's criminal activity and notify the fire department if the incident involves fire or an explosion. In other cases, the relevant competent authorities or individuals must be notified;
- 8.3. notify LHV of the insurance event within five (5) days of the occurrence of the event or upon becoming aware of it. The policyholder must provide a statement with information about the time, circumstances, and cause of the incident, as well as the estimated amount of damage, witnesses, parties involved, and the responsible party. The policyholder must also follow LHV's further instructions;
- 8.4. preserve (if possible) the site of the incident and the damaged insured object in its current state until it has been reviewed by an LHV representative;
- 8.5. allow LHV to investigate the circumstances of the insured event to determine the extent of the damage and identify the parties responsible. If necessary, experts may be involved to determine the facts of the insured event;
- 8.6. ensure that the person to whom the alarm system or video surveillance system's output is directed takes immediate action, as described in clauses 8.1–8.5, in response to an alarm signal;
- 8.7. provide a list of the stolen, damaged or destroyed insured object(s) or its parts as soon as possible after the loss event;
- 8.8. not restore or dispose of the damaged or destroyed object without LHV's consent;
- 8.9. provide any other relevant information and documents concerning the circumstances of the insured event and the extent of the damage (e.g. recordings from the video surveillance system and/or tracking device) upon LHV's request.

## General principles for compensation

- 9. In the event of an insured event, LHV will compensate the direct and justified costs of restoring or replacing the insured object, as well as other costs specified in the insurance policy, either as a monetary compensation or by restoring the object to its pre-incident condition or replacing the damaged object with an equivalent, based on the following:
  - 9.1. the method of compensation will be decided by LHV;
  - 9.2. when determining the insurance indemnity amount, LHV will deduct from the payable sum the excess, any unpaid insurance premiums that have become due, and the part of compensation that is reducible according to law (e.g. VAT);
  - 9.3. in the event of the total destruction or theft of the insured object, LHV has the right to reduce the insurance indemnity payable by the amount of any unpaid insurance premiums that are due until the end of the current insurance period, regardless of whether the premium payment deadline has arrived or to whom the insurance indemnity will be paid;
  - 9.4. by 'other costs', LHV means:
    - 9.4.1. necessary and justified costs incurred to prevent or reduce the damage;
    - 9.4.2. necessary and justified rescue and transportation costs for the object. Rescue costs include, for example, expenses for lifting a damaged or overturned object, extracting an object that has sunk into the ground or moving an object off the road, as well as cleaning costs. Transportation costs are the expense of transporting the damaged machine to the nearest repair shop and back. Rescue and transportation costs for the object will be compensated up to 10% of the sum insured, but not more than EUR 5,000;
  - 9.5. if the exact time of the insured event cannot be determined, it will be considered to have occurred at the time when the policyholder or an equivalent person should have reasonably become aware of the insured event;
  - 9.6. if the damaged object can be restored and it is economically feasible, LHV will compensate for the justified restoration and/or replacement costs as follows:
    - 9.6.1. the costs of dismantling, restoring (including the cost of work and materials), and reassembling the damaged part;
    - 9.6.2. the costs of replacing the damaged part, including transportation and installation costs. When compensating for replacement costs, the age, technical condition, wear level, and completeness of the replaced part will be taken into account. If a part with the corresponding wear level cannot be reacquired, the cost of a new part will be compensated (up to the original part's price in the manufacturer's prescribed configuration);
  - 9.7. if the object has been destroyed or damaged to such an extent that it cannot be restored or if restoration is economically infeasible, as well as in cases of theft or robbery where the object has not been recovered, the market value of the object at the time of the insured event will be compensated. When calculating the market value, factors such as the year of manufacture, working hours, technical condition, wear level, completeness, etc., will be considered. The extent of the damage compensation and the economic feasibility of restoration will be determined

by LHV. If less than two (2) years have passed since the object's first sale and it has had only one owner or responsible user since then, and the original sales price is proven, the damage resulting from the insured event will be compensated based on the original sales price of the object, but not exceeding the insured value;

- 9.8. if LHV has compensated for the object's value, it has the right to require that the remaining parts of the object be transferred to LHV. The ownership of the compensated object, its remains or parts will transfer to LHV at the moment of delivery. If the policyholder wishes to retain the damaged object or part of the object after the insured event or does not transfer it to LHV, the insurance indemnity will be reduced by the post-incident value of the property;
- 9.9. If the insured event occurs outside of Estonia, the policyholder is required to deliver the damaged or destroyed object or its part to LHV in Estonia. LHV will not compensate the costs of transporting the damaged or destroyed object, its remains or parts to Estonia.

## Obligations of the policyholder

- 10. The policyholder is obliged to:
  - 10.1. pay the agreed insurance premiums in the agreed amount and manner;
  - 10.2. provide LHV with complete and accurate information for the assessment of the insurance risk and inform LHV of all significant circumstances known to the policyholder that affect or may affect the decision to enter into the insurance contract under the agreed terms, including providing the correct area of use of the insured object;
  - 10.3. notify LHV as soon as possible if the information submitted to LHV is found to be incorrect or incomplete;
  - 10.4. explain the obligations under the insurance contract to any person to whom the insured object is entrusted or used by;
  - 10.5. notify LHV before entering into the insurance contract or during the validity of the insurance contract if the policyholder or any person equivalent to the policyholder has been or is included in the list of individuals subject to international financial sanctions;
  - 10.6. allow LHV's representative to inspect the condition of the object and the relevant documents;
  - 10.7. notify LHV as soon as possible of any potential increase in the insurance risk. The insurance risk may increase, for example, due to changes in ownership and/or rental relations, alterations to completeness or loss of keys or registration documents;
  - 10.8. take all reasonable actions to prevent an insured event and reduce any potential damage, avoid increasing the insurance risk, and prevent others who use the object from increasing the insurance risk;
  - 10.9. comply with any additional instructions from LHV to reduce the insurance risk;
  - 10.10. return the insured object to LHV after its recovery following theft or robbery, after LHV has paid the insurance indemnity for it, either by returning the indemnity paid by LHV or transferring the recovered object to LHV;
  - 10.11. repay the insurance indemnity to LHV if, after damage has been compensated, circumstances arise that exclude indemnification or if the damage has been compensated by a third party.

## Obligations of LHV

- 11. LHV is obligated to:
  - 11.1. provide the policyholder with the documents related to the insurance contract before it is entered into and to keep confidential any information related to the insurance contract that has come to LHV's attention;
  - 11.2. issue a replacement policy to the policyholder, as well as copies of written expressions of intent submitted by the policyholder in a format that can be reproduced in writing and provide data and copies of documents that affect the policyholder's rights or obligations under the insurance contract, provided such action is not in conflict with applicable laws;
  - 11.3. review the damage claim submitted by the policyholder and the related documents;
  - 11.4. inform the policyholder after receiving the damage claim about which documents need to be submitted to LHV to determine the cause and extent of the damage;
  - 11.5. inspect the damaged machine or arrange for an inspection as soon as possible, but no later than five (5) working days after receiving the damage claim;
  - 11.6. make a decision on compensation for the damage or the refusal thereof within 10 (ten) working days from receiving the necessary information to clarify the circumstances of the insured event and its extent, with the exception of cases

involving theft, robbery or hijacking, where LHV has the right to delay the decision until the termination or suspension of the criminal case initiated in relation to the incident or until the accused is formally charged;

- 11.7. compensate the damage caused by the insured event or pay the agreed monetary sum or insurance indemnity in a lump sum or in instalments or otherwise fulfil the insurance contract as agreed. LHV must pay the insurance indemnity within a reasonable time after completing the claims handling and making the compensation decision. If LHV delays in fulfilling its financial obligations, it is obliged to pay interest at the rate specified in the Law of Obligations Act.

## **Rights of LHV**

12. LHV has the right to impose additional requirements for the purpose of reducing the insurance risk. These become part of the insurance contract unless the policyholder submits a notice of withdrawal from the insurance contract within 10 (ten) working days after receiving the respective requirement.
13. During the insurance period, LHV has the right to inspect the object and, in the case of an increased insurance risk, require the policyholder to implement additional security measures and/or increase the insurance premium.
14. In the case of an increase in the insurance risk, LHV has the right to require the policyholder to pay the difference between the actual insurance risk premium and the premium specified in the policy.
15. If the insurance contract is concluded for a period longer than one (1) year, LHV has the right to modify the terms and/or the insurance premium, but not with respect to the first annual insurance period of the contract.
16. LHV has the right to refuse to pay the insurance indemnity if the recipient of the payment is subject to the relevant restrictive international financial sanctions imposed by the Government of the Republic, the United Nations, the European Union, the United Kingdom, or the United States of America.

## **Exemption from fulfilling the insurance contract**

17. LHV has the right to refuse compensation or reduce the insurance indemnity if:
  - 17.1. the policyholder has intentionally provided LHV with false or misleading information or failed to submit important information concerning the significant circumstances of the insurance contract or the insured event;
  - 17.2. the policyholder has intentionally or through gross negligence violated at least one of the obligations agreed upon in the insurance contract and this has an impact on the occurrence, amount or determination of the damage;
  - 17.3. the policyholder has violated any safety requirements mentioned in clause 6 and this has a direct causal relationship with the occurrence of the damage;
  - 17.4. the policyholder has failed to notify LHV of a significant change in the risk circumstances;
  - 17.5. the person operating the insured object left the scene of the insured event without correctly completing the necessary documentation in accordance with clause 8.2 of the terms and conditions;
  - 17.6. the policyholder has caused the damage intentionally;
  - 17.7. the policyholder has assisted in the commission or attempted commission of a crime with the insured object;
  - 17.8. the policyholder has failed to pay the insurance premium by the due date or any extended deadline and the insured event occurs after the extended deadline, unless the non-payment was due to a circumstance beyond the policyholder's control;
  - 17.9. the event is one where the damage caused is not compensated according to the terms and conditions.

## **Validity, termination, and cancellation of the insurance contract and withdrawal from the insurance contract**

18. The insurance contract enters into force and the insurance cover begins on the start date of the insurance period specified in the policy and ends on the end date of the insurance period specified in the policy.
19. A fixed-term insurance contract expires after the end of the insurance period.
20. A non-fixed-term insurance contract is valid until terminated and LHV will send the policyholder a new policy 45 (forty-five) days before the end of the insurance period.
21. The insurance contract terminates:
  - 21.1. upon termination of the insurance contract;

- 21.2. upon cancellation of the insurance contract;
- 21.3. upon withdrawal from the insurance contract;
- 21.4. by mutual agreement between the policyholder and LHV;
- 21.5. for other reasons specified in legislation;
- 21.6. if the insured object has been destroyed as a result of an insured event or if the entire sum insured has been paid as compensation.
- 22. Both parties have the right to terminate a non-fixed-term insurance contract at the end of the current insurance period by giving at least 30 (thirty) days' notice.
- 23. LHV has the right to terminate the insurance contract, following the termination deadlines prescribed by legislation, if any of the circumstances listed in clause 17 occur.
- 24. LHV has the right to withdraw from the insurance contract if the policyholder has not informed LHV of significant circumstances affecting the insurance risk when entering into the contract or has knowingly provided false information, including intentionally withholding important details. LHV may withdraw from the insurance contract within one (1) month after it became aware or should have become aware of the policyholder's failure to fulfil the disclosure obligation.
- 25. If the policyholder has not paid the first insurance premium within 14 (fourteen) days after concluding the insurance contract, LHV may withdraw from the contract until payment is made. If the premium paid (including instalment) is less than the amount specified in the policy, LHV will consider that the insurance premium has not been paid. LHV will be deemed to have withdrawn from the insurance contract if it does not bring an action to recover the premium within three (3) months of the date on which the premium became due.
- 26. If the insurance contract is concluded by means of a remote communication tool, the policyholder has the right to withdraw from the insurance contract within 14 (fourteen) days from its conclusion. In this regard, the policyholder must submit a statement in a format that can be reproduced in writing to LHV. In the event of withdrawal, LHV will return the paid insurance premium. If LHV has provided the policyholder with immediate insurance cover, the policyholder does not have the right of withdrawal.
- 27. If the insurance contract is concluded for more than one (1) year, the policyholder has the right to withdraw from the insurance contract within 14 (fourteen) days from the date of its conclusion. In this regard, the policyholder must submit a statement in a format that can be reproduced in writing to LHV. In the event of withdrawal, LHV will return the paid insurance premium. If LHV has provided the policyholder with immediate insurance cover, the policyholder does not have the right of withdrawal.
- 28. If the insurance contract is terminated or withdrawn from, neither party has any further obligations under the contract, starting from the termination of the insurance contract. The rights and obligations of the parties, including the policyholder's obligation to pay premiums to LHV, remain in effect until the termination of the insurance contract.

## Notifications

- 29. All notices necessary for the performance of the insurance contract will be given in a format that can be reproduced in writing.

## Processing of personal data

- 30. LHV is authorised to process personal data related to the insurance contract according to LHV's client data processing principles and disclose information related to the insurance contract to third parties, where the right to receive such information derives from LHV's client data processing principles.
- 31. LHV has the right to retain recordings obtained by means of communication or any other means in connection with the performance of the insurance contract and, if necessary, to use them as evidence of the declarations of intent made by the policyholder.

## Limitation of claims under the insurance contract

- 32. The limitation period for claims arising from the insurance contract is three (3) years. The limitation period starts from the end of the calendar year in which the claim becomes enforceable.

## Discrepancies in the insurance contract documents

- 33. In case of discrepancies in the insurance contract documents, the interpretation will follow the presumption that the special terms of the insurance contract listed in the policy take precedence over the machinery insurance terms and conditions.
- 34. If the terms and conditions have been translated into a foreign language, the interpretation of these will always follow the Estonian-language terms and conditions in case of a dispute.

## Applicable law and dispute resolution

- 35. If the policyholder disagrees with LHV's decision or requires further clarification, they may contact LHV via email at [kindlustus@lhv.ee](mailto:kindlustus@lhv.ee) or by post at Tartu mnt 2, 10145 Tallinn.
- 36. For the out-of-court resolution of insurance disputes, an insurance conciliation body, which operates within the Estonian Insurance Association, can be contacted at [lepitus@eksl.ee](mailto:lepitus@eksl.ee), or by post at Mustamäe tee 46, 10621 Tallinn. Additionally, disputes can also be addressed to the Consumer Protection and Technical Regulatory Authority, which can be reached via email at [info@ttja.ee](mailto:info@ttja.ee) or by post at Endla 10a, 10122 Tallinn.
- 37. The legislation of the Republic of Estonia applies to the insurance contract and disputes arising from the insurance contract will be resolved in Harju District Court.
- 38. LHV, as the insurer, is supervised by the Financial Supervisory Authority (*Finantsinspeksioon*), with email address [info@fi.ee](mailto:info@fi.ee) and postal address Sakala 4, 15030 Tallinn.