

Conditions for the Loan Insurance (T-HL-20161)

ANNEX TO THE CONTRACT OF SMALL LOAN

Valid from
02.09.2016

1. APPLICATION OF CONDITIONS AND RELATED PERSONS

- 1.1 The loan insurance is the insurance for the financial losses of the insured person.
- 1.2 The Insured person or the Insured, shall be the borrower established in the contract of small loan, which is supplemented by the loan insurance, (hereinafter referred to as the Loan Contract).
- 1.3 The Insurer shall be If P&C Insurance AS (hereinafter referred to as If) and the Policyholder shall be LHV Finance AS (hereinafter referred to as the Policyholder).
- 1.4 If shall indemnify the damages arising from the deterioration of the economic situation of the Insured in cases and to the extent set forth in these Insurance Conditions (hereinafter the Insurance Conditions) and in the insurance contract concluded between If and the Policyholder (hereinafter the Insurance Contract).

2. VALIDITY OF THE INSURANCE COVER

- 2.1 The Insurance Cover shall commence on the day when the Insured must pay the first instalment according to the Loan Contract.
- 2.2 If the loan insurance is added to the respective Insured during the validity of the Loan Contract, the Insurance Cover shall start on the day when the Insured must pay the loan contract instalment following the adding of the loan insurance according to the Loan Contract.
- 2.3 Regardless of the above, the wait period of 3 months from signing the loan contract if the loan contract was signed together with loan insurance or from adding the loan insurance during the validity of the loan contract shall apply in case of the insurance cover for becoming unemployed. If shall not pay indemnity, if the event of becoming unemployed occurred during the wait period or the Insured became aware about the termination of the employment contract or the release from the public service during the wait period.
- 2.4 The Insurance Cover shall expire upon the expiry of the Loan Contract, but not later than after 5 years from the payment of the first instalment of the Loan Contract. The Policyholder shall have the right to terminate the Insurance Cover earlier, giving the Insured an advance notice of 2 months.
- 2.5 If shall not pay insurance indemnity for the Insurance Events that took place before the beginning of the Insurance Cover or after the end of the Insurance Cover.

3. INSURANCE EVENT: BECOMING UNEMPLOYED

- 3.1.1 the employer has terminated the Insured's employment contract due to reasons not dependent of the Insured or
- 3.1.2 the employer terminated the Insured's employment contract due to the Insured's health condition or
- 3.1.3 the Insured was relieved from public service due to reasons not dependent of the Insured or
- 3.1.4 the Insured was relieved from public service due to the Insured's health condition;

- 3.1.5 the Insured terminated the employment contract after the employer's bankruptcy decision came into effect.
- 3.2 After the termination of the employment contract or release from public service, the Insured must register as an unemployed person.
- 3.3 The time of occurrence of the Insurance Event shall be the day when the employment contract of the Insured was terminated or the Insured was released from public service.
- 3.4 If shall not pay indemnity for the period when the Insured is not officially registered as an unemployed person.

4. INSURANCE EVENT: TEMPORARY INCAPACITY FOR WORK

- 4.1 Becoming ill or bodily injury of the Insured due to which the Insured is temporarily incapable of work for more than 30 days shall be considered an Insurance Event, If shall not pay indemnity for the first 30 days of incapacity for work. The Insured must prove the incapacity for work with certificate for sick leave issued by a doctor.
- 4.2 In the case described in the previous Article If shall pay indemnity provided that the Insured is not working during the period of incapacity for work.

5. INSURANCE EVENT: PERMANENT INCAPACITY FOR WORK

- 5.1 The Insurance Event is becoming ill or bodily injury of the Insured due to which the missing or partial capability of work of the Insured has been officially approved.
- 5.2 In the case described in the previous Article If shall pay indemnity regardless of the fact if the Insured is working or not.

6. INSURANCE EVENT: DEATH

- 6.1 Death of the Insured shall be an Insurance Event, except if the death was caused or facilitated by a circumstance set forth in Chapter "Exclusions".

7. INSURANCE INDEMNITY

- 7.1 In the event of becoming unemployed, temporary and permanent incapacity for work, If shall pay a monthly payment indemnity, the sum of which corresponds to the repayment of the credit sum included in the instalments foreseen in the payment schedule of the Loan Contract and related interest. If several Insurance Events occur simultaneously, the size of indemnity shall be limited with the abovementioned sum, multiple indemnities are not paid.
- 7.2 Upon payment of the indemnity, If shall rely on the payment schedule of the Loan Contract during the time of the Insurance Event and shall not take into account the changes made later.
- 7.3 If shall pay the monthly payment indemnity until the elimination of the circumstances underlying the Insurance Event, but not longer than until the expiry of the Insurance Cover.
- 7.4 If shall indemnify in total up to €10,000 of the repayments of the credits of the Loan Contract(s) as monthly payment indemnity and single indemnity per one Insured, plus interests which are added to the abovementioned sum.

- 7.5 In the event of the insurance event of loss of job, the deductible of the Insured shall be 30 days from the registration of the Insured as an unemployed person. If shall not pay indemnity for that period.
- 7.6 In the event of the death of the Insured, If shall pay a single indemnity in the amount that corresponds to the outstanding credit according to the Loan Contract and interest generated from the day of the Insurance Event to the day of notification of the Insurance Event. If shall indemnify interests for the maximum of one year.
- 7.7 If has the right to replace the monthly payment indemnity with a single indemnity described in the previous article.
- 7.8 In case If delays with the payment of the Insurance Indemnity, If shall pay a fine for delay according to the rate established with the law.
- 8. EXCLUSIONS (AN EVENT IS NOT CONSIDERED AN INSURANCE EVENT)**
- 8.1 If shall not pay indemnity if an event does not meet the characteristic of an Insurance Event set forth in the Insurance Conditions. If shall not pay indemnity if the damages do not meet the characteristics of indemnifiable damages set forth in the Insurance Conditions.
- 8.2 Temporary and permanent incapacity for work are not considered an insurance event if caused by the following:**
- 8.2.1 illness, disease condition or injury caused or started before the conclusion of the Loan Contract, which occurs during the first year of insurance cover and causes incapacity for work or death;
- 8.2.2 pregnancy or childbirth;
- 8.2.3 injury intentionally caused by the Insured or his/her conscious risking with life, suicide, participation in or facilitating of committing a crime;
- 8.2.4 plastic surgery, tattoo;
- 8.2.5 consumption of narcotic or toxic substances;
- 8.2.6 alcohol abuse;
- 8.2.7 HIV or AIDS.
- 8.3 Becoming unemployed is not considered as an insurance event if:**
- 8.3.1 the employment contract was terminated or the Insured was released from the public service during the probationary period;
- 8.3.2 the Insured became aware of the termination of the employment contract or release from the public service before the commencement of the Insurance Cover or during the wait period;
- 8.3.3 the employment contract expired due to arrival of the term;
- 8.3.4 the Insured was released from public service due to expiry of the term of service;
- 8.3.5 the event involves lay-off, decrease in work volume and the employment contract is not terminated;
- 8.3.6 the employment contract was terminated due to reasons other than the Insurance Event of becoming unemployed, including termination of the employment contract by agreement between the parties, due to the age of the employee, violation by the employee or failure to perform duties; termination of the employment contract by the initiative of the employee etc.;
- 8.3.7 the Insured was released from public service due to reasons other than the Insurance Event of becoming unemployed, including non-functioning cooperation, change in citizenship, disciplinary offence, insufficient work skills, initiative of the Insured etc.
- 8.4 Suspension or termination of the economic activities of a sole proprietor is not considered an insurance event.
- 8.5 Foreseeable insurance event**
- 8.5.1 If shall not pay indemnity if the occurrence of the Insurance Event was foreseeable for the Insured during the time of concluding the Loan Contract.
- 8.5.2 Becoming unemployed is considered foreseeable if the Insured knows during the time of concluding the Loan Contract that his or her employment contract would be terminated during the validity of the insurance cover or he/she will be released from public service, e.g. the Insured has previously received a notice regarding the termination of the employment contract.
- 8.6 Nuclear arms, nuclear energy, radioactivity**
- 8.6.1 If shall not pay indemnity if the Insurance Event was caused or facilitated by nuclear arms, nuclear energy, radioactivity.
- 8.7 War, armed conflict, uprising, mass disorders**
- 8.7.1 If shall not pay indemnity if the Insurance Event was caused or facilitated by war, armed conflict, uprising, mass disorders.
- 8.8 Terrorism**
- 8.8.1 If shall not pay indemnity if the insurance event was caused or facilitated by terrorism.
- 8.8.2 For the purposes of the terms of use, terrorism is any illegal activity that is aimed at endangering the life or health of humans or causing their death, or causing any other damages (including blocking information systems or hindering their work, interfering with computer data) if the aim of the activity is to force a country or an international organisation into doing or not doing something or interfere significantly with the political, constitutional or public order of a country, or destroy it; or interfere significantly activities of an international organisation, or destroy it; or seriously scare the population of a country.
- 9. ACTIVITIES UPON AN INSURANCE EVENT**
- 9.1 The Insured shall inform If of the occurrence of the Insurance event at first opportunity. The notice of loss must be forwarded to the address of the Policyholder finance@lhv.ee. Having received the notice of loss, the Policyholder shall forward the notice of loss to If's address kahjud@if.ee.
- 9.2 If shall send by e-mail to the Policyholder a notice on registration of the notice of loss, instructing the Insured of the next steps.
- 9.3 The Insured is obliged to give If correct and complete information regarding the circumstances of the insurance event. The Insurer must submit to If documents, explanations, oral and written answers to the questions of If.
- 9.4 After becoming unemployed, the Insured must register as an unemployed person and notify If of his/her registration as an unemployed person as well as deletion of the registration, expiry of the period of temporary incapacity for work or starting work.
- 9.5 If shall handle the claim for indemnities, make a decision concerning the claim for indemnities and pay the indemnity to the entitled person.
- 9.6 If shall notify the Insured of the decision concerning the amount of claim by e-mail or post.
- 10. CHANGES IN INSURANCE CONDITIONS**
- 10.1 If and the Policyholder have the right to agree on changing the Insurance Conditions. The Policyholder shall inform the Insured of the changes in the Insurance Conditions 2 months in advance.
- 11. SETTLEMENT OF COMPLAINTS**

The Policyholder is entitled to resent a complaint about the Insurer to the Financial Supervisory Authority (Finantsinspektsioon) to the address Sakala 4, 15030 Tallinn. The disputes related to the contract shall be solved primarily by the negotiations. In order to solve the dispute out-of-court there is a possibility to present an application to the Insurance Conciliation Body (phone 667 1800, e-

post lepitus@eksl.ee, postal address Mustamäe road 46, Tallinn 10612), where the conciliation procedures are free of charge. Before turning to the insurance conciliator the complaint has to be present to If info@if.ee or Löötsa 8a 11415 Tallinn). If no agreement is reached, the dispute shall be settled in the court of Harju Maakohus.