

# Loan Insurance Terms and Conditions (KT.0938.18)

Annex to Consumer Loan Contract or Contract of Sale in Instalments

Valid as of  
11.01.2018

## 1. APPLICATION OF CONDITIONS AND CONNECTED PERSONS

- 1.1 Loan insurance is financial loss insurance
- 1.2 The Insurer is ERGO Insurance SE (hereinafter ERGO) and the Policyholder is AS LHV Finance (hereinafter the Policyholder).
- 1.3 The insured person is the Policyholder or a person (hereinafter Borrower) who has concluded a contract of sale in instalments or a Consumer Loan Agreement (hereinafter Loan Agreement) together with insurance cover.
- 1.4 ERGO shall indemnify financial loss incurred following an insured event which arises in connection with the fact that the Borrower is unable, as a result of the insured event, to fulfil its obligations arising from the Loan Agreement before the Policyholder. The loss shall be indemnified in the cases and to the extent specified in the Terms and Conditions of Loan Insurance (hereinafter Terms and Conditions of Insurance) and in the Insurance Contract concluded between ERGO and the Policyholder.
- 1.5 The extent and validity of insurance cover is specified in the Terms and Conditions of Insurance along with how to proceed in the case of an insured event.

## 2. VALIDITY OF INSURANCE COVER AND WAITING PERIOD

- 2.1 Insurance cover begins on the day on which the Loan Agreement was concluded.
- 2.2 If loan insurance is added for the corresponding Borrower during the term of validity of the Loan Agreement, the insurance cover will begin on the day on which the insurance cover was added to the Loan Agreement.
- 2.3 In the case of insurance cover for becoming unemployed, a waiting period of 30 days shall apply starting from the date of conclusion of the Loan Agreement, if the Loan Agreement was concluded together with loan insurance or as of the addition of loan insurance during the validity of the Loan Agreement. ERGO shall not pay an indemnity if the incident resulting in unemployment occurred during the waiting period or if the Borrower was made aware of the termination of their employment contract or release from public service during the waiting period.
- 2.4 The insurance cover shall end with the expiry of the Loan Agreement, although not later than six (6) years after the payment of the first instalment of the Loan Agreement. The Policyholder has the right to terminate the insurance cover earlier, informing ERGO and the Borrower thereof at least two (2) months in advance.
- 2.5 ERGO shall not pay insurance indemnity for those insured events that took place prior to the beginning of insurance cover or after the expiry of insurance cover.

## 3. INSURED EVENT: BECOMING UNEMPLOYED

- 3.1 An insured event is the Borrower becoming unemployed for the following reasons:
  - 3.1.1 the employer terminated the Borrower's employment contract or the Borrower was released from public service for reasons independent of the Borrower, or
  - 3.1.2 the employer terminated the Borrower's employment contract or the Borrower was released from public service due to the Borrower's state of health, or
  - 3.1.3 The Borrower terminated the employment contract after the entry into force of the employer's bankruptcy decision.
- 3.2 Following the termination of the employment contract or release from public service, the Borrower must register as an unemployed person with the Estonian Unemployment Insurance Fund.
- 3.3 The time of occurrence of the insured event shall be the date on which the Borrower's employment contract was terminated or the date on which the Borrower was released from public service.
- 3.4 ERGO shall not pay an indemnity for the period which the Borrower is not officially registered as an unemployed person.

## 4. INSURED EVENT: TEMPORARY INCAPACITY FOR WORK

- 4.1 An insured event is the Borrower falling ill or suffering a bodily injury, as a result of which the Borrower is temporarily incapacitated from working for more than 30 days. ERGO shall not pay an indemnity for the first 30 days of incapacity for work. The Borrower must prove their incapacity for work with a certificate of incapacity for work issued by a doctor.
- 4.2 In the case described in the previous clause, ERGO shall pay an indemnity, provided that the Borrower is not working during the period of incapacity for work.

## 5. INSURED EVENT: PERMANENT INCAPACITY FOR WORK

- 5.1 An insured event is the Borrower falling ill or suffering a bodily injury, as a result of which the Borrower is officially recognised as having either partial or no work ability.
- 5.2 In the case described in the above clause, ERGO shall pay an indemnity regardless of whether the Borrower is working.

## 6. INSURED EVENT: DEATH

The insured event is the death of the Borrower.

## 7. INSURANCE INDEMNITY

- 7.1 In the event of becoming unemployed, temporary and permanent incapacity for work, ERGO shall pay a monthly indemnity payment, the sum of which corresponds to the instalment amount prescribed

in the payment schedule of the Loan Agreement, which may include the repayment of the credit sum, contract fee, interest, paper invoice fee, along with VAT and the monthly fee. If several insured events occur simultaneously, the amount of the indemnity shall be limited to the abovementioned sum, multiple indemnities shall not be paid.

7.2 Upon payment of the indemnity, ERGO shall adhere to the payment schedule set forth in the Loan Agreement at the time of the insured event, disregarding any later amendments.

7.3 ERGO shall pay the monthly indemnity payment until the circumstances underlying the insured event no longer exist, but not longer than the expiry of insurance cover.

7.4 ERGO shall provide a total maximum indemnity of EUR 15,000 per Borrower, in the form of a monthly indemnity payment and a one-time indemnity, for repayments of the credit amount in the Loan Agreement and the interest, contract fee, paper invoice fee along with VAT and monthly fee (excluding fines for delay and contractual penalties), which are added to the above mentioned sum.

7.5 In the case of an insured event involving the loss of employment, the term of excess shall be 30 days as of the registering of the Borrower as being unemployed. ERGO will not pay an indemnity for that period.

7.6 In the event of the death of the Borrower, ERGO shall pay a one-time indemnity in the amount that corresponds to the amount of outstanding credit based on the payment schedule in the Loan Agreement, the unpaid contract fee and interest accrued from the day of the insured event to the day of notification of the insured event. ERGO indemnifies interest for a maximum period of 1 year.

7.7 ERGO has the right to replace the monthly indemnity payment with the one-time payment described in the clause above.

7.8 ERGO shall pay the indemnity to the Insured Person. ERGO shall pay a one-time indemnity to the Policyholder. ERGO shall pay the monthly indemnity to the Borrower. In the event that the Borrower fails to perform the obligations arising from the Loan Agreement at the expense of the monthly indemnity payment then, on the basis of a corresponding application submitted by the Policyholder, ERGO shall pay the following monthly indemnity payments to the Policyholder.

7.9 If ERGO delays in paying the insurance indemnity, ERGO shall pay a fine for delay in accordance with the rate prescribed by law.

## 8. EXCLUSIONS (AN EVENT IS NOT CONSIDERED AN INSURED EVENT)

8.1 ERGO shall not pay an indemnity if the event fails to conform to the characteristics of an insured event as set forth in the Terms and Conditions of Insurance. ERGO shall not pay an indemnity if the damage fails to conform to the characteristics of indemnifiable damage as set forth in the Terms and Conditions of Insurance.

8.2 Temporary incapacity for work, permanent incapacity for work or death are not an insured event, if caused by:

8.2.1 an illness, disease condition or injury that began before the conclusion of the Loan Agreement, which manifests during the first year of insurance cover and causes incapacity for work or death;

8.2.2 pregnancy or childbirth;

8.2.3 any injury caused voluntarily by the Borrower or intentionally placing his or her life at risk, suicide, participating in or facilitating the commission of a criminal offence;

8.2.4 cosmetic surgery, a tattoo;

8.2.5 the consumption of alcohol, narcotics or toxic substances;

8.2.6 HIV or AIDS.

8.3 Becoming unemployed is not considered an insured event, if:

8.3.1 the employment contract was terminated or the Borrower was released from public service during their probationary period;

8.3.2 the Borrower became aware of the termination of their employment contract or release from public service prior to the commencement of insurance cover or during the waiting period;

8.3.3 the employment contract expired due to the end of the term;

8.3.4 the Borrower was released from public service due to the end of the term of service;

8.3.5 the event involves a lay-off, decrease in work volume and the employment contract is not terminated;

8.3.6 the employment contract was terminated for a reason other than an insured event resulting in unemployment, including the termination of the employment contract upon the agreement of the parties, the age of the employee, a violation by the employee or the failure of the employee to perform duties; termination of the employment contract at the initiative of the employee, etc.;

8.3.7 The Borrower was released from public service for a reason other than an event constituting an insured event resulting in unemployment, including failure in cooperation, change in citizenship, disciplinary offence, inadequate work skills, initiative of the Borrower, etc.

8.4 The suspension or termination of the economic activities of a sole proprietor is not considered to be an insured event resulting in unemployment.

### 8.5 Foreseeable Insured Event

8.5.1 ERGO shall not pay an indemnity if the occurrence of the insured event was or could have been foreseeable by the Borrower at the time of concluding the Loan Agreement.

8.5.2 Becoming unemployed is considered foreseeable if the Borrower knows at the time of concluding the Loan Agreement that his or her employment contract will be terminated during the term of validity of the insurance cover or he or she will be released from public service, e.g. the Borrower has previously received a notice regarding the termination of his or her employment contract or release from public service.

### 8.6 General exclusions

Not subject to indemnification are incidents which are caused by the use of nuclear energy, regardless of the intended use or the release of energy thereof due to a loss of control or radioactivity, terrorism, war, civil war, invasion, any armed conflict, mass disorders, uprisings, revolutions, coup, strike, confiscation, impounding or lockout.

## 9. ACTION UPON AN INSURED EVENT

9.1 The Borrower must notify the Policyholder at the first available opportunity following the occurrence of an insured event. A notice regarding the insured event must be sent to the address [finance@lhv.ee](mailto:finance@lhv.ee).

- 9.2 ERGO will send a notice regarding the registration of the claim to the Borrower's e-mail address and will instruct the Borrower on the following steps to be taken.
- 9.3 The Borrower is obligated to give ERGO correct and complete information regarding the circumstances surrounding the insured event. The Borrower must submit documents and explanations to ERGO, and provide oral and written answers to ERGO's questions.
- 9.4 It is required that after becoming unemployed the Borrower must register as being unemployed with the Estonian Unemployment Insurance Fund and must notify ERGO of being registered as unemployed and upon the end of their registration as being unemployed, as well as the end of the period of temporary incapacity for work or commencing work.
- 9.5 ERGO handles the claim, makes a decision regarding the claim and pays the Insured Person the insurance indemnity (see clause 7.8). Payment(s) are made within 10 working days after the submission of all necessary documents and the confirmation of the basis for payment.
- 9.6 ERGO notifies the Policyholder and the Borrower of the decision concerning the claim via e-mail or post.

## 10. SETTLEMENT OF COMPLAINTS AND DISPUTES

- 10.1 The Borrower has the right to submit a complaint regarding the activities of the Insurer, using all of the Insurer's official channels of communication and means of communication (e-mail, telephone, and office). Additional information on the handling of complaints is available on ERGO's homepage [www.ergo.ee](http://www.ergo.ee).
- 10.2 In order to resolve a disagreement that has arisen with the Insurer, the Borrower has the right to contact the Insurance Conciliation Body, which operates alongside the Estonian Insurance Association. Prior to the conciliation procedure the claim in the disputed matter must be submitted to the Insurer and the Insurer must be provided with the opportunity to respond to the claim. If the Borrower is not satisfied with the Insurer's reply, the Borrower has the right to contact the Insurance Conciliation Body. Additional information is available on the homepage of the Estonian Insurance Association [www.eksl.ee](http://www.eksl.ee).
- 10.3 Disputes arising from Insurance Contracts, including disputes where an agreement has not been reached within the Insurance Conciliation Body, shall be resolved in Harju County Court.
- 10.4 The laws of the Republic of Estonia shall be applied to the Insurance Contract.
- 10.5 The Borrower has the right to submit a complaint about the activity of the Insurer to the Financial Supervisory Authority (at the address: Finantsinspektsioon, Sakala 4, Tallinn 15030).