



**Real Estate Insurance**

**Insurance conditions**

V 10.01.2022

You are familiarizing yourself with basic terms of real estate insurance secured by JSC ProCredit Bank loans to individuals. This information leaflet does not contain detailed information about conditions of insurance and it is not equalled to the insurance contract. Correspondingly, familiarization with it will not burden any legal consequences between us.

**Insurer Organization:** “JSC Insurance Company GPI Holding” (204426674)

**Insured organization:** JSC "ProCredit Bank" (JSC 204851197)

**Beneficiary organization:** JSC "ProCredit Bank" (ID/Code 204851197)

**Insurer address:** Tbilisi, 67 Kostava Street.

**Insurer Hotline/Telephone:** (+995 32) 2 505 111

### Type of insurance contract

This document contains short information about the basic terms of real estate insurance secured by JSC ProCredit Bank loans to individuals. When you obtain corresponding insurance you will be given insurance certifying document "policy" which, together with the terms of insurance specified in it and the important terms of the contract represents a unified insurance agreement.

### What is insured?

The encumbered building or other structure in whole or in part, secured by a loan between you and ProCredit Bank JSC.

### In what area is the insurance valid?

The territorial coverage and/or address where the insured property is located as specified in the policy. The insurance does not apply to property that leaves the territory of insurance, unless otherwise specifically agreed upon.

### Sum insured/Insurance limit/insurance sub-limit/insurance premium

**"Sum insured"/"Insurance limit"** (in the case of insurance of property secured by a loan) - the maximum amount of insurance compensation provided for in the insurance agreement between the "Insurer" and the "Insured", which is 100% of the real market value of the insured property. The insurance limit is the maximum, ultimate amount of liability of the "Insurer".

**Insurance sub-limit** - the maximum possible amount of insurance compensation within the insurance limit for each event and/or individual object.

**Insurance premium** - the value of the insurance that the policyholder must pay to the insured as an insurance premium. The amount of the premium is determined by the insurance policy.

#### **What are you insured from?**

- **Fire:** fire, explosion, lightning stroke
- **Water damage:** damage to water supply, water heating or sewerage systems, water intrusion from a neighbouring parking lot, groundwater runoff by exposure to ground, standing or running water
- **Misappropriation of property:** theft by burglary or covert penetration, robbery, looting
- **Land vehicle collision and/or object falling:** land vehicle collision or falling of the object of a flying machine or its part (including wood, power pole, etc.) on the property
- **Natural disasters:** strong winds (storm, hurricane), hail, flood, landslide and other natural disasters (except for earthquake)
- **Earthquake:** damage to the property as a result of an earthquake, unless it is caused directly by the seismic incompatibility of the property
- **Unlawful act of a third party** (vandalism) (except for damage to the outer glass)
- **Damage to the outer glass** as a result of the insured risk (glass window, showcase, stained glass, door, wall)

#### **Premium and its payment method/ Issuance of policy**

The premium is calculated according to the insurance tariff, which is set at 0.075% of the sum insured. In addition, the minimum premium for each insurance policy is set at GEL 100.

The premium can be paid in a lump sum or in instalments, as determined.

The insurance is valid until 24:00 hours after the policy is issued;

#### **Insurance period**

The insurance period begins when the parties sign the policy and ends at 24:00 on the end date of the period specified in the policy.

The premium (in instalments - its apportioned contribution) is payable in accordance with the master agreement between the "Policyholder" and the "Insurer".

The insurance can be terminated prematurely:

If the Policyholder (Insured, Beneficiary) has provided incorrect information about the property, insurance risk or damage to the Insurer, or has failed to notify them in a timely manner, or has provided incomplete/inaccurate information about the change or increase in risk in the application form;

At the written request of the Policyholder;

In cases stipulated by these terms and conditions or legislation;

#### **Deductible**

**<1,000,000 GEL in case of sum insured:**

5% of loss min. 1500 GEL (except total risk of loss and earthquake)

5% of the sum insured, min. 5000 GEL in case of earthquake and total destruction

**1,000,0001 - 3,000,000 GEL in case of sum insured:**

5% of loss min. 2000 GEL (except total loss and earthquake in case of all risks)

5% of the sum insured, min. GEL 7,500 in case of earthquake and total loss

**3,000,0001- 10,000,000 GEL in case of sum insured:**

5% of loss min. GEL 2,500 (except for total loss and earthquake risk)

5% of the insured sum, min. 9,500 GEL in case of earthquake and total destruction

**How to act in case of an insured event:**

The Policyholder (Insured) notifies the Insured in writing or by hotline 032 2 505 111 of the occurrence of an insured event immediately after its discovery, but no later than within 48 hours, and immediately contact the appropriate authorities to ascertain the fact.

**What is not covered?**

Insurance does not cover:

- Premises located in buildings constructed in 1955 or earlier and/or if the building is in depreciated condition (if the circumstances are known to the parties and the property is still insured, the property will be considered insured regardless of the condition of the property);
- Industrial facilities such as a metallurgical plant, chemical and/or explosive plant or factory of any type; Toxic and radioactive substances;
- Hydropower plants, towers, bridges and other complex engineering structures;
- Greenhouse structures;
- Warehouse supplies.
- Architectural and historical monuments;
- Mobile and/or temporary structures;
- Securities, money, checks, promissory notes, other financial instruments and agreements;
- Manuscript, plan, drawing, accounting and financial documents; other types of documents, manuscripts, drawings;
- Model, maquette, pattern, shape, etc.;
- Precious metals, metals and articles thereof, precious stones, gemstones, jewellery, furs and articles thereof, items of special historical or cultural value, works of art, collectibles;

- technical medium in a computer or other similar system, including magnetic tape, tapes, magnetic disk, memory unit, electronic information, software and other intangible assets; and etc.;
- Stamp, money mark.
- Buildings and constructions, as well as the property located in this building, if recognized by the competent state authorities as emergency and/or at the time of concluding the insurance agreement are located in the area of possible natural disaster officially recognized by the competent body state;
- ATMs, self-service terminals and quick payment devices;
- Machinery and production lines, household items and equipment;
- Inventory, furniture and appliances, furnishings;
- Weapons and ammunition, tool washing;
- Foodstuffs;
- Buildings with wooden supporting structures;
- Buildings below ground level and premises will not be affected by flood damage;
- Non-residential premises that are used as warehouses and are not equipped with automatic fire extinguishers;
- Construction of an insured facility is considered incomplete if the structure does not have a minimum roof frame (but if the facility is not glazed, additional exclusions will be rain, hail and flood damage);
- Objects attached to the exterior walls of buildings and structures: masts, antennas, exposed electrical wiring, advertising equipment, billboards, etc.
- All types of overhead and underground power lines and distribution networks designed to transmit electricity and all other types of information communications;
- Mines, quarries;
- Animals, birds, plants, crops and their harvest;
- Vehicles and other rolling stock: cars and trailers, tractors, bulldozers and other special equipment.

### General Exclusions

Not considered an insured event, treated as a standard exclusion and therefore not subject to insurance indemnity for losses incurred:

- Prior to the beginning of the insurance period, but was discovered during the insurance period for any reason prior to the beginning of any insurance;
- Property (its contents) obsolescence, decay, fermentation, prolonged use, depreciation, amortization, corrosion, weight changes, disputes, fermentation, non-compliance with established standards/norms, self-assembly or other natural/quality properties, property non-compliance with

state requirements for related processes or if its occurrence was inevitable due to change in specification of property or activity;

- Through the fault of the Insured (Insured, Beneficiary), his representative, employee - intentional act or gross negligence (including non-compliance with the relevant regulatory, fire or other rules and/or techniques, improper operation, timely elimination of danger, failure to take appropriate measures to prevent or reduce harm, being under the influence of drugs, alcohol, toxic, psychotropic or their analogues)
- Under the influence of a nuclear explosion, radiation or radioactive contamination;
- Experimental or research work or misuse of property;
- Fire, thermal or other thermal treatment (drying, boiling, melting, etc.) of the insured property, clearly increasing the probability of insurance risk, if the technological business processes of the insured do not directly cause it.
- resulting from an explosion in the combustion chamber of an internal combustion engine or similar machine;
- An explosive substance ("explosive substance" means a mixture of substances or chemical compounds capable of rapidly reacting, giving off large quantities of heat and gas and specifically designed to explode in some form) in the event that this circumstance was not known to the Insurer prior to the exercise of insurance;
- As a result of an earthquake if an earthquake with a magnitude damaged/destroyed the insured building less than 4.0 on the Richter scale. Seismological conditions were not taken into account during construction-reconstruction or if the insured building was depreciated and not specified in the appraiser's report;
- By rodents or pests;
- Demolition or damage to structures, buildings or parts thereof and their property if caused by a defect in construction, structure or material;
- Fraudulent acts of any person;
- as a result of landslides, slides or other movement, if caused by blasting, mining or processing of minerals, if caused by the fault of third parties;
- Ingress of snow, hail or water to the insured object or building through open windows or doors. As well as from other openings made intentionally or caused by antiquity or defect in construction;
- Moisture;
- Damage caused by overloading of the water/heating system;
- Damage caused by flooding to buildings not yet commissioned and the property therein;
- Breakage of windows, mirrors, glass showcases and other parts of glass, unless caused by the insured risks specified in Chapter 3;
- Lowering, strengthening, compression, expansion or bulging of foundations, walls, supporting structures or roofs, engineering structures;

- Current activities at the insurance object are related to the production, storage, (storage of such substances and materials), use (construction, production facilities) of explosive/flammable substances and materials;
- construction works are carried out near the insured object (in this case the damage caused to the insured object as a result of the construction works carried out near it will be an exception);
- Damage/destruction of the property insured by confiscation, requisition, seizure or by the order of the state authorities;
- Hostilities (whether war is declared or not), armed insurrections, riots or civil commotion, strikes, civil wars, military coups or popular uprisings, revolutions, acts of military or usurped power, state of war or emergency, or any other environmental event resulting in the declaration of a state of war or an emergency;

As a result of any terrorist act or attempt.

- Damage (accident) or destruction of showcase, glass wall, stained glass, window/door glass or this glass frame attached or removed from the outside of a building (mast, antenna, board, billboard, advertising equipment, communications, electrical or piping system, etc.), unless otherwise provided for in the policy;
- Part of a communication, electrical or pipeline system extending beyond the boundaries of a site with a radius of 1,000 meters;
- Through an open window/door if the opening was not caused by a natural disaster as an insured risk;
- By placing the insured objects (movable property) in the open air;
- Damage to a commercial, industrial or administrative building or its component part due to the fault of third parties, theft, robbery or banditry if it is required by law and the building did not have a legally licensed security service or its own security service; The risk of theft/robbery/banditry is not insured if there is no security service in the object.
- Damage to an economic, industrial or administrative building, its component parts and/or its contents as a result of a fire hazard if there was no fire extinguishing system in the building;
- as a result of circumstances which increase the probability of the risk before or after the coming into force of the insurance, was known or should have been known to the policyholder (Insured, beneficiary) and
  - (a) it failed to take care to eliminate those circumstances in order to eliminate or reduce the risk/damage; and
  - b) the Insurer has been notified in writing or with a delay or has not been notified in full;
- in case of occurrence of other actual circumstances determined by the legislation or these terms and conditions, which prove the fault of the policyholder (Insured) and/or exclude the insurance indemnity.
- Reimbursement is not subject to:
  - Expenses necessary for heating, repairing or freezing after piping, heating or replacement of fire extinguishing systems;
  - Expenses necessary for cleaning and repair of the damaged property or the adjacent territory (unless otherwise provided for in the policy);

- Damage the occurrence and/or extent of which is not documented;
- Funds required for registration of the property;
- Costs of fire-fighting measures;
- Costs of restructuring or improving the property.

#### **The main terms and conditions of remuneration**

- The policyholder (insured) is obliged to notify the Insurer in writing or by telephone hotline about the occurrence of the insured event immediately after its detection, but not later than 48 hours, and must without delay apply to the appropriate authorities to establish the fact, and as soon as possible, but no later than 1 month must file a claim for damages, which is the basis for consideration of the payment of insurance compensation. The Insurer is released from the obligation if he does not receive the notification within the specified period.
- The Insurer begins the case settlement process as soon as the policyholder submits a written claim for indemnification. The Policyholder is obliged to provide the Insurer with all documents required (necessary) for the resolution of the case.
- Within 10 working days after the determination of the damage, the Insurer is provided with all the necessary documents, an act of the insured event is drawn up, which must include the following circumstances:
  - a) information on the subjects involved in the insurance relationship;
  - b) information on the insured item and the amount of the secured loan;
  - c) brief details of the case;
  - d) the amount of money to be indemnified and deducted by the Insurer;
- The Insurer shall pay the insurance indemnity to the beneficiary within 30 (thirty) working days after receipt of all necessary documents related to the insured event and mutual signing of Insurance Case Certificate/Act.