

## Property insurance rules

These property insurance rules (hereinafter - the **Rules** ) establish the general rights and obligations of the Customer when insuring for the benefit of PayRay Bank, UAB (hereinafter - the **Bank** ) movable and real estate property which the Customer pledges to the Bank, or which the Bank, at the Customer's request, acquires ownership under the Financing Agreement ( hereinafter - **Property** ).

**A financing agreement** is a loan, leasing, factoring or other type of financing agreement concluded between the Bank and the Customer, on the basis of which the Customer is obliged to insure the Property.

**A Customer** is a person who enters into a Financing Agreement with the Bank.

When insuring the Property, the Customer must follow these Rules and the conditions specified in the Financing Agreement when concluding Property insurance contracts. In case of contradictions between these Rules and the terms of the Financing Agreement, the terms of the Financing Agreement take precedence.

## Property insurance requirements

General provisions:

- **Insurance period** - Insurance protection must be valid until the date of fulfilment of all the Customer's obligations specified in the Financing Agreement, but no less than when the Property is released from the pledge or transferred to the ownership of the Customer or a third party or returned to the Bank in accordance with the procedure established in the Financing Agreement or legal acts. Insurance contracts can be concluded for a year or a shorter period but must be periodically extended so that Property Insurance protection is valid without interruption.
- **The insurance comes into force** - no later than the day of pledging of the Property, or the day when the act of acceptance-transfer of the Property is signed in accordance with the leasing agreement, but no later than the risk of accidental damage, destruction or loss of the Property passes to the Customer.
- **Submitting an insurance policy.** Unless otherwise stipulated in the Financing Agreement:
  - Customers who have already concluded a Financing Agreement with the Bank must submit a new policy 14 days before the expiration of the current policy.
  - Customers who enter into a Financing Agreement must submit the insurance policy immediately after the registration of the pledge, and in the case of leasing - no later than before the acceptance of the property - the moment of signing the transfer deed. In the case of objects under construction, the insurance policy must be submitted after registration of the object under construction.
- **Insurer** - the Customer or the Customer's representative.
- **Beneficiary** – PayRay Bank, UAB company code 304862948.

- **The object of the insurance** is the financed asset specified in the Financing Agreement and/or the asset pledged in favor of the Bank specified in the mortgage/pledge transaction, which is clearly identifiable.
- **The maximum deduction** for each insured object (equipment and vehicles is presented in a separate section) is EUR 1000 and 10% in case of theft or complete destruction (in case of fire risk of wooden objects, the maximum deduction is 10% of the amount of the loss).
- If the Financing Agreement specifies more than one object that is pledged to ensure the fulfilment of obligations under the Financing Agreement, all objects must be insured (except for land) and specified in the insurance agreement.
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- The following insurance companies and their divisions are acceptable to the Bank:
  - Lietuvos draudimas AB
  - AAS WHITE
  - Balcia Insurance SE
  - If P&C Insurance AS
  - ERGO Insurance SE
  - Seesam Insurance AS
  - ADB Gjensidige
  - Compensa Vienna Insurance Group ADB
  - AAS BTA Baltic Insurance Company
  - Swedbank P&C Insurance AS

**If Financing in the contract there is not established otherwise, apply these minimal requirements:**

Insurance objects	Insurance risks	Insurance amount
<ul style="list-style-type: none"> <li>• Real estate objects</li> <li>• Inventory;</li> <li>• Stocks;</li> <li>• Work-in-progress</li> <li>• Industrial (production) machines and equipment, self-propelled machines.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Fire-related risks</li> <li>✓ Natural disasters</li> <li>✓ Water damage (e.g. water leaks, engineering system failures)</li> <li>✓ Damage due to actions of third parties (e.g. theft, vandalism, robbery)</li> </ul>	<p>All insured objects must be insured at full restoration (restoration) value.</p> <p>In the case of stock, inventory, machinery and equipment, the replacement value is the market value.</p>
<p>Reconstructed objects, during renovation (Without building permit)</p>	<p>Fire-related risks            Natural disasters            Water damage (e.g. water leaks, engineering system failures)            Damage due to actions of third parties (e.g. theft, vandalism, robbery)</p>	<p>In the case of reconstructed objects and construction sites, the restoration value is the estimated value of the project</p>

	A condition related to reconstruction where the insurance company confirms that the minimum specified risks included in the insurance contract are valid during the construction/reconstruction work.	(including the restoration value of existing assets).
Construction sites (With planning permission)	Construction all-risks insurance coverage: <ul style="list-style-type: none"> <li>✓ Any sudden or direct physical damage related to previously insured work or property, or direct damage to property caused by a sudden and unforeseen external physical force, including:</li> <li>✓ Fire-related risks</li> <li>✓ Natural disasters</li> <li>✓ Water damage (e.g. water leakage, engineering system malfunctions)</li> <li>✓ Damage due to actions of third parties (e.g. theft, vandalism, robbery)</li> <li>✓ Objects, construction machines, vehicles, loads falling or colliding with them;</li> <li>✓ Collapse of structures or building</li> <li>✓ Accidental actions of construction company employees.</li> </ul>	
Animals	<ul style="list-style-type: none"> <li>✓ Fire-related risks</li> <li>✓ Biological risk factors (accidents, diseases)</li> <li>✓ Natural disasters</li> <li>✓ Damage due to actions of third parties (e.g. theft, vandalism, robbery)</li> </ul>	In the case of pet insurance, the replacement value is the market value.
Land	Requirements for risk insurance do not apply	
Non-standard objects (such as ships, ferries, yachts, airplanes, helicopters, guarantees, forests, agricultural crops)	In the case of non-standard objects, the draft policy must be coordinated with the Bank's representatives	

### Additional insurance requirements for vehicles and equipment

- **The object of insurance must be identified by:**
  - ✓ Registration number or VIN number (vehicles and equipment)

- ✓ Serial number and model (devices)
- **Territorial application:**
  - ✓ Europe (Vehicles)
  - ✓ Address/area of use (vehicles and equipment)
- Recommended maximum deduction:
  - ✓ Vehicles whose total weight does not exceed 3500 kg - partial loss up to 500 EUR, total loss (due to theft or robbery) maximum deduction - 15% of the loss amount.
  - ✓ Vehicles with a total weight of more than 3500 kg - partial loss up to 1000 EUR, total loss (due to theft or robbery) maximum deduction - 15% of the loss amount.
  - ✓ Equipment - 1000 EUR.

### Minimal insurance risks

Unless otherwise specified in the Financing Agreement, the following minimum requirements apply:

Insurance objects	Insurance risks	Insurance amount
Motor vehicles and their trailers (must be registered in the transport register)	(Casco insurance) Car crash, Natural disasters, fire, Robbery, vandalism, theft Including the object causing the risks (such as loading, transportation, and unloading risks).	All insured objects must be insured at full restoration (restoration) value.  The replacement value is the market value (new purchase value on a new-for-old basis is acceptable)
Special purpose equipment (construction, agriculture, forestry, road construction, etc.)	(Contractor's equipment and machinery insurance- CPM)  All risks relating to the possession and use of the property (including but not limited to partial loss, fire, water damage, natural disaster, theft, robbery, vandalism)	NOTE! The insurance amount and future claims payable must include VAT (and transport costs if the object is purchased outside the Baltic region).

	Including the object that poses risks (such as risks of loading, transportation, and unloading).	
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