

MO/SME-001/21-1

MOTOR INSURANCE TERMS AND CONDITIONS

Content

ARTICLE 1. SUBJECT OF THE AGREEMENT	2
ARTICLE 2. DEFINITIONS	2
ARTICLE 3. RIGHTS AND OBLIGATIONS OF PARTIES.....	3
3.1. The Insurer shall:	3
3.2. The Insurer shall have the right to:.....	3
3.3. The Insured shall:.....	3
3.4. The Insured shall have the right to:.....	4
ARTICLE 4. INSURANCE TERMS AND CONDITIONS.....	4
4.1. Part I – External damage to the vehicle, fire, explosion; hijacking of the subject of insurance (theft, burglary, robbery), or attempted hijacking except for exclusions indicated in the given Agreement	4
4.2. Part II – THIRD PARTY LIABILITY	5
4.3. Part III – PERSONAL ACCIDENT OF THE AUTHORIZED DRIVER AND THE PASSENGERS	6
4.4. INSURANCE ACT AND INDEMNIFICATION	7
ARTICLE 5. GENERAL EXCLUSIONS.....	7
ARTICLE 6. INSURANCE PREMIUM TERMS.....	8
ARTICLE 7. SUBROGATION PROCEDURE	9
ARTICLE 8. DISPUTE AND RESPONSIBILITIES OF THE PARTIES	9
ARTICLE 9. FORCE-MAJEURE	9
ARTICLE 10. TERMINATION OF INSURANCE/AGREEMENT	9
ARTICLE 11. MISCELLANEOUS PROVISIONS	10

ARTICLE 1. SUBJECT OF THE AGREEMENT

1.1. The Subject of this Terms and Conditions shall be insurance of the vehicle being in lawful possession of the Insured according to the Terms and Conditions of this Agreement, upon payment of the relevant insurance premium, against the following risks:

1.1.1. External damage to the vehicle; Fire, explosion; Hijacking of the subject of insurance (theft, burglary, robbery) and attempted Hijacking, except the cases set forth in this Terms and Conditions;

1.1.2. Motor third party liability, namely, liability to indemnify the damage inflicted to life, health and/or property of any third party during operation of the insured vehicle;

1.1.3. Motor personal accident of the authorized driver and his passengers.

1.2. Individual motor insurance policy(ies) shall be issued under this Terms and Conditions. The requirements herein shall be completely applied to these policy(ies). Individual insurance policy(ies) shall be issued upon filling in the relevant insurance application specifying the risks Insured desires to be covered against. Such insurance policy(ies), the applications and Terms and Conditions are an integral part of Insurance Agreement.

ARTICLE 2. DEFINITIONS

The terms used in Insurance Agreement shall have the following meaning:

Insured – the person, who entered into this Insurance Agreement with the Insurer and pays the relevant insurance premium;

Beneficiary – the person who is entitled to receive an insurance reimbursement under this Agreement and in compliance with the existing legislation of Georgia;

Insured Event – unexpected event, the occurrence of which will give rise to the Insurer’s obligation to pay out the insurance reimbursement according to the terms of this Agreement;

The Sum Insured – amount of money within the limit of which the insurance indemnification is paid out; the sum insured is extinguishable, therefore it reduces by any payment under this Insurance Agreement. The amount of sum insured shall not exceed the market value of the subject of insurance; the sum insured for each subject of insurance shall be stipulated in appropriate Insurance Policy to which the provisions and terms and conditions of Agreement shall apply; Limit (s) of Insurer’s liability may also be fixed and recorded in appropriate Insurance Policy;

Insurance indemnification – the sum paid out by the Insurer for the benefit of the Beneficiary upon the occurrence of the insured event;

Insurance premium – amount specified in appropriate Insurance Policy within its payment terms and condition and which is the insurance fee provided under the Insurance Policy and this Terms and Conditions; The amount of Insurance Premium is determined considering the quality of the risk, the statistical indicators of right of subrogation exercised by the Insurer within the insurance portfolio, salvage realization and other important circumstances.

Deductible – The Insured/Beneficiary participation in the risk; non-reimbursable minimum provided under the Insurance Policy not paid by the Insurer which is deducted from the amount of loss; individual deductibles may be fixed for different insured events and against each individual that shall be recorded in the Insurance Policy;

Insurance period (term / duration of the Insurance) – the period indicated in the particular Insurance Policy, during which the Insurance shall be deemed in full force and effect and within the duration of which the events occurred shall be the subject to indemnification, unless otherwise stipulated by this Terms and Conditions or Georgian law;

Insurance policy – the document (hard or soft copy) certifying the insurance performed on the basis of the given Terms and Conditions;

Insurance application – a questionnaire to be filled in by the Insured in the form approved by the Insurer. This document shall cover the interesting facts necessary to the Insurer;

Authorized driver - any of the Insured’s employees or the person(s) who is/are specified in the Insurer’s application as the authorized driver(s) and while driving the vehicle by him/her, the insurance is in effect (the age range of 21-75 shall apply to the authorized driver who must hold the driving license granted according to the requirements of the existing legislation of Georgia); Furthermore, while using insured vehicle, an authorized driver acts by the name of an Insured, therefore, for the purpose of this Agreement, any acts performed by him, shall be deemed to have been carried out by and in the name of the insured;

Subject of Insurance – a particular vehicle specified in the Insurance Policy issued according to the application filled in by the Insured for the insurance risks set forth in Clause 1.1.1 herein; civil liability for the insurance risks set forth in Clause 1.1.2.; authorized driver’s and his/her passengers life and health for the insurance risks set forth in Clause 1.1.3.;

Totals loss (destruction) of Vehicle – a vehicle is damaged by 75% or more, i.e. the vehicle is deemed destructed (completely damaged), if the replacement cost of the vehicle is 75% or more its market value or 75% or more of vehicle is damaged;

Vehicle market value – amount required to purchase a vehicle of model, brand and other parameters similar to the insured vehicle on domestic market;

Earned insurance premium – amount of premium by particular date within the insurance period which is proportional to the period of time elapsed since the beginning of the insurance period till such date;

Unearned insurance premium – amount of premium by particular date within the insurance period which is proportional to the period of time left until the expiration of insurance period;

Vehicle age – A period which commences from December 31 of the manufacture year indicated in the vehicle technical documentation;

Road - the entire surface of road or street open for traffic (including tram rails, sidewalks, edges, lanes, bicycle lanes), the road surface can be both hard (with asphalt, cement-concrete or other similar material or paving) as well as gravel or soil;

Adjacent territory to road - an area that is directly adjacent to the road and is not intended for heavy traffic (yard, residential area, parking lot, gas station, territory of the entity and the like).

The terms other than given above used in the Insurance Agreement shall have their common meanings. In addition, if the definition of the terms used in the Agreement is obscure, among the various interpretations the preference shall be given to the legal definition, in case such definition is provided for under the existing legislation of Georgia.

ARTICLE 3. RIGHTS AND OBLIGATIONS OF PARTIES

3.1. The Insurer shall:

- 3.1.1. provide the Insurance Policy to the Insured to confirm the insurance carried out and also, provide the Insured with relevant application to carry out desired insurance;
- 3.1.2. receive the Insured's application on occurrence of insured event for consideration;
- 3.1.3. draw up an insurance report on insured event and determine the amount of the insurance indemnification;
- 3.1.4. perform the duties herein with due diligence.

3.2. The Insurer shall have the right to:

- 3.2.1. Check the fulfillment of the conditions and requirements provided under this Terms and Conditions and the Insurance Policy;
- 3.2.2. Cancel Insurance Agreement and suggest the Insured to sign a new agreement with modified terms and conditions therein, if usage conditions of the vehicle have been changed;
- 3.2.3. unilaterally cancel the Insurance Agreement (policy) and send a written notice to the Insured to that effect, if the information and facts on the vehicle specified in the application is inaccurate and/or false;
- 3.2.4. send the relevant questions/requests regarding the significant facts for the insurance to competent authorities;
- 3.2.5. upon occurrence of an event, request the Insured to provide all the information and documents provided under this Terms and Conditions which the Insurer considers necessary for fair assessment of the insured event;
- 3.2.6. exercise control over all procedures provided by law for settlement of claims of third parties towards the Insured;
- 3.2.7. inspect and make photos of the damaged vehicle of the Insured and take part in inspection and making photos of third party's damaged or destructed property;
- 3.2.8. calculate (prepare cost-estimation) of the replacement/restoration value of the damaged vehicle (or third party's damaged or destructed property);
- 3.2.9. Not to indemnify the loss if the Insured has violated the obligations provided under this Terms and Conditions and the Insurance Policy or in cases, provided by the Georgian legislation;
- 3.2.10. not to pay the money exceeding the volume of loss, even if the sum insured exceeds the insured value (market value) during occurrence of the insured event;
- 3.2.11. in case the Insured has the overdue premium payment for the moment of insurance reimbursement the Insurer has the right to deduct such overdue amount from the reimbursement amount.

3.3. The Insured shall:

- 3.3.1. undertake the obligations and fulfill the terms and conditions provided under Agreement and the Insurance Policy;
- 3.3.2. furnish the Insurer with all the necessary information to carry out the Insurance, by filling out an application, and indicate the circumstances that are of the vital importance for the occurrence of a threat or an insured event, even if such a question is not explicitly stated in the application;
- 3.3.3. pay insurance premium fully and in timely manner;
- 3.3.4. if any changes are made to the materials presented by the Insured to Insurer in order to enter into Insurance Agreement and/or effect the certain insurance (e.g. vehicle's alienation, vehicle's improvement, loss of keys or alarm panel, increase of insurance risk, changing or amending the authorized driver and etc.), send a written notice to the Insurer to that effect at least within 2 (two) business days from the moment of receipt of notice on such amendments;
- 3.3.5. call the Insurer's Call Center specified in the Insurance Policy to report about this event, immediately, within at least 24 hours from the occurrence of the insured event, and send a written notice to the Insurer in connection with the occurrence of the insured event within 2 (two) business days;
- 3.3.6. undertake all reasonable measures to save the subject of insurance and reduce the volume of loss to the maximum extent without risk to his /her life and health;
- 3.3.7. within the scope of its citizen's reasonable capabilities and authority keep the situation on the scene of accident till appearance of the Insurer's representative, except for the cases, when the opposite instruction is given by the Insurer and the Insurer gives to the Insured only oral/telephone instructions;
- 3.3.8. render assistance to the Insurer and take part in research, identification and fair assessment of causes provoking occurrence of the insured event, as well as facts of occurrence, results thereof and full volume of loss inflicted and shall not act against the Insurer's interests;
- 3.3.9. forthwith inform the Insurer on any record, notice or correspondence received by him/her regarding the insured event;
- 3.3.10. within the scope of his/her authorities and capabilities, assist the Insurer to exercise the right of subrogation;
- 3.3.11. immediately inform the Insurer on any legal proceedings against him/her in connection with accident, as well as any claims filed;
- 3.3.12. endeavor to assure safety of the insured vehicle;

- 3.3.13. assist the Insurer to inspect the conditions of the insured vehicle at any suitable time;
- 3.3.14. closely meet the requirements of provisions herein and furnish the Insurer with all the information and documents that may serve as a basis for payment of the insurance reimbursement;
- 3.3.15. install security (alarm) system in the vehicle, if Insurer requires so and if the vehicle is left unattended, lock it and also engage the security (alarm) system (if such system is installed);
- 3.3.16. forthwith inform appropriate law enforcement authority on occurrence of the insured event;
- 3.3.17. in case of occurrence of the insured event, submit the documents listed below to the Insurer:
- a) Application to claim the insured event pursuant to Paragraph 3.3.5 of Article 3;
 - b) Original of Insurance Policy (In case of loss of the Insurance Policy within the Insurance Period, the copy of the Policy shall be issued on the basis of the Insured's written request, while the lost Policy shall be deemed invalid and none of claims submitted on its basis shall be the subject to indemnification), however, if the policy is issued electronically - only its electronic form;
 - c) Original official document issued by the respectful state authorities (certified by the authorized person's signature and seal) confirming the insured event; Road Accident Report issued by Patrol Police specifying the scene and date of the accident, identity of all persons participating in the insured event; person (persons) responsible for the event; as well as other significant facts; road accident scheme;
 - d) Photocopy of Vehicle Registration Certificate, and original document in case of hijacking and complete destruction;
 - e) Photocopy of Driver's License;
 - f) Driver's Sobriety Test report;
 - g) if the insured vehicle does not belong to the Insured (Beneficiary), i.e. holder of the Vehicle Registration Certificate is another person – written application of this person equipping the Beneficiary to get insurance indemnification;
 - h) if the insured event is caused by action of the third party, information on such third party must be provided to the Insurer, in particular, full name, address, contact phone number;
 - i) Identification documents of the beneficiary;
 - J) In case of the total loss (destruction) of the vehicle and upon the Insurer's request - the certificate on legal status of the vehicle, issued by the relevant authorities.
- 3.3.18. In case of the occurrence of Insured Events, due to the insurance coverages according to articles 1.1.2. and 1.1.3., besides the documents foreseen by article 3.3.17, the Insured is also obliged to submit the following documents to the Insurer:
- a) Statement of Claim filed by third party (parties);
 - b) Document issued by medical institution which is authorized to examine the health of the injured and prepare an expert's opinion (copy of medical report, document on treatment, expert's report, etc.);
 - c) a document evidencing the right to receive insurance reimbursement, if another person receives insurance money in case of death of the Insured or any other reasons whatsoever, in case of death – hereditary certificate, specifying the successor's share in the testator's testament;
 - d) if there is any dispute pending between the Insured and accident victim in connection with the insured event – the enforced court decision confirming occurrence of the Insured's liability for the loss inflicted to the third party will serve as a basis for compensation; at the same time the events when court has ruled default judgement against the Insured, or the Insured admits the claim or a part thereof at the trial without any preliminary written agreement shall not be considered as basis for compensation;
 - e) Beneficiary's identification document.
- 3.3.19. if the vehicle has more than one factory keys (security system panel) specified in the insurance application, the Insured shall use only one key, and other ones keep at the safe place, otherwise, the Insurer shall not be held liable for the obligations vested in him during occurrence of the insured event of hijacking. At the same time, in case of theft of the vehicle, the Insured must present all the keys and the security system panels specified in the insurance application. And in case of robbery and burglary, spare key (s) and security system panel (if any), or otherwise, the Insurer shall retain the right to be dispensed from the obligations;
- 3.3.20. always have on him/her Vehicle Registration Certificate of the insured vehicle and never leave it in the vehicle.

3.4. The Insured shall have the right to:

- 3.4.1. request to issue an Insurance Policy confirming the insurance covered;
- 3.4.2. While confirming occurrence of the insured event, request payment of insurance indemnification in the amount and according to the procedure provided under this Agreement and the relevant Insurance Policy.

ARTICLE 4. INSURANCE TERMS AND CONDITIONS

4.1. Part I – External damage to the vehicle, fire, explosion; hijacking of the subject of insurance (theft, burglary, robbery), or attempted hijacking except for exclusions indicated in the given Terms and Conditions

- 4.1.1. The Insurer shall pay insurance indemnification within the scope of sum insured, considering (deducting) deductible in cases, when damage or destruction of the insured vehicle or any part thereof is caused by risks set forth in 4.1 paragraph of this Agreement.
- 4.1.2. In case of destruction (total loss) or hijacking of the vehicle, the insurance indemnification is calculated by the following rule:
 - 4.1.2.1. The Insurer may choose to indemnify the Insured/Beneficiary replacement value of the insured vehicle, either by:
 - paying the sum not exceeding the market value of the insured vehicle; or

- purchasing a vehicle of model, brand and other parameters similar to the insured vehicle specified in the application in favor of the Insured.

At the same time, in the cases aforesaid the Insurer shall retain the right to choose the less costly version.

4.1.3. In case of destruction (total loss), the Insured is entitled to offset premium due (if applicable) from an indemnification in full.

4.1.4. In case of destruction (total loss), if the Insurer reimburses the cost of transportation (evacuation) of the Insured vehicle (damaged as a result of an insured event) to the vehicle repairs, such sums will be deducted from the insurance indemnification payable by the Insurer, except cases when the insured vehicle market value appears to be less than the Sum Insured (in such case the Insurer will reimburse cost of transportation (evacuation) within GEL 1000, however not more than the Sum Insured).

4.1.5. In case of partial damage, the following procedure for payment of the insurance indemnification shall be applied to:

4.1.5.1. When the Insured vehicle age exceeds 3 (three) years, the Insurer and the Insured agree to assess the loss jointly, by representatives of the parties, after the insured event has been confirmed. The Assessment is carried out by either of the methods listed herein, mainly: (1) Insured present cost estimation required for vehicle repair (restoration), if the Insurer does not agree with the cost estimation presented, he shall fairly adjust the cost estimation via his authorized expert, taking into consideration depreciation and other important conditions; or (2) the Insurer presents the cost estimation prepared by the authorized vehicle repairs to the Insured.

At the same time, if a wheel rim(s) (damaged as a result of an insured event) does not hinder safe use of the insured vehicle, the Insurer will indemnify the cost of repair/restoration of the damaged rim.

4.1.5.2. In case, the age of the vehicle does not exceed 3 (three) years, the vehicle is bought in the authorized auto center/service center of Georgia and is under the full warranty thereof, and the Insured requests repairing works and/or cost estimations to be done by the specific auto center/service center, the Insurer is entitled to transfer the indemnification payable for the benefit of the Insured/Beneficiary, directly to such an auto center/service center.

Besides, if the wheel rim(s) of the insured vehicle is damaged as a result of an insured accident so that the existing damage does not hinder safe use of the insured vehicle, the insurer will indemnify the cost of repair / restoration of the damaged rim(s) and If such service is not available at an authorized auto center / service center, the cost of repair / restoration shall be determined by another repair center.

4.1.5.3. In case of partial damage, additionally, one time and within one insurance event, the Insurer reimburses the cost of transportation (evacuation) of the Insured vehicle (damaged as a result of an insured event) to the agreed vehicle repairs, consequently, the Sum Insured shall be reduced by such sums.

4.1.5.4. If the parts of vehicle have damaged or lost because of theft or attempted theft of the insured vehicle, the same deductible (nonreimbursable minimum) is applied as it is set forth for the theft risk (if any deductible is not applicable to the relevant Insurance Policy specifically for partial theft risk).

4.1.5.5. For eliminating any concerns, the Insured request for the specific auto center/service center service, will be fulfilled by the Insurer only in case, the age of the vehicle does not exceed 3 (three) years, the vehicle is bought in the authorized auto center/service center of Georgia and is under the full warranty thereof.

4.1.6. If the Insurer and the Insured fail to reach agreement on final volume of loss, the loss shall be estimated by an independent, accredited expert. The costs of the loss estimation shall be covered by that party who initiates such assessment, in case of joint initiative, the costs are shared equally.

4.1.7. If the amount of sum insured is less than the market price (insurable value) of the insured vehicle for the occurrence of insured event, the Insurer shall indemnify the loss pursuant to correlation of sum insured and insurable value.

4.2. Part II – THIRD PARTY LIABILITY

4.2.1. The Insurer indemnifies the Insured against loss incurred as a result of any claim for civil liability made against the Insured, based on the insured vehicle exploitation that caused death, bodily injury and/or property damage of any third party. The indemnification is paid to the concerned person (or his/her legal representative) in accordance to the terms and conditions of this Agreement.

4.2.2. If the insured event has been confirmed, the following shall be subject to payment within the limit of the sum insured (Insurer's liability limit), according to the terms and conditions hereunder:

4.2.2.1) In case of full destruction of third party(ies)property –market or restoration value of the lost property taking into consideration the specific character of demolished property, deducting the value of devaluation and the remained fragments (which still can be used);

4.2.2.2) in case of partial destruction of third party(ies) property – repair costs required to bring the property to the pre-damage condition;

4.2.2.3. in case of death or injury caused to third party, the amount of material damage, specifically:

a) salary (income) lost by the injured, if he/she remains partially or totally disabled;

b) additional costs caused by damage inflicted to health, including treatment, additional food, medicines, prosthetics, supervision and care, purchase of a special transport facility, training fee to master other skills, if it is established that the injured requires such kind of assistance and had not right to receive it free of charge;

c) a part of salary (income) which the persons who depended on the victim or had the right to receive subsistence (by payment on regular basis) from him/her had lost, because of death of the victim.

4.2.2.4. Additionally, there is covered:

4.2.2.4.1. reasonable expenses incurred to protect life, health and/or property of the third party or expenses incurred for loss reduction;

4.2.2.4.2. costs related to claims of the third party no matter connected with court proceedings, or - not, as well as the costs related to examining the circumstances of occurrence of the insured event and volume of loss, if they have been agreed upon with the Insurer in writing (such costs shall be paid within 20% insurance limit set forth in the Insurance Policy).

- 4.2.3. For elimination any concerns, the basis of the indemnification is court decision to compensate third party, however the indemnification should not exceed the sums/conditions set forth in the paragraph 4.2.2.
- 4.2.4. Indemnification of the third party without a court decision, can be made, in case the amount of such compensation has been agreed upon with the Insurer in writing, and if the accident victim confirms in writing that after receiving thereof, he/she has/will have no claim or complaint in connection with the insured event;
- 4.2.5. If death or damage is inflicted to several persons as the result of the insured event, and if the property of the third party is encroached, and the sum payable exceeds the maximum limit of the liability designed for an individual (per each) insured event, insurance indemnification for each injured shall be reduced pro rata, considering the damage inflicted within the total insurance limit fixed.
- 4.2.6. If the Insurance Policy covers any other sub-limits, the compensation shall be limited taking into account such sub-limits;
- 4.2.7. Loss inflicted by one event shall be considered as one insured event. No one shall have any right to get compensation twice under this insurance for one and the same loss or any element of loss;
- 4.2.8. The total sum to be paid for the loss inflicted to the third party (parties), notwithstanding the number of events, shall in no way exceed the sum insured (liability limit) provided under the Policy for such payment;
- 4.2.9. **Exception** to this type of insurance cover shall be when the accident victim is:
- a) a person who was driving the insured vehicle during the insured event;
 - b) a family member (for the purpose of this insurance a persons who are determined as heirs of the first and the second order by the Georgian civil law) of the insured person (as well as the authorized driver) and a passenger of the insured vehicle;
 - c) Insured's subordinate/employee, under appropriate Agreement between them.
- 4.2.10. The Insurer shall not be responsible for the liability originated under any other contract or agreement, other than this one.
- 4.2.11. The Insurer shall not be responsible for the damages inflicted on any property which is: owned by the Authorized Driver; or held by him as a trust; or is transported by the insured vehicle or with any trailer towed by the insured vehicle.

4.3. Part III – PERSONAL ACCIDENT OF THE AUTHORIZED DRIVER AND THE PASSENGERS

- 4.3.1. According to terms and conditions of the driver and passenger personal accident insurance the subject of reimbursement shall be the material loss caused by death/health damage of the Authorized Driver and/or his/her passengers due to the motor vehicle accident while driving the insured vehicle;
- 4.3.2. The Insurer shall pay insurance indemnification provided under the relevant Insurance Policy to the person (or his/her legal representative) covered under the terms and conditions of this Agreement.
- 4.3.3. If the insured event has been confirmed, the following shall be subject to payment within the sub-limit per injured (per person) provided under the Policy:
- Costs of urgent out-patient treatment
 - Costs of transportation to the hospital
 - Costs of hospital treatment and stay
 - Compensation for loss of extremities/organs
- In case of death of the injured, his/her assignee shall be paid:
- 100% of the current limit per person less the sum already paid for health resumption; If the injured is dead and it is proved that there is no compensation recipient, the Insurer shall bear all funeral costs within the sub-limit per person.
- 4.3.4. The cost of urgent out-patient treatment and transportation of the injured to the hospital shall be calculated according to the relevant medical invoice, but not more than USD 300 (three hundred) per person;
- 4.3.5. Reasonable costs of treatment and being at the hospital, evidenced by the hospital invoice, but not more than 20% of liability limit per person;
- 4.3.6. The amount of compensation for loss of extremities/organs shall be calculated according to the compensation diagram given below, where 100% compensation is equal to the sub-limit of the relevant liability per person (less already paid cost of rehabilitation of the injured health/transportation):
- loss of a kidney – 40%;
 - hearing loss in one ear– 15%;
 - hearing loss in one ear, if hearing in the other ear has been lost before the accident– 45%;
 - complete loss of sight in one eye forever – 30%;
 - loss of sight in one eye by more than 60% - 20%;
 - complete loss of sight – 100%;
 - loss of one extremity – 40%
- 4.3.7. In case of damage of several organs, upon payment of the first interest compensation, the further reimbursement amount will be calculated from the remained amount of liability limit.
- 4.3.8. Payment of compensation for loss or damage of extremity shall be effected upon completion of the out-patient treatment and final assessment of the damage degree, but only 1 year after impairment of organ function provided that complete and permanent impairment of organ function is confirmed during this period. The mentioned one year period does not apply to the cases, when the complete and permanent impairment of organ function is initially confirmed.
- 4.3.9. In case of death or bodily injure inflicted to several persons because of the insured event, if the volume of total loss exceeds the liability limit for one insurance event, the compensation payable to each injured person shall be reduced taking into account the share of the liability limited in total volume of loss inflicted.

4.3.10. The total sum payable per person, notwithstanding the number of events and volume of loss shall not exceed the sub-limit per head provided under the Policy.

4.3.11. The sum payable, notwithstanding the number of events and volume of loss shall not exceed the limit provided under the Policy.

4.3.12. Health impairment/death of the insured vehicle driver and/or his/her passengers shall not be offset if it occurs 12 calendar months after the accident.

4.4. INSURANCE ACT AND INDEMNIFICATION

4.4.1. Upon receipt of all the documents required for indemnification (inter alia loss assessment act (cost estimation)) an Insurance Act is drawn up, which is a basis for indemnification and is signed by both parties (the Insurer and the Insured/Beneficiary). By signing the Insurance Act, the parties agree on the final amount of the insurance indemnification and other conditions, after which, within 3 (three) working days (except for the cases when the corresponding term and condition is provided for the particular event by this Terms and Conditions), the insurance reimbursement will be transferred for the benefit of the Insured (Beneficiary) on the bank account number indicated in the Insurance Act.

If the Insured becomes liable to delegate the proprietary right and direct ownership to the Insurer due to insured event on the damaged parts of the vehicle; due to destruction (total loss) of the insured vehicle – on the damaged vehicle, and because of hijacking the vehicle and if the hijacked vehicle is found – on the found vehicle, the Insurer shall withheld paying out the insurance indemnification until fulfillment of the mentioned obligations by the Insured (Beneficiary).

4.4.2. if the damage is incurred through unlawful actions taken by the third party, theft, burglary, robbery (or attempt thereof), insurance indemnification shall be paid within 2 (two) calendar months after receipt of all the documents necessary for payment of the insurance indemnification; The Insurer shall reserve the right to postpone the decision to pay out the insurance indemnification in case when in relation to the fact of occurrence of the insured event the criminal proceedings are instituted against Insured, Authorized Driver, (Beneficiary) or his/her representative;

4.4.3. If the lawsuit due to the occurrence of the event covered by paragraph 1.1.2. between the Insured and the aggrieved is in process, the Insurer shall pay out the indemnification – within 3 (three) working days upon submitting of the effective court decision (on the indemnification of damages inflicted to third party/parties by the Insured /Authorized Driver) to the Insurer.

4.4.4. By paying out the insurance indemnification, the Insurer shall be released from his obligations within the paid sums.

4.4.5. Upon request from the Insurer, whether before or after paying out an Insurance Indemnification, the Insured is obliged to delegate the proprietary right and direct ownership (at the location indicated by the Insurer) to the Insurer on the hijacked/damaged vehicle (in case of partial damage – on vehicle's damaged parts); Therefore, the Insured shall bear responsibility to perform all the required actions provided for under the existing legislation of Georgia in order to reach the goal stated above (inter alia registration of vehicle on Insurer's name at MIA Service Agency). Furthermore, the realization of the aforementioned right can be performed via transfer of title as well as in sum in monetary form (in case of selling of the vehicle (parts of it) by the Insured). All issues concerning the realization of the vehicle (parts of it) shall be agreed by the Insured with the Insurer in advance.

4.4.6. In case of non-fulfillment of the obligations provided under the paragraph 4.4.5. By the Insured, the Insurer shall be released from obligation to pay out the insurance indemnification while in case such indemnification has already been paid out the Insurer shall be authorized to demand the recovery of sum indemnified.

4.4.7. In case the transfer of direct ownership to the Insurer on vehicle (parts thereof) according to the terms of the given Terms and Conditions is not possible by the Insured by objective reasons (not related to the violation of contractual obligations by the Insured/Beneficiary or his wrongful actions) and the Parties has not agreed on the realization of the vehicle (parts thereof); and/or legal prohibition/restriction and/or right to lien is registered on the destroyed vehicle, and/or there are other objective circumstances that make it impossible to transfer the proprietary and ownership rights to the Insurer, the insurer is entitled, on its own decision, to deduct the remained market value of vehicle (parts thereof) from the insurance indemnification; or, if the insurance indemnification has been paid already, the Insurer shall be entitled to recover from the Insured the remained market value of vehicle (parts thereof).

4.4.8. In cases provided by the given Terms and Conditions, upon transfer of the ownership rights to the Insurer, the Insured is obliged to cover in advance any administrative fine and/or fee for parking the vehicle at the penalty area (if any), connected to the ownership/operation of the vehicle, otherwise the said sums will be deducted from the insurance indemnification.

4.4.9. If the Insured's interest covered under this Terms and Conditions and the relevant Insurance Policy is insured simultaneously at several insurers, the Insured shall send a written notice thereof to the Insurer, specifying the name of the other insurer and the amount of sum insured. In this case, i.e. if it is proved that the insured interest is covered against one and the same risks with several insurers and the total amount of the insurance indemnification exceeds the market value, the insurers shall be jointly liable to pay the sum provided under the relevant Insurance Agreement (Insurance Policy), but the Insured shall have no right to get the sum that exceeds the real loss in total.

ARTICLE 5. GENERAL EXCLUSIONS

These exclusions apply to all above mentioned insurance coverages, respectively, the Insurer shall not be liable for:

5.1. the event during occurrence of which the insured vehicle has not been used to no purpose as provided under or specified in the Insurance Application;

5.2. the event during occurrence of which the insured vehicle seated passenger number impeded driving or posed hazard to life, health or any property safety of any passenger in the insured vehicle;

- 5.3. the event which is consequential to the following: the automobile key is left in the vehicle, the key is handed over to unauthorized driver as well as to any security, parking or any similar service; the car doors are left open or door glasses lowered;
- 5.4. tear and wear, corrosion, rust, congenital defect, inadequate design, use of defective materials and other natural properties, repair or the cost of the replaced part which has been used before occurrence of the event of the insured vehicle to improve the existing situation or the cost of the improvements of the vehicle, carried out after insurance become effective, if the Insurer has not been notified regarding such improvements according to the provisions of given Terms and Conditions;
- 5.5. The costs of maintenance and warranty repair of the insured vehicle;
- 5.6. mechanic or electronic reject of brakes or damage of the vehicle caused for this reason, except the cases the Insured was not aware of this fact before;
- 5.7. damage inflicted directly to tires of the insured vehicle, except the cases when such damage of the tires, from its part, is caused by the insured events and simultaneously as a result of such event, except the tires, other parts of the vehicle are also damaged and as the result of which the Insured (Beneficiary) has the right to get insurance indemnification against the risk of partial or total destruction of the vehicle;
- 5.8. hijack or damage of the television-audio-video equipment and/or the state registration number and/or registration certificate of the insured vehicle;
- 5.9. accidents, loss or damage during which the insured vehicle was damaged and unfit for driving;
- 5.10. Losses incurred from any other risks than provided under this Terms and Conditions and the Insurance Policy;
- 5.11. damage inflicted to the property which is owned by the Insured person and is kept at him according to the Power of Attorney, or which is transported by the insured vehicle and/or the loss inflicted to the insured vehicle by any materials attached thereto;
- 5.12. the event, if the vehicle was driven by a driver under 21 (as well as the driver who is over 75) or/and a driver who is not authorized to drive;
- 5.13. the event during which the vehicle was driven by an unauthorized driver, except the theft/robbery/burglary or damage with such kind of attempt inflicted to the insured vehicle;
- 5.14. the event when the vehicle was used to convey the passengers/ transport cargo or while renting the vehicle, if such utilization is not provided under the Policy/application;
- 5.15. If the event is a result of transportation of the vehicle like a cargo, its loading, unloading, also transportation of it by sea, land, railway or other transport means, including the transportation by carriage or relocation by tugboat;
- 5.16. the events when the vehicle is driven on the aerodrome or on the territory of the airport, except the events occurred on special parking lots;
- 5.17. the event, which occurred when the vehicle was located/ operated on the construction /building territory/site;
- 5.18. The events, which occurred when the vehicle was used to participate in rally, racing or any other competition or testing;
- 5.19. The event, which occurred when the vehicle was/operated on the territory/site rather than Road or road adjacent area, i.e. a territory which is not ordinarily used for traffic.
- 5.20. the insured events when the driver of the vehicle was under impact of alcohol or drugs (psychotropic agents) (regardless of the fact that the damage occurred through the Authorized Driver's or any other third parties' own fault);
- 5.21. The suicide or attempted suicide of the Authorized Driver or such deliberate act intended to cause accidental consequences;
- 5.22. intended or illicit actions provided by criminal law performed by the Insured or his representative;
- 5.23. circumstances that increase the risk of occurrence of the insured event known to the Insured or it's representative and he/she didn't report about it to the Insurer in writing or presented false or inaccurate information (documents) to the Insurer to that effect;
- 5.24. the insured events caused by:
- 5.24.1. ionized radiation, radiation or pollution provoked by nuclear or any other hazardous substances;
 - 5.24.2. environmental changes due to radioactive, explosive, nuclear substances-containing gas;
- 5.25. results directly or indirectly caused by military actions, conquest, civil war, special emergency military situation declared or undeclared by the state, mass riots, rebellion, lockout, dictatorial regime, transfer of the property to public possession, as well as seizure or forfeiture according to the order of local or state government, terrorism or any other act of that kind and other similar events;
- 5.26. events when the Insured recognized his/her liability against the third party without written consent of the Insurer;
- 5.27. events when the Insured performs repair and rehabilitation of the damaged vehicle without agreement with the Insurer;
- 5.28. the fact of theft when the registration card of the insured vehicle was left in the carjacked vehicle;
- 5.29. the cases, when the parked (motionless) insured vehicle is damaged/destroyed by unidentified person or in undetermined circumstances, if there was no immediate contact with Insurer and patrol police and the movement of vehicle had occurred before the arrival of the Insurer's representative;
- 5.30. the insured event which occurred while towing/hauling of the insured vehicle by duly authorized persons due to the violation of parking rules, also while parking the insured vehicle on penal parking;
- 5.31. The case when the double insurance existed with regard to the insured interest but the Insured did not present the information on such double insurance in written form to the Insurer.

ARTICLE 6. INSURANCE PREMIUM TERMS

6.1. Before making the first or single premium payment provided for under the Policy by the Insured, as well as the first premium payment or first/single insurance premium payment per each following year in case of multi-year policy, the Insurer shall be released from fulfillment of obligations.

6.2. In case of non-payment of the insurance premium on time i.e. by the date specified under the Insurance Policy, the Insurer shall set the additional two-week deadline for the Insured to pay the insurance premium. If after the expiration of the aforementioned deadline the insured event occurs and the payment still has not been performed, the Insurer shall be released from obligation to pay out the insurance indemnification. In addition, in case of non-payment of premium on time on the basis of one month prior written notification upon the ineffectual expiration of the aforementioned deadline the Insurer shall reserve the right to terminate the insurance agreement unilaterally.

ARTICLE 7. SUBROGATION PROCEDURE

7.1. The right of recourse (subrogation) to the loss inflicted to the responsible person within the limit of paid compensation in full of the given Agreement shall be transferred to the Insurer who paid the insurance indemnification. The Insured shall transfer all the available documents (including the original official document on the insured event issued by the respectful state authority (and certified by the seal and signature of the authorized person) specifying the place and date of the event, identities of all participants, person (persons) responsible for the event, as well as other significant facts of the case) required to use the right of subrogation.

7.2. Waiver of the claims and rights which ensure fulfillment of requirements of the person responsible for loss, as well as refusal to the Insurer to transfer all the documents required as recourse by the latter, shall release the Insurer from payment of the insurance indemnification, and if the insurance indemnification has been paid already, the Insurer shall be entitled to recover the sum paid.

ARTICLE 8. DISPUTE AND RESPONSIBILITIES OF THE PARTIES

8.1. Any dispute arising between the parties shall be settled amicable through negotiations, and if they fail to reach agreement, the dispute shall be settled according to the Law of Georgia; Furthermore, in case of court dispute, the first instance court decision in favor of the Insurer is subject to immediate enforcement based on the Article 268 of the Georgian Civil Code.

8.2. For dispute settlement, the Parties are entitled to apply to the "Insurance Mediation" of the Non-entrepreneurial (Non-commercial) Legal Entity "Georgian Insurance Association" (ID 204878481) at the phone number: (+995 32) 2555155 or at the email: mediacia@insurance.org.ge, and in case of disagreement through the "Insurance Mediation", Parties apply the Court according to the paragraph 8.1.

8.3. Each party shall indemnify the loss inflicted to the other party through its actions according to the procedure provided by the Law of Georgia.

ARTICLE 9. FORCE-MAJEURE

9.1. The parties hereto shall not be provisionally held liable for fulfillment of their obligations, if non-fulfillment or/and improper fulfillment of the obligations is caused by Force-Majeure events.

9.2. In case of Force-Majeure events, the obligations of the parties shall be stopped pro tempore and renewed upon the end or elimination of such events.

9.3. Occurrence and termination of Force-Majeure events shall be confirmed by the relevant competent authority.

ARTICLE 10. TERMINATION OF INSURANCE/AGREEMENT

10.1. The following may serve as a ground for termination/annulment of the insurance provided for under the Insurance Agreement:

- a) complete fulfillment of obligations undertaken by the Insurer according to the corresponding Insurance Policy;
- b) default of another party;
- c) expiration of the term provided for under the Policy;
- d) if the subject of insurance does not exist anymore, except the results provoked by the insurance risk (this shall be applied to with respect to the particular Insurance Policy);
- e) if the Insured stops his/her activity according to the procedure established by law;
- f) if the limit of insurance indemnification determined by the sum insured has expired (this shall be applied to with respect to the particular Insurance Policy);
- g) if the increase of the insurance risk is caused by the negligent or intentional act of the Insured, its representative or any person acting on behalf of the Insured;
- h) preliminary written agreement of the parties;
- i) other cases provided under the law of Georgia.

10.2. If the Insurer terminates the Insurance Policy (except for subparagraphs a, c, d, and f of paragraph 11.1 of the given agreement, when the insurance shall be terminated upon the moment of occurrence of such fact), it shall send a 30-day prior notice to the Insured to that effect to his contact address indicated in the Policy/Application. The unearned part of the insurance premium shall be paid back to the Insured considering the condition stated under paragraph 11.4.

10.3. If the Insured terminates the Insurance Policy, a 30-day prior written notice shall be sent to the Insurer's legal address. The Insured shall be paid back the unearned insurance premium on pro rata bases. Besides, the earned insurance premium in any cases shall be paid by the insured.

10.4. In case of indemnification of any loss by the Insurer with regard to particular vehicle, upon the termination of the insurance by any reason, the unearned premium with regard to such vehicle shall not be the subject of return, while in case of payment by installments; the unearned premium shall be the subject of full coverage by the Insured.

ARTICLE 11. MISCELLANEOUS PROVISIONS

11.1. Any amendment or supplement to the Insurance Agreement shall be valid if made in writing and signed by both the parties. They shall be an integral part of the Agreement.

11.2. Should any of the paragraphs of the Insurance Agreement become invalid, it shall in no way invalidate the whole Agreement, if the Agreement should have been concluded anyway without such invalid paragraph.

11.3. Any note necessary for implementation of the Insurance Agreement shall be made in writing or send via electronic mail, or registered letter to the address of the parties, in case of failure of immediate provision of information to the Insurer about the change to an address/location, any correspondence/notification sent by the Insurer shall be deemed received by the Insured.

11.4. According to the Insurance Agreement, all the provisions shall be confidential. Any information related to the provisions of this Agreement shall be disclosed to a third person (persons) only in the cases provided under the applicable law and/or by written agreement of the parties. Notwithstanding the aforementioned, by signing the given Agreement the Insured grants the Insurer the unconditional right to submit any information about the Insured available to the Insurer without any additional consent of the Insured to JSC 'Creditinfo Georgia' (registered by Mtatsminda-Krtsanisi regional court on February 14, 2005, No. of register: #06/5-51, Identification No.:204470740), which shall lead to the registration of the Insured in the database of 'Creditinfo Georgia'.

11.5. The Agreement with the undertakings herein shall be applied to assignees, representatives and attorneys of both parties.

11.6. By signing this Insurance Agreement, the parties hereto certify that the Agreement has been made with due diligence and the signatories have the relevant rights therefore.

11.7. By signing the this Insurance Agreement Insured grants the right to Insurer or Insurer's affiliate to indicate Insured as an Insurers customer and/ or to indicate the existence of the present agreement (without prejudice to confidentiality)for advertising of Insurer's business or to make public announcement (including written form, mass media, internet etc.) regarding the Insurer. For this purposes Insurer or Insurer's affiliate have the right to use Insured's brand name and trademark (including trademarks used by Insured on the basis of rights obtained from the trademark holder/owner in accordance with the legislation);