

INTERNAL RULES

**FOR
THE ACTIVITY ON SETTLEMENT OF CLAIMS
REGARDING INSURANCE CONTRACTS CONCLUDED**

**BY
CHARTIS EUROPE S.A. (BULGARIA
BRANCH)**

**Sofia city
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I. GENERAL PROVISIONS

1.1. These Internal Rules for the Activity on Settlement of Claims for Insurance Contracts Concluded by Chartis Europe S.A. (Bulgaria Branch), hereinafter called the “Insurer”, hereinafter named “Internal Rules”, accepted by virtue of Art.104, Paragraph. 1 of the Insurance code (IC), shall be considered internal enactment, prepared in accordance with requirements of the applicable Bulgarian legislation that settles the procedures for:

- Claiming for damages before the Insurer upon occurrence of an insured event;
- Acceptance of claims related to the insurance contract by the Insurer;
- Filing of the damages by the Insurer;
- Collection of necessary evidence for ascertaining the grounds and the amount of the claims;
- Inspection and assessment of the loss and damages caused by the insured event;
- Evaluation of the indemnity amount;
- Paying the indemnity amount by the Insurer;
- Refusal for paying the indemnity amount;
- Acceptance and inspection by the Insurer of appeals filed.

1.2. The Insurer’s policy for settlement of claims shall be based on the principles of conformity with the law, liquidity, security and justice.

1.3. The relations related to providing insurance services by the Insurer to his clients are shall be settled via insurance contracts which are in compliance with the applicable legislation and the approved practice by the Insurer.

II. FILING OF CLAIMS REQUESTED BY THE CONSUMERS OF INSURANCE SERVICES.

2.1. The consumer of the insurance services who intend to claim for receiving insurance indemnity is obliged to notify the Insurer for the occurrence of the insured event.

2.2. The Insurer shall be notified for the occurrence of the insured event and of the damages caused by the latter in accordance with the provisions of Art.104, Paragraph 1 and Paragraph 2 of the Insurance Code and within the terms stipulated in the General Terms and Conditions of each particular type of insurance.

2.3. The notification for damage shall be filled in a form provided by the Insurer. In case there is no such form for the respective type of insurance or the Insured or the third injured party has not obtained the form, the notification shall be made in a free wording containing the following information:

- personal information of the Insured (names, address, telephones and/or e-mail);
- personal information of the notifier (when the notifier is not the Insured);
- number of the insurance policy;
- address of the property insured;
- name of the agent /broker/;
- description of the insured event;
- place, date and hour of occurrence of the insured event;
- detailed description of the loss or damage;
- approximate evaluation of the amount of the loss or damage;

- data for other insurance contracts that cover the damaged property (in case of any such contracts – information about the insurance companies and the insurance sum);
- date and signature of the notifier.

2.4. The notification shall be made in written form as it shall be submitted personally (at the head office of the Insurer) or shall be sent by post/courier. If the written notification could not be sent within the stipulated term, the notification may be implemented via telex, fax, e-mail or telephone as it is necessary the notification to be confirmed with personal message too. Correspondence regarding the settlement of the claim between the parties shall be carried out in written form and/or by means and methods of communication from distance.

2.5. The Insurer shall certify the filing of each new appeal by placing a date and an incoming number on it in compliance with their internal rules for organization of the activity and document flow.

III. COLLECTION OF EVIDENCE FOR ASCERTAINING THE GROUNDS AND THE AMOUNT OF THE CLAIMS.

3.1. Claimed damages for property insurances shall be duly filed by the Insurer in accordance with their internal rules for activity organization.

3.2. In cases of claims for property insurances, the Insurer shall inspect the damaged property. The Insured is obliged to allow the Insurer to inspect the property and to submit all documents directly related to the settlement of the insured event and the extent of loss and damages. The Insurer shall notify the Insured for all evidence which the Insured shall submit for proving the grounds and the amount of the claim.

3.3. For the period following the submission of the claim, the Insured is obliged to take the necessary actions for restricting the loss and damages caused by the insured event and to follow the instructions of the Insurer.

3.4. To prove the ground of the claim the Insured (the third injured party) shall submit the following documentation (and other types of documentation if necessary):

- a valid insurance policy (first copy) and all endorsement thereof (annexes, agreements, description of the property and other documents related to ascertaining the grounds and the amount of the claim in compliance with the regulations of Art. 105, Paragraph 5 of the IC);
- documents proving the payment of the insurance premium within the agreed terms;
- documents which could identify the person (identification document, certificate for good standing) and documents certifying the capacity of the person and his/her right to receive the indemnity claimed;
- documents certifying the insurance interest (notary deeds, sale and purchase contracts, invoices, customs declarations, rent or lease agreements and other documents related to the ascertainment of the grounds and the amount of the claim in compliance with the regulations of Art.105, Paragraph 5 of the IC);
- documents issued by the respective authority providing proof for the occurrence of the insured event:
 - in case of fire – certificate from the Fire and Breakdown Safety Regional Service;
 - in case of larceny, robbery, malicious actions caused by third parties (vandalism) – document issued by the relevant authority;
 - in case of damages caused by disasters (storm, hailstorm, weight resulting from snow and ice piling, flood, sea waves, thunderbolt, freezing) – document issued by

the relevant authorized state authority (hydrometeorological and meteorological service, water agency, port administration, a department of the Agency Hail Suppression or other central and local state authorities);

- in case of damages caused by crash of vehicles – a written statement about the accident issued by the Ministry of Interior – Traffic Police Division.
- documents proving events for which no competent authority is in charge of:
 - breakdown statement;
 - witness statements.
- documents proving the fulfillment of the obligations of the Insured regarding the compliance with the special requirements for production, storage, transportation and exploitation of the insured property and the instructions of the competent authorities.

3.5. The Insurer may require additional evidence in accordance with the provision of Art.105, Paragraph 3, 4 and 5 of the Insurance Code by notifying in written form the Insured or third injured party about all evidence, which should be additionally presented.

3.6. Notifying of the Insured about the necessary documents regarding the ascertainment of the grounds and amount of the claim shall be done personally in the offices of the Insurer so that the Insured shall sign such notification, or by mail sent to the correspondence address (e-mail) of the Insured indicated by him/her at the conclusion of the insurance contract. In case in the meantime the Insured has changed the address/e-mail indicated in the insurance contract and did not notify in written form about his/her new address e-mail the Insurer, all notifications sent by the Insurer to the address/e-mail indicated in the insurance contract shall be considered for delivered and received by virtue of all consequences stipulated by the law and the contract.

3.7. Submission of all evidence (initial and consequent) by the Insured to the Insurer shall be certified by the latter with placing a date and incoming number on the received documents.

3.8. The Insurer shall be entitled to require and receive from the Insured other documents and/or materials not mentioned in the contract, general terms and conditions and/or the current internal rules which are directly or indirectly related to the insured event and may be useful for ascertaining the grounds for payment of the insurance indemnity or its amount.

3.9. The Insurer could not demand evidence, which the Insured could not obtain because of any statutory obstacle or a lack of a statutory standing to ensure its obtaining. In cases when submission of original documents is required, the Insurer could not refuse to accept duly certified as required by the law copies of the documents, as well as documents certified by the Insured after collation with the originals by a representative of the Insurer, besides in cases any enactment requires obligatory submission of originals.

IV. ASSESSMENT OF DAMAGES INCURRED AS RESULT OF THE INSURANCE EVENT

4.1. In order to assess damages incurred, the Insurer shall inspect damaged property. The inspection shall be done by a representative of the Insurer and the Insured or his proxy. If there is a necessity of expert opinion in the process of property inspection, an expert shall be entitled by the Insurer. In case a third party has caused the damage and he/she is known, this third party or his/her representative shall also attend if possible.

4.2. The ascertainment of facts and circumstances during inspection shall be filled in a protocol for damage inspection. The protocol shall be prepared during the inspection in a form provided by the Insurer.

4.3. The protocol for the inspection shall be signed in two identical copies by all the abovementioned persons and one of the copies shall be given to the Insured. In case the Insured has not accepted the ascertainments as described in the protocol, this may be recorded in the protocol and the latter should be signed by the Insured in order to certify the record of his dissent.

4.4. The protocol shall enlist in details all damaged or destroyed properties, the damage type and other data, helpful for the process of elimination of the damages in order to ascertain as precisely as possible the indemnity amount.

4.5. The protocol shall provide in details information about the cause for occurrence of the insured event when it is known. In case the cause is unknown it the hypothetical causes and their preconditions shall be described.

4.6. The protocol may also provide information regarding the instructions provided by the Insurer related to the measures for restriction and/or reduction of the damages and preventing from future similar damages.

4.7. All recommendations and instructions for restriction of the damages included in the protocol or presented to the Insurer during inspection shall be obligatory for the Insured, but this does not mean that the Insurer accepts the grounds and /or the amount of the claim.

V. ASCERTAINMENT OF THE AMOUNT OF THE INSURANCE INDEMNITY

5.1. The amount of the insurance indemnity shall be fixed by the Insurer within the range of the amount provided in the insurance contract and in compliance with the regulations of the Insurance Code. The limit of the insurance cover for each insured event shall be ascertained by the insurance policy.

5.2. The Insurer is entitled to fix the insurance indemnity in compliance with the amount of the insured amount, the type of the insured event, the consequences resulting from it and the evidences submitted for ascertaining the grounds and the amount of the indemnity.

5.3. The amount of the insurance indemnity shall be assessed in accordance with the stage of conformity between the insured amount and the actual/recovery value of the destroyed or damaged property till the date of occurrence of the insured event.

5.4. The actual value shall be considered to be the value at which another property with the same quality could be purchased as a substitute of the insured property. The recovery value shall be considered to be the price of recovering the property of the same type, including all costs for delivery, construction, installation etc., without depreciation applied. With regards to each separate damaged property shall be applied the value fixed in the insurance contract for it.

5.5. In cases of overinsurance, i.e. in case a higher insurance premium than the actual / recovery value of the insured property has been fixed in the policy, it shall be the Insurer's responsibility to pay the actual/recovery value of the damaged property until the occurrence of the insured event.

5.6. In cases of underinsurance, i.e. in case a lower insurance premium than the actual / recovery value of the insured property has been fixed in the policy, the indemnity shall be fixed in compliance with the proportion between the insurance premium and the actual / recovery value.

5.7. If the insurance contract is concluded with a saving clause against first risk, the insurance indemnity shall be equal to the full amount of the damage as far as it does not exceed the insurance premium of the policy.

5.8. When the insurance is concluded for the benefit of a creditor in compliance with Art. 199a of the Insurance Code, the Insured is entitled to request the insurance premium to be fixed in

accordance with the actual or recovery value of the insured property as the Insurer shall be obliged to pay additional insurance premium.

5.9. The insurance indemnity shall be equal to the amount of the damage as of date of occurrence of the insured event not exceeding the insured amount, fixed in the contract. The Insurer shall not pay indemnity for loss of profit of the Insured unless it is not stipulated specifically in the contract or provided by the law. Costs related to constructive and project modifications, improvements etc. made after the day of occurrence of the insured event shall not be indemnified.

5.10. In case two or more insurance contracts have been concluded for the same property by different insurers, with equal covers of insurance risks and the total number of the separate insured amounts exceeds the actual/ recovery amount of the insured property, the Insurer shall be liable for the proportion of the insured amount to the total insured amounts of the insurances.

5.11. In all cases the Insurer shall deduct from the amount of estimated indemnity the following:

- value of the fit materials;
- compensation received by the Insured from the person who has caused the damage;
- unpaid insurance premiums stipulated in the contract (in cases of preliminary clause for deferred payment);
- deductible of the Insured if it is provided with the insured contract.

5.12. Before taking decision about the claim the Insurer shall assess the following circumstances:

- that have occurred during the time the contract has been effective and which have been the reason for increasing of the risk for which the Insured has not notified;
- that have lead to the occurrence of the insured event because of insufficient measures on behalf of the Insured to save and protect his/her property;
- that have been caused by third parties and have been the reason for the occurrence of the insured event.

5.13 The amount of the indemnity shall be specified on the basis of an expert evaluation made by the Insurer (or made by the expert loss adjuster chosen by the Insurer) or on the basis of the supporting documentation provided by the Insured regarding the costs paid by the Insured. The Insurer may, having the consent of the Insured, repair the damages incurred by the latter in kind as the term for repairing damages may not exceed 45 days from the date, on which the Insured has fulfilled cumulatively his/her obligations:

- to notify the Insurer of the insured event and to file his/her claim within the specified term;
- allow the Insurer to make an inspection of the damaged property;
- present all documents required by the Insurer, directly related to the ascertainment of the event and the amount of damages.

5.14 The Insurer after taking the actions necessary for gathering all the supporting documentation required for the indemnity evaluation shall prepare a final report where all supporting documentation shall be attached.

5.15 The Insurer may refuse indemnity payment:

- in case that this is explicitly stated in the insurance contract;
- in case of intentional causing of the insured event by the Insured or by a third indemnity party;

- in case of non-fulfillment of the obligations under the insurance contract related to the protection of the interests of the Insurer and that are provided by the law or by the insurance contract;
- in case the Insured has not complied with the instructions made by the Insurer and/or by the competent authorities regarding the elimination of risks as a result of which the insured event has happened;
- if the damages are a result of events which are covered by the insurance contract;
- if the insured event occurs after expiration of the insurance contract or out of the territorial scope of the contract;
- in other cases as provided by the law.

5.16 The Insurer may also refuse indemnity payment in case of fraudulent claim in any respect or in case of use of fraudulent means and/or practices by the Insured or by any person acting on his behalf aiming to gain profit by the insurance. In such case the person responsible for such acts of omission or commission shall be turned over to the competent authorities in accordance with the criminal law of the Republic of Bulgaria. A fraud is any act of omission or commission that is intended to mislead the representatives or employees of the Insured or intended to keep any existing false belief regarding the occurrence of the insured event or other circumstances related to the rights for receiving of the indemnity and/or its size.

5.17 In any case of refusal for indemnity payment or refusal for indemnity evaluation different from the amount claimed by the Insured, the Insurer shall send the Insured a reasoned reply in accordance with the terms and conditions as provided by the Insurance Code.

VI. PAYMENT PROCEDURE WITH THE CONSUMERS OF INSURANCE SERVICES

6.1. In case of occurrence of the insurance event the Insurer shall make the indemnity payment within a time period of up to 15 (fifteen) days following the collecting of all evidence and research required for the specification of the insured event and the grounds and evaluation of the indemnity.

6.2. The indemnity amount shall be paid to the owner of the damaged property or to a third party in accordance with the written instructions provided by the owner. In case the insurance has been concluded for the benefit of a third party, the indemnity payment shall be made in accordance with the written instructions provided by the third indemnity party – the size of the amount paid to the third indemnity party shall be determined in accordance with his rights regarding the Insured and the surplus, if any, shall be paid to the Insured.

6.3. The indemnity payment shall be made via bank transfer to a bank account specified in writing by the empowered party or in cash. In case of bank transfer, the bank transfer costs shall be at the charge of the party receiving the indemnity payment.

6.4. In case after the indemnity payment has been made the stolen or lost property is found, the Insured shall be obliged to transfer the property right to the Insurer or to a person specified in writing by the Insurer. In case the Insured wishes to keep the property found, he/she shall pay back to the Insurer the indemnity received.

6.5. In case the Insurer has made the indemnity payment regarding a property loss caused by a third party shall take over the Insured's rights against the person who has caused the damages up to the amount of the indemnity paid and the expenses incurred. Any refusal by the Insured to subrogate his rights against the person who has caused the damaged shall be void. The Insured is obliged to cooperate to the Insurer in providing his rights against the person who has caused the damage.

VII. CONSIDERATION OF APPEALS FILED BY CONSUMERS OF INSURANCE SERVICES

7.1. The consumers of insurance services have the right to file an appeal to the Insurer regarding any decisions made in relation to their rights within a term of 14 (fourteen) days as of the date of receiving notification of the decision in question. Appeals shall be filed in writing at the registered office of Insurer and may be accompanied by supporting documentation regarding to the specification of the insurance event, the amount of the indemnity and the claim.

7.2. Each appeal shall be filed by the Insurer with an incoming number in the register of incoming correspondence of the Insurer and such number shall also indicate the date of receiving of the appeal. In case the appeal has been submitted by the consumer of the insurance services in person, the number and the date under previous sentence shall be placed on the second copy of the appeal that shall be given back to the applicant.

7.3. The appeals shall be considered by the Insurer's representative who shall make a decision regarding the grounds of the appeal and his/her decision shall be final and enforceable. The Insurer shall notify the consumer of insurance services for his decision in writing within a term of 21 days from receiving the appeal by means of registered letter at the address provided in the appeal application. In case the applicant has changed the given address and has not notified the Insurer for his new address, the notification sent by the Insurer at the address provided in the appeal application shall be considered handed and received with all legal consequences as provide by the law or by the contract.

7.4. The filing of appeals at the Insurer's office regarding the actions of the Insurer does not concern the right of the interested party (Insured or a third indemnity party) to file a claim at the courts. This right is independent and shall be exercised in accordance with the Code of Civil Procedure in compliance with the going Bulgarian legal framework.

VIII. FINAL PROVISIONS

§1. The Internal Rules for activity on settlement of claims regarding insurance contracts concluded by Chartis Europe S.A. (Bulgaria Branch) have been established on the basis of Art.104 of the Insurance Code.

§2. The present Rules shall not apply to settlement of claims on high risk insurances unless specified otherwise. High risks are risk under the sense of §1, p.29 of the Additional provisions of the Insurance Code.

§3. The names of the sections of these Rules shall be used for the ease of structural neatness and reference only and have not any impact on the interpretation of each clause.

§4. Any modifications and supplementations of these Internal Rules may be performed in the order of their approval.

§5. These Internal Rules were adopted by the Manager of Chartis Europe S.A (Bulgaria Branch) on 13.08.2008 and shall come into force from 13.08.2008 and these Rules were amended and supplemented with a decision of the Manager of Chartis Europe S.A (Bulgaria Branch) from 15.09.2008 entered into force from 15.09.2008.

Venislav Iotov