

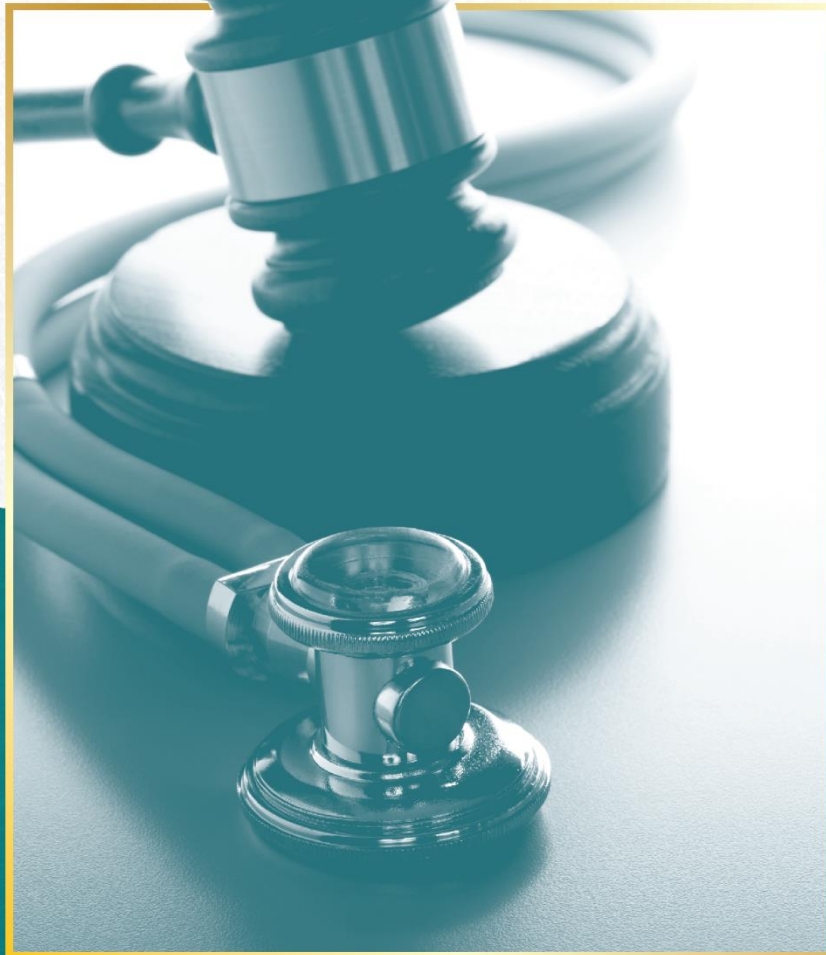
Gugushev & Partners

L A W O F F I C E

LEGAL REVIEW

KEY GUIDELINES FOR THE OCCURRENCE OF AN INSURANCE EVENT

WHAT TO DO WHEN AN INSURANCE EVENT OCCURS?



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I. Introduction

When an insurance event occurs, questions often arise about the proper performance of the initial obligations of the insured person in order to accurately settle the relationship with the insurer. In other words, what to do when an insurance event occurs in order to get your compensation.

These guidelines do not claim to be exhaustive, as different types of insurance policies may have certain specifics, but the main obligations/actions in case of incident are summarized below. These obligations of the insured person are related to his right to receive compensation for the suffered damage.

II. In the first place, the meaning of certain basic terms should be clarified:

1. **"Insured person"** means the person whose property and/or non-material goods are subject to insurance protection under an insurance contract.
2. **"Policyholder"** means the person who is a party to the insurance contract. The policyholder insurer may, under the terms of the insurance contract, also be an insured person or a third-party beneficiary.
3. **"Insurance event"** means the occurrence of a covered insurance risk during the period of coverage of the insurance policy.
4. **"Damage"** means an adverse change in circumstance by affecting, harming or destroying personal goods - property, rights, bodily integrity, health and mental state.
5. **"Damage assessment"** - the assessment of the damage caused by the insurance event is made by experts of the insurance company.
6. **"Insurance compensation" (payment)** – the amount to be determined and paid by the insurance company. The amount of compensation depends on many factors, some of which are the limit of liability for a risk, the agreed amount of self-participation, etc.
7. **"Insurance amount" (limit of liability)** - is the amount agreed between the parties or determined by a legal act and specified in the insurance contract, representing the upper limit of the insurance company liability to the insured person, the third-party beneficiary or to the third damaged party.
8. **"Self-participation"** - the parties to the insurance contract may agree upon self-participation of the insured person, which consists in taking over a part of the liability in case of occurrence of an insurance event.

III. Conclusion of an insurance contract

An important circumstance, when the insurance event occurs, is that the insured person has acquainted himself precisely with the conditions for the conclusion of the

insurance(s) and of the covered insurance risks. After signing all the documents, it is good to request one signed copy of each. Often in practice, the insured person signs the General Terms/Conditions and a questionnaire to the policy, but does not require, receive or is not provided a copy of them. In view of which we briefly state that an important condition when concluding the policy is for the insured person to receive and keep a signed copy of the insurance contract (the policy), with the attached and signed documents - the General (Special and/or Additional) terms, questionnaire to them, payment documents, etc. Thus, in case of an insurance event, the following requirements can be quickly verified:

- the insurance policy is valid;
- the insurance event occurred during the period of validity (coverage) of the policy;
- the insurance event has been agreed and covered risk under the policy;
- the premium has been paid in accordance with the policy arrangements;
- in the case of property insurance – the same is located at the address indicated by the insured person under the policy or questionnaire attached to the contract.

It should be noted that, pursuant to Art. 362 of the Insurance Code, upon conclusion of the insurance contract, when the insurance company has raised questions, the policyholder, his agent or his insurance broker is obliged to accurately and exhaustively announce the essential circumstances known to him and relevant to the risk. However, when the insurance company has concluded a contract and although it has previously raised questions to the policyholder, his proxy or broker, to which it has been vaguely answered or not at all, the insurance company shall not have the right to unilaterally terminate the insurance contract, refuse payment or reduce its amount on the grounds that it has not been answered or has been vaguely answered.

IV. Occurrence of an insurance event

In case of occurrence of an insurance event and the presence of the above requirements, the insured person has two main initial obligations – to notify the insurance company of the event and to take action/help limit the consequences of the event.

1. Regarding the notification of the event:

Most insurance companies allow notification by phone, email, in writing and submitted at the registry of the insurer, specially developed software, etc. Usually, each insurance company provides a form prepared by it in which the insured person will enter his/her details, contract number and short description of the event. In view of which, in case of an insurance event, even if you have initially notified the insurance company by phone, we recommend that you inform yourself, on the same day, whether the insurance company has an approved form of notification and where you can find it. However, even if you do not use this form, this will be of no significance for compliance with the notification

obligation, as long as it is clear under which contract, by whom and when the event occurred. Nevertheless, we strongly recommend the notification to be in written form – by e-mail, mobile application or on paper and after submitting to require to be provided with an incoming registration number and a date. Our recommendation relates to a subsequent dispute with the insurance company so that you can prove the correct compliance within the time limit of your obligation to notify the insurer for the damage.

Depending on the type of insurance, documents certifying your ownership or right to carry out a particular activity will also have to be applied. The documents attached to the notification for an insurance event should be described in the same.

After the notification to the insurance company, the latter is obliged to inform you about the number of the filed claim and in case it does not fulfil this obligation, this information may be requested/received additionally by the insured person. It is important to indicate the number of the claim in the exchanged correspondence with the insurance company, which should be also be in writing, with an incoming number and date.

If the obligation to notify the insurance company is not met in due time (that is, you have not notified it or you have notified it after the deadline set by it in the General Terms and Conditions), the insurance company is not obliged to make the payment (to pay insurance compensation).

According to the law, this period is 7 working days from becoming aware of an insurance event, unless another suitable period is provided for in the contract/general terms and conditions. The time limit for notification for an insurance event under the contract/general terms and conditions may not be less than three working days as of becoming aware of it.

In the case of insurance against the risks of theft or robbery, the notification period under the contract may not be less than 24 hours from the knowledge.

In summary of the above – in case of an insurance event, check the contract within what time frame you should notify the insurance company for the event, and within this period, describe what happened and send the description in a convenient way for you, whereas you should initially receive an incoming number with a date and, if possible, the number of the filed claim.

2. Regarding the obligation to prevent and limit the damage:

It should be specified that, in principle, this obligation is valid for the entire period of the insurance, i.e. the insured person is obliged to take measures to protect the insured property from damage. However, in the event of damage, it is especially important to take action (as long as these actions do not endanger the life and health of the insured person) that help to limit/reduce the damage caused by the event (cessation of water supply, power supply, placement of dehumidifiers after flooding, first aid, etc.) but without clearing/moving the damaged property.

Pursuant to Art. 396, para. 1 of the Insurance Code, the insurance company compensates the insured person separately for the costs incurred to limit the damage when he has acted with the necessary care for the event, even if his efforts were unsuccessful. In this case, the insurance company may also be charged above the insurance amount when the costs have been incurred in accordance with the given instructions.

That is, even if those costs are not agreed in a contract with the insurance company, in the event that costs are incurred to limit the damage, the insurance company will also be obliged to compensate for them. This is important to note, since often these costs are not claimed by the insured person. When submitting a claim with the insurance company for payment of the costs for limiting the damage it is necessary to attach the relevant supporting documents in order to prove their amount.

V. Actions after the occurrence of the insurance event:

In this section, we summarize the usual actions after the occurrence of an insurance event and the notification to the insurer. In some cases, there may be a discrepancy with what is written below, in view of the differences between different types of insurance policies, but what is described is a summary of common practice.

1. Carrying out of an inspection or medical examination.

The insured person is obliged to provide access for inspection. However, the absence of the insured person is not an obstacle for an inspection, if possible, but this should be recorded in the minutes. The inspection is usually attended by employees of the insurance company, experts appointed by the insurance company and the insured or his proxies. The attendees of the inspection shall draw up a Statement of Findings and shall record exhaustively all known data on the event – describe the occurred damage, if possible the recommendations for limitation of the damage and the necessary documents. Photos are also taken.

2. Additional requirements from the insurer and documents:

The insured person is obliged to present the documents requested by the insurance company that are directly related to the clarifying of the event and the extent of the damage. These documents could be requested in few stages after the inspection/medical examination, such as:

- documents proving the grounds for the claim and its amount;
- documents giving the characteristics of the event – notes from the relevant authorities – Fire Department, Police Department, Ministry of Interior, Weather Forecast Department etc.
- eyewitness testimony and witnesses, other protocols, acts, etc.

- documents proving the existence of an insurance interest – documents proving ownership rights or other rights;
- documents proving the performance of the obligations by the insured person.

It is advisable, when providing the above documents, to attach copies and not originals to the application, and the copies should be stamped "True to the Original". This will make clear between the parties what has been submitted under the case.

3. Standpoint of the insurance company

When submitting an insurance claim, the case may be completed only in one of the following ways:

- payment of insurance compensation;
- refusal to pay insurance compensation;
- withdrawal by the insured person of his application for payment of insurance compensation.

The insurance company should state its decision on the claim within 15 working days as of the date of the last document requested from the insured person has been submitted. In the event of delay in adjudicating on the case within the time limit, the insured person may alert the Financial Supervision Commission in order to investigate the case.

In the light of the aforementioned no tacit refusal to pay insurance compensation may be given, so in case of delay the insured person should check periodically the submitted claim under its file number.

We wish you success and not to get to complaints and courts – just read the terms of the policies carefully.

Regards,

The team of Gugushev & Partners Law Office

20 May 2022

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