

GUARANTEE INSURANCE

TERMS AND CONDITIONS No. 1.1.



Confirmed by decision no. LVB1_0002/02-03-03-2017-96 of the management board of AAS "BTA Baltic Insurance Company" 1st of November 2017.

AAS "BTA Baltic Insurance Company" Estonian branch concludes guarantee insurance contracts under present terms which can be found at: www.bta.ee.

CONTENTS	PAGE
1. DEFINITION OF TERMS.....	1
2. INSURANCE EVENTS.....	2
3. CONCLUSION OF INSURANCE CONTRACT.....	2
4. INSURANCE COVERAGE.....	2
5. INSURANCE PERIOD.....	2
6. EARLY TERMINATION OF INSURANCE CONTRACT.....	2
7. INSURANCE INDEMNITY PAYMENT PROCEDURE.....	3
8. OBLIGATIONS OF THE POLICYHOLDER.....	3
9. OBLIGATION OF THE BTA.....	3
10. OTHER PROVISIONS.....	4

1. DEFINITION OF TERMS

Insurer – AAS "BTA Baltic Insurance Company" Estonian Branch (hereinafter known as BTA, known as Guarantor in Letter of Guarantee).

Policyholder – a person concluding an insurance contract and whose fulfilment of obligations are guaranteed by BTA (known as Guarantee Applicant in Letter of Guarantee).

Beneficiary – a person whose insured risk will be insured by BTA and against whom the policyholder have specific obligations according to procurement documents, an offer or a concluded contract (known as Guarantee Beneficiary in Letter of Guarantee).

Insurance contract – a contract concluded between BTA and a policyholder, concerning the mutual rights and obligations of BTA and a policyholder. As a confirmation for concluding an insurance contract, BTA shall issue an insurance policy and a letter of guarantee to the policyholder.

Insured event – an event connected to an insurance risk, in which occurrence, BTA shall pay an insurance indemnity to an beneficiary according to the concluded insurance contract.

Insurance indemnity – a sum paid upon the occurrence of an insured event that is guaranteed to an beneficiary in case of violation of obligations by a policyholder, according to the concluded insurance contract.

Sum insured – maximum sum payable per insurance period that BTA and a policyholder agree upon in an insurance contract. In case of BTA making a partial payment, the sum insured will be reduced by the sum paid out.

Insurance premium – a sum paid by policyholder to BTA, which terms are specified in the insurance contract.

Period of insurance – a period of time specified in the insurance contract, in which BTA guarantees to the beneficiary to pay out insurance indemnity in case of insured event.

Tender – a tender is a declaration of intention of a tenderer for concluding a procurement contract, is binding to the tenderer from the submission date of the tender until the expiration of the effective term of the tender specified in procurement documents.

Contract – an agreement concluded between a policyholder and an beneficiary, which among other things specifies the obligations of a policyholder towards the beneficiary, which fulfilment will be guaranteed by BTA according to the insurance contract.

2. INSURANCE EVENTS

- 2.1. Insurance events** – According to the guarantee insurance policy, the insurance coverage is only provided for the insured risks clearly specified therein.
- 2.2. Tender bond risk** – An insured event regarding a tender guarantee shall be considered to have occurred if:
- 2.2.1.** a policyholder withdraws or changes their tender during its effective term;
 - 2.2.2.** a policyholder will not sign a procurement contract within the term specified by the beneficiary;
 - 2.2.3.** a policyholder will not provide the contractual security specified in tender documents to the beneficiary.
- 2.3. Advance payment bond risk** – An insured event regarding an advance payment shall be considered to have occurred if:
- 2.3.1.** a policyholder violates their obligation of returning an advance payment arising from the contract;
 - 2.3.2.** a policyholder does not carry out works arising from the contract or provide services specified in the contract for the full advance payment sum and terms.
- 2.4. Guarantee for performance of works** – An insured event regarding the guarantee for performance of works shall be considered to have occurred if a policyholder will not carry out their tasks or provide services specified in the contract in time.
- 2.5. Maintenance period guarantee** – An insured event regarding the guarantee for maintenance period shall be considered to have occurred if a policyholder will not comply properly with obligations connected to maintenance period guarantee specified in the contract.

3. CONCLUSION OF INSURANCE CONTRACT

3.1. Requirement for submitting documents and risk circumstances

- 3.1.1.** Prior to concluding an insurance contract, the policyholder is obligated to submit all required documents to BTA and notify them about all known circumstances that could affect the probability of realization of an insured risk and the amount of damages.

3.2. Consequences of failing to submit documents or submitting incorrect information

- 3.2.1.** If a policyholder will not submit all required documents to BTA or submits incorrect information, BTA have the right to terminate the insurance contract and not return the insurance premium to the policyholder.

4. INSURANCE COVERAGE

4.1. Insurance contract validity

- 4.1.1.** The insurance cover will take effect on the calendar date specified in the policy at 00:00 o'clock, in case as insurance premium has been received on the bank account of BTA or an insurance intermediary and payment order or intermediary's written confirmation has been presented to BTA.
- 4.1.2.** If the policyholder does not pay insurance premium until payment date defined in the policy or does not present payment prerequisite to BTA until above mentioned date, the insurance cover takes onto effect not earlier as from next workday onwards after making payment and presentation of insurance premium payment prerequisite to BTA, if the contract halves have not mutually agreed otherwise.

- 4.2. End of the insurance cover** - The Insurance cover ends at 24.00 on the last date of insurance period.

5. INSURANCE PERIOD

- 5.1. Insurance contract validity** – An insurance contract shall remain in force for a specified period of insurance.

- 5.2. Insurance period is fixed in policy** – The Insurance period is agreed in the insurance contract and is fixed in the policy.

- 5.3. Requirement for submitting documents and circumstances that may affect the insurance risks** – During the insurance period, policyholder is obligated to submit to BTA all known circumstances that could affect the probability of realization of an insured risk and the amount of damages. If the policyholder fails to submit all data connected to increase of risks or submits incorrect data, BTA has a right to terminate the contract extraordinary.

6. EARLY TERMINATION OF INSURANCE CONTRACT

- 6.1. Early termination of the contract** – Insurance contract may be terminated prior to its expiration, if:

- 6.1.1.** in case when BTA pays out the guarantee sum;
- 6.1.2.** the Policyholder presents the signed confirmation letter, where is mentioned policyholders abdication of guarantee letter and its missing claims.
- 6.1.3.** In case, when the insurance contract will be terminated according the Clause 6.1.1. or BTA has made partial indemnity(es) before prior termination of Insurance contract according to Clause 6.1.2. BTA has no obligation to return the paid insurance premium to the Policyholder.
- 6.1.4.** In case of early termination of an insurance contract according to clause 6.1.2. BTA shall return in case, as BTA has not previously made any insurance indemnity payments according the Contract to

Policyholder, a proportional part of insurance premium to the Policyholder. BTA has a right to deduct 15%.

7. INSURANCE INDEMNITY PAYMENT PROCEDURE

- 7.1. Insurance indemnity** – BTA will pay an insurance indemnity only when the insured risk has occurred and the legitimate claim has been submitted to BTA.
- 7.2. Tender bond risk indemnity** – In case of occurrence of an insured event regarding the tendering guarantee, BTA shall pay the beneficiary an insurance indemnity in the sum specified in procurement documents but not more than the sum agreed in the insurance contract.
- 7.3. Advance payment bond risk indemnity** – In case of occurrence of an insured event regarding the advance payment guarantee, BTA shall pay indemnity to the beneficiary in range of advance payment for the works not carried out on time or services not provided on time, but not more than the sum of insurance agreed in the insurance contract.
- 7.4. Performance of works bond risk indemnity** – In case of occurrence of an insured event regarding the guarantee for performance of works, BTA shall pay indemnity to the beneficiary in amount of guarantee works or services not carried out on time, but not more than the sum of insurance agreed in the insurance contract.
- 7.5. Maintenance period bond risk indemnity** – In case of occurrence of an insured event regarding the maintenance period guarantee, BTA shall pay indemnity to the beneficiary in amount of guarantee works not carried out on time, but not more than the sum of insurance agreed in the insurance contract. BTA shall not compensate damages arising from building defects that were evidential when construction works were accepted (objectively recognizable).
- 7.6. Indemnity payout** – BTA shall fulfil their obligation arising from an insurance contract within the agreed term, after receiving a legitimate claim from an beneficiary, proving that a policyholder has not fulfilled an obligation covered by an insurance guarantee.
- 7.7. Content and handing of Legitimate claim** – A claim shall be considered to be legitimate if it includes a contract number, confirmation and description of violated obligations with deposit sum which is required by the Guarantee beneficiary. It is signed by a legal or authorized representative of the beneficiary (if the signatory is an authorized person, a respective power of attorney must also be included with the claim) and submitted to the BTA by registered mail or to their e-mail address bta@bta.ee. According to the contract BTA may also demand for submission of additional documents that prove the violation of contractual obligations by a policyholder.
- 7.8.** BTA shall not indemnify claims that have been submitted after the expiration of an insurance contract.

8. OBLIGATIONS OF THE POLICYHOLDER

8.1. The policyholder undertakes to:

- 8.1.1.** notify BTA in writing as soon as possible of all the circumstances known to them, which could increase the probability of realization of an insurance risk;
- 8.1.2.** inform BTA as soon as possible of the occurrence of an insured event;
- 8.1.3.** apply necessary measures for preventing the occurrence of an insured event and minimizing damages;
- 8.1.4.** fulfil all guidelines given by BTA that are necessary for preventing the occurrence of an insured event and minimizing damages;
- 8.1.5.** compensate insurance indemnity paid out to BTA within 5 workdays since receiving such claim from BTA;
- 8.1.6.** pay interest to BTA in the amount of 0.5% of the uncompensated sum specified in clause 8.1.6 for each late day;
- 8.1.7.** upon BTA's request, provide security for securing fulfilment of their contractual obligations arising from the conclusion of an insurance contract (mortgage, deposit or surety).

9. OBLIGATION OF THE BTA

9.1. BTA undertakes to:

- 9.1.1.** immediately notify a policyholder of any claims submitted by an beneficiary;
- 9.1.2.** fulfil their compensation duties arising from an insurance contract within the agreed term.

10. OTHER PROVISIONS

- 10.1. Terms of confidentiality** – Parties undertake not to disclose confidential information regarding the insurance contract to third parties. Confidential information is all information regarding content of insurance contract, information regarding conclusion and information presented for conclusion of insurance contract.
- 10.2. Translation of terms** – Estonian version of current terms prevails translations into other languages.
- 10.3. Disputes** – All disputes between BTA and a policyholder shall be solved by negotiations. If such disputes arising from an insurance contract cannot be solved by negotiations between Parties, they will be solved in Harju County Court, respective to the legislation of the Republic of Estonia.
- 10.4. Commencement of terms** – These Terms and Conditions take effect on 1st of January 2018.