

# VESSEL INSURANCE

## Terms and Conditions No 023.2

Effective as of 01.10.2021

BTA and Policyholders enter into Vessel Insurance Contracts in accordance with these Terms and Conditions.

### CONTENTS

<b>GENERAL INSURANCE DEFINITIONS AND CONDITIONS</b> .....	<b>1</b>
<b>1. DEFINITION OF AN INSURANCE CONTRACT</b> .....	<b>1</b>
<b>2. THE VALIDITY OF INSURANCE COVERAGE</b> .....	<b>3</b>
<b>3. OBLIGATION OF POLICYHOLDER TO DISCLOSE INFORMATION</b> .....	<b>3</b>
<b>4. INSURANCE PREMIUM AND THE PROCEDURE OF PAYMENT THEREOF</b> .....	<b>3</b>
<b>5. CONCLUSION OF INSURANCE CONTRACTS WITH TELECOMMUNICATIONS TERMINAL EQUIPMENT</b> .....	<b>4</b>
<b>6. EXPIRY AND AMENDMENT OF THE INSURANCE CONTRACT</b> .....	<b>4</b>
<b>7. GENERAL RESERVATIONS</b> .....	<b>4</b>
<b>8. OBLIGATIONS OF THE POLICYHOLDER IN THE EVENT OF AN INSURED RISK</b> .....	<b>5</b>
<b>9. INSURANCE BENEFIT</b> .....	<b>5</b>
<b>10. COMPLAINTS AND DISPUTE RESOLUTION PROCEDURE</b> .....	<b>6</b>
<b>11. PERSONAL DATA PROCESSING</b> .....	<b>6</b>
<b>12. SUBROGATION AND THE RIGHT OF REGRESSION CLAIM</b> .....	<b>6</b>
<b>13. CONFIDENTIALITY</b> .....	<b>6</b>
<b>14. OTHER TERMS AND CONDITIONS</b> .....	<b>7</b>
<b>SPECIAL TERMS AND CONDITIONS</b> .....	<b>7</b>
<b>1. EXPLANATIONS REGARDING THE DEFINITIONS USED IN THE RULES</b> .....	<b>7</b>
<b>2. INSURANCE OBJECT</b> .....	<b>8</b>
<b>3. INSURANCE COVERAGE</b> .....	<b>8</b>
<b>4. NON-INSURED EVENTS</b> .....	<b>8</b>
<b>5. INSURANCE AMOUNT</b> .....	<b>9</b>
<b>6. INSURANCE BENEFITS</b> .....	<b>9</b>
<b>7. OTHER TERMS AND CONDITIONS</b> .....	<b>10</b>

### GENERAL INSURANCE DEFINITIONS AND CONDITIONS

#### 1. DEFINITION OF AN INSURANCE CONTRACT

**Application for an insurance contract** shall mean a document in the form prescribed by the BTA in which the Policyholder provides the necessary information for the conclusion of the insurance contract. An application may not be made if the Policyholder provides BTA with information that BTA considers sufficient to assess the risk of the insurance. Acceptance of an application for an insurance contract shall not oblige BTA to conclude an insurance contract.

**Beneficiary** shall mean the person specified in the insurance contract or the person appointed by the Policyholder and, in the cases specified in the insurance contract, also the person appointed by the Insured person who is entitled to the insurance benefit.

**Compensation principle** shall mean the principle of insurance that calculates the insurance benefit on the basis of the amount of losses incurred as a result of the insured event.

**Deductions** shall mean part of the insurance benefit, which is defined in the insurance contract, which shall not be indemnified by BTA. The deduction shall be defined in terms of a specific monetary amount and/or percentage of loss unless otherwise specified in the insurance policy. If the insurance contract provides for several types of deductions for the same risk, the higher of them shall always apply.

**Double insurance** shall mean cases in which a Policyholder has concluded several insurance contracts for the same insurance risks in several or the same insurance company. In this case, the Policyholder must notify BTA in writing of the conclusion of another insurance contract and indicate the insurance amount and other terms and conditions of the contract. Otherwise, upon payment of the insurance benefit, the Insurer shall acquire the right to recover the relevant part of the insurance benefit.

**Insurance benefit** shall mean the amount of money paid upon the occurrence of an insured event or the provision of services if provided for in the insurance contract.

**Insurance contract** shall mean an agreement between BTA and the Policyholder under which the Policyholder undertakes to pay the insurance premium of the agreed amount within the time limits set in the insurance contract, to perform other obligations laid down in the insurance contract, and BTA undertakes to pay the insurance benefit to the person specified in the insurance contract in the event of an insured event in accordance with the provisions of the insurance contract.

**Insurance contract certificate (policy)** shall mean a document confirming the conclusion of the insurance contract and covering the terms and conditions of the insurance contract agreed between the BTA and the Policyholder.

**Insurance interest** shall mean the interest of the Insured person not to suffer the loss due to the insured event.

**Insurance object** shall mean property interests related to a person's life, health, property or civil liability.

**Insurance premium** shall mean the amount of money specified in the insurance contract which the policyholder pays under the insurance contract to the BTA for the insurance coverage.

**Insurance risk** shall mean the probability of an event that is possible in the future and which is independent of the will of the Policyholder and/or the Insured person.

**Insured amount** shall mean the sum of money specified in the insurance contract or calculated according to the method specified in the insurance contract which the insurance benefit may not exceed.

**Insured event** shall mean an event specified in the insurance contract upon occurrence of which the BTA must pay the insurance benefit.

**Insured person** shall mean a person whose property interests are insured:

- a) in the case of property insurance – pursuant to the insurance contract, the owner of the insured property or a person specified in the contract in writing;
- b) in the case of civil liability insurance – the person whose property interests arising from civil liability are insured;
- c) in the case of insurance of persons – the natural person specified in the insurance contract whose health, life or physical condition is insured by an insurance contract.

**Insurer** shall mean BTA Baltic Insurance Company AAS, represented by the branch in Lithuania, hereinafter referred to as the BTA.

**Non-insured event** shall mean a case where BTA shall not pay the insurance benefit.

**Partial insurance** shall mean cases where the insurance amount is less than the insurance value. In this case, in the event of an insured event, BTA shall pay the part of the benefit in proportion to the ratio of the insurance amount to the insurance value.

**Parties to the insurance contract** shall be the Policyholder and BTA.

**Persons related to the Policyholder and/or the Insured person**, who are also obliged to perform the obligations assigned to the Policyholder:

- a) persons who live together with the Policyholder or the Insured person;
- b) persons who are responsible for the insurance object under the agreement with the Policyholder or the Insured person;
- c) persons having an interest in insurance, together with the Policyholder or Insured person, or other persons specified in the insurance contract;
- d) persons related to the Policyholder or the Insured person in employment, provision of services or other legal relations, and have an obligation to act in accordance with safety requirements.

**Policyholder** shall mean a person who has either applied to the BTA in order to conclude an insurance contract or who has received an offer from the BTA to conclude an insurance contract or who has concluded an insurance contract with the BTA for his/her own benefit or for the benefit of others.

**Supplementary insurance** shall mean cases when only part of the value of the property or insurance risk is insured. In this case, the Policyholder shall be entitled to enter into a supplementary insurance contract with the same or another insurance company. In this case, the insurance amount under several insurance contracts may not exceed the insurance value.

**Third party**, in the case of civil liability insurance, the person who has suffered the loss as a result of the action or omission of the Policyholder and/or Insured person and who is entitled to the insurance benefit in accordance with the terms and conditions of the insurance contract.

**Written document:**

- a) concluded in written form and covering all necessary details, including a signature corresponding to the applicable legal acts in the Republic of Lithuania;
- b) transmitted by telegraph, facsimile or other telecommunications terminal equipment, provided that the safety of the text is ensured and the signature can be identified, including electronic mail.

## **2. THE VALIDITY OF INSURANCE COVERAGE**

---

- 2.1.** The period of insurance shall be the period of time during which the insurance coverage shall be valid.
- 2.2.** Insurance coverage shall take effect on the date specified in the insurance contract at 00:00, but not before the insurance premium or first instalment thereof is paid, provided that:
  - 2.2.1.** the date of payment of the insurance premium or of the first instalment thereof is not specified in the insurance contract;
  - 2.2.2.** the beginning of the period of insurance shall coincide with the date of payment of the insurance premium or the first instalment thereof;
  - 2.2.3.** the date of payment of the insurance premium or of the first instalment thereof is earlier than the beginning of the insurance period.
- 2.3.** In cases where the entry into force of insurance coverage is linked to the payment of the insurance premium or the first instalment thereof, insurance coverage shall take effect on the next day at 00:00 after the day of the receipt of the money, but not earlier than the date specified in the insurance contract.
- 2.4.** The insurance benefit shall not be paid in the event of an insured event prior to the entry into force of the insurance coverage.
- 2.5.** If the insurance contract provides that the premium must be paid after the first day of the commencement of the insurance period, the insurance coverage shall take effect on the first day of the insurance period at 00:00.
- 2.6.** The insurance contract shall be valid until the last day 24:00 of the insurance period provided for in the insurance contract if the insurance contract does not expire other reasons.

## **3. OBLIGATION OF POLICYHOLDER TO DISCLOSE INFORMATION**

---

- 3.1.** Before signing an insurance contract, the Policyholder undertakes to provide BTA with the correct and complete information requested by the BTA, which is related to the insurance object and is necessary to assess the risk of the insurance.

If the Policyholder intentionally fails to disclose information that is necessary to assess the risk of the insurance or deliberately provides false or incomplete information, the BTA shall have the right to claim nullity of the insurance contract. In this case, BTA shall not refund insurance premium.
- 3.2.** If the insurance contract for the same insurance object is extended immediately after the expiry of the previous contract, and the Policyholder or the Insured does not indicate that the information has changed since the conclusion of the previous insurance contract, the BTA shall consider that the information previously provided has not changed.
- 3.3.** During the period of validity of the insurance contract, the Policyholder shall notify in writing immediately of any changes during the period of validity of the insurance, which may increase the risk of the insurance. The changes to be notified shall be:
  - a)** significant changes related to the insurance object;
  - b)** changes in the manner in which the insurance object is used;
  - c)** other material circumstances which increase the risk of insurance.
- 3.4.** If the information provided to the BTA on the insurance object and the insured risk changes, which increases the risk of the insurance, as well as where the BTA is misled as a result of a non-material mistake by the Policyholder, the BTA shall have the right to propose to the Policyholder to change the terms and conditions of the insurance contract, including the amount of the insurance premium, within one month from the day of becoming aware out about it.
  - 3.4.1.** If the Policyholder does not agree to change the terms and conditions of the insurance contract or does not reply to the BTA within 1 month from the date of dispatch of the notification of the proposed new terms, BTA shall be entitled to terminate the insurance contract at the end of the period referred to in this sentence without separate notification.
  - 3.4.2.** If BTA proves that knowing about the increased risk would not have entered into an insurance contract, BTA shall have the right to terminate the insurance contract within 2 months of becoming aware of the increased risk.
- 3.5.** Violation of the obligation of the Policyholder to disclose the information shall also because other legal consequences established in the legal acts of the Republic of Lithuania.

## **4. INSURANCE PREMIUM AND THE PROCEDURE OF PAYMENT THEREOF**

---

- 4.1.** The Policyholder shall be obliged to pay the insurance premium to BTA, within the prescribed amount and within the specified time limits, as provided for in the insurance contract.
- 4.2.** The insurance premium shall be deemed to have been paid:
  - 4.2.1.** in case the insurance premium is paid by wire transfer, from receipt of the amount of money to the

bank account of BTA or an authorized insurance intermediary;

- 4.2.2.** in case the insurance premium is paid by other means of payment, from the date indicated in the document confirming the fact of payment of the money. You can find a list of payment methods by visiting our website [www.bta.lt](http://www.bta.lt), or by calling (8 5) 2600 600;
- 4.3.** If the Policyholder fails to pay the insurance premium at the time stipulated in the insurance contract, the Policyholder shall pay BTA 0,02 % default interest on each day of delay, but not more than 10% of the total insurance premium outstanding. The BTA shall not apply the above-mentioned default interest in cases where:
- a)** the insurance premium is paid in a single payment;
  - b)** the insurance premium is paid in instalments – for the first payment;
- 4.4.** If the Policyholder fails to pay the insurance premium or part thereof at the time stipulated in the insurance contract (unless the entry into force of the insurance contract is linked to the payment of the premium or part thereof – in which case the insurance contract shall not enter into force and shall be cancelled without the individual insurer's notice 30 days after the payment deadline), BTA shall inform in a written document provided for in the contract that if the Policyholder fails to pay the insurance premium or a part thereof within 30 days from the date of sending the written document, the insurance contract will expire.

## **5. CONCLUSION OF INSURANCE CONTRACTS WITH TELECOMMUNICATIONS TERMINAL EQUIPMENT**

---

- 5.1.** The insurance contract may be concluded by means of telecommunications terminal equipment, i.e., mail, internet, e-mail, telephone and other means of exchange of information.
- 5.2.** When an insurance contract is concluded by a Policyholder who is a consumer, the guidelines for concluding non-life insurance contracts, which are publicly available at [www.bta.lt](http://www.bta.lt), shall apply to such a contract. The guidelines for the concluding non-life insurance contracts provide, inter alia, for a procedure for the right of withdrawal, i.e., the right to withdraw from the concluded insurance contract.
- The consumer shall mean a natural person who concludes an insurance contract for purposes other than business or professional activity.

## **6. EXPIRY AND AMENDMENT OF THE INSURANCE CONTRACT**

---

- 6.1.** The insurance contract shall expire on the last day of the insurance period at 24:00, unless the Policyholder and the BTA have agreed otherwise.
- 6.2.** The Policyholder shall be entitled to terminate the insurance contract at any time by informing BTA in writing 15 days in advance. In this case, the insurance contract will be deemed to be terminated on the date specified in the notice, but not earlier than on the 15 day after the notice of termination has been received.
- In this case:
- 6.2.1.** If the insurance benefit has not been paid or the claims have not been made during the period of validity of the insurance contract, BTA shall return to the Policyholder part of the insurance premium, excluding the costs of the conclusion and execution of the contract (30% of the amount to be reimbursed) within 20 calendar days after the receipt of the Policyholder's notification.
- 6.2.2.** If the insurance benefit has been paid and/or reserved or claims have been filed during the term of the insurance contract, BTA shall return to the Policyholder part of the insurance premium, which is equal to the difference between the unused part of the insurance premium for the period of validity of the insurance contract and the paid insurance benefit, excluding the costs of the conclusion and execution of the contract (30% of the amount to be reimbursed) within 20 calendar days after the receipt of the Policyholder's notification.
- 6.3.** The terms and conditions of the insurance contract may be supplemented or amended only by a written agreement between the BTA and the Policyholder.
- 6.4.** The insurance contract may be terminated on other grounds established in the insurance legislation of the Republic of Lithuania regulating the contractual legal relations of insurance.

## **7. GENERAL RESERVATIONS**

---

- 7.1.** Unless otherwise provided in the insurance contract, BTA shall not pay the insurance benefit due to:
- 7.1.1.** terrorist acts (acts involving the use of force or violence or threats of such acts by or on behalf of any third party acting individually or in collaboration with any organization or government in interest thereof, for political, religious, ideological or ethnic reasons and with intent to is to put the government or society or part of it at risk); losses resulting from preventive action against terrorist acts shall also not be indemnified;
  - 7.1.2.** war, invasion, hostile action by a foreign state, military or equivalent operations such as civil war (with or without the declaration of war), riot, strike, insurrection, rebellion, revolution, state of war, marauding, vandalism, sabotage; strikes, lockouts, disturbances of public order amounting to a coup

or riot, confiscation of property, nationalization, if caused or sanctioned by state authorities, whether lawful or not; other political risks and any other loss or costs incurred directly or indirectly as a result of the prevention of such actions shall also not be indemnified;

- 7.1.3.** direct or indirect nuclear explosion, exposure to nuclear energy or radioactive preparations, direct or indirect radioactive contamination;
- 7.1.4.** intentional actions of the Policyholder, the Insured person, or the Beneficiary.
- 7.2.** Regardless of any conditions contained in the insurance contract, BTA shall not be obliged to provide insurance coverage or to make any payments, or to provide services, or to provide benefit to persons or any third party, provided that such insurance coverage, payment, service, benefit and/or business or activity of the Policyholder, the Insured person or Beneficiary claiming insurance benefits, breach the enforceable sanctions, financial embargo or economic sanctions, laws or conditions that are directly implemented by the BTA. The enforceable sanctions shall mean national sanctions, established by the legislation of the Republic of Lithuania, European Union sanctions, United Nations sanctions, sanctions of the United States of America and/or other sanctions to be followed and enforced by the BTA in accordance with the requirements of the legislation.
- 7.3.** An insured event shall not be considered and losses shall not be indemnified if they have occurred directly or indirectly due to:
  - 7.3.1.** legislation issued by the State;
  - 7.3.2.** in the event of a declared extreme or emergency situation, as well no damages will be indemnified, that are directly or indirectly related to any measures intended to avoid an extreme or emergency situation;
  - 7.3.3.** epidemics or pandemics.

## **8. OBLIGATIONS OF THE POLICYHOLDER IN THE EVENT OF AN INSURED RISK**

---

- 8.1.** In order for the Policyholder or the Insured to acquire the right to receive the insurance benefit in the event of the insured risk, he/she must:
  - 8.1.1.** immediately inform the BTA of the occurrence of any possible insured event within 3 working days (unless otherwise specified in the special terms and conditions of these rules) in accordance with the procedure laid down in the special terms and conditions of these rules. If the Policyholder or the Insured person informs the BTA of the occurrence of the insured risk late, the Policyholder or the Insured person shall prove that it was not possible to inform in time;
  - 8.1.2.** immediately inform the competent services (e.g., medical institution, fire and rescue department, police, emergency services, etc.);
  - 8.1.3.** comply with all the instructions given by the BTA and take all measures to minimize damage and prevent its occurrence or increase;
  - 8.1.4.** enable BTA to inspect the site of the event, to conduct an investigate and to interview witnesses in such a way that the BTA could determine the cause and amount of the loss;
  - 8.1.5.** provide all the information and documents requested by the BTA, including commercial secrets, if known to the Policyholder or Insured person, in order to enable the BTA to determine the causes of the occurred insured risk and the amount of the damage;
  - 8.1.6.** if it is possible to maintain the site of the event intact until the arrival of the BTA representative unless BTA has given other instructions. This clause shall not apply to the extent necessary to comply with the requirements of clause 8.1.3. of these General insurance definitions and conditions;
  - 8.1.7.** if the insurance object cannot be preserved without changing its condition after the event due to the fulfilment of the requirements of clause 8.1.3 of the General insurance definitions and conditions or due to other legal and reasonable reasons, take care that photos of damaged property are taken as soon as possible or the damaged property filmed in order to record losses, and send photos or video to BTA by e-mail: [zalos@bta.lt](mailto:zalos@bta.lt) or in another manner suitable for BTA.
- 8.2.** If the Policyholder, the Insured person or the Beneficiary, intentionally or negligently, fails to comply with the obligations laid down in the Rules, the BTA shall be entitled to reduce or refuse to pay the insurance benefit.

## **9. INSURANCE BENEFIT**

---

- 9.1.** BTA shall pay the insurance benefit no later than 15 days after the date of receipt of all the information relevant to the determination of the fact, circumstances, consequences of the insured event and the amount of the insurance benefit.
- 9.2.** In the event of theft or robbery, when the insurance benefit has been paid and the insurance object has been subsequently found, BTA shall have the right to claim the refund of the insurance benefit or transfer of the right of claim to the insurance object. If BTA decides not to maintain the insurance object found but the

object found is damaged, then the Policyholder, when returning the insurance benefit received from BTA, shall deduct from it the costs agreed with the BTA necessary to restore the object to its original state.

- 9.3.** If the event is an insured event and the policyholder and the BTA disagree on the amount of the insurance benefit, at the request of the Policyholder, the BTA shall pay the amount equal to undisputed benefit by the parties, where determining an exact amount of damage takes more than 3 months.
- 9.4.** If the BTA delays the payment of the insurance benefit due to its own fault, the BTA shall pay 0,02% default interest from the amount of the insurance benefit due for each day of delay, however not exceeding 10% of the amount of the insurance benefit not paid in due time.
- 9.5.** The payment of the insurance benefit shall set off all insurance premiums (for the current year of insurance) for which the payment deadline has expired on the date of payment of the insurance benefit. With the consent of the Policyholder, premiums the payment term for which is not expired may be included. In cases when the insurance object is ruined, destroyed or lost as a result of the insured event, the payment of the insurance benefit shall be subject to the deduction of any premiums not paid under the contract.
- 9.6.** In the event that the BTA is unable to recover the refund of the benefit due to intentional acts or gross negligence on the part of the Insured person, the BTA may not pay the insurance benefit in the part where the claim is not possible or, if the insurance benefit has already been paid, claim the refund of the benefit from the Policyholder.
- 9.7.** Upon the request of the person entitled to claim the insurance benefit, the BTA shall provide such person with access to the available documents on the basis of which BTA has planned to pay the insurance benefit or refused to pay the insurance benefit or issue copies of documents for a fee not exceeding the cost of issuing copies.

BTA shall not grant access to documents available and shall not provide a copy of documents to a person entitled to claim insurance benefit if:

- a) BTA has submitted documentation to law enforcement authorities for investigation of the circumstances of the appearance of the insured risk;
- b) the documents contain a commercial secret of another person which person entitled to claim insurance benefit is not entitled to receive;
- c) the documents contain a personal data which person entitled to claim insurance benefit is not entitled to receive.

## **10. COMPLAINTS AND DISPUTE RESOLUTION PROCEDURE**

---

- 10.1.** The procedure for examination of complaints by BTA regarding dissatisfaction with the insurance contract or the insurance services provided, filed by the person requesting the award of the insurance contract, the Policyholder, the Insured person, the Beneficiary or another person entitled to claim the insurance benefit, is publicly available at [www.bta.lt](http://www.bta.lt).
- 10.2.** All disputes arising between the parties to the insurance contract shall be settled by negotiation. If the peaceful settlement is not reached, all disputes arising from the insurance contract and related to the breach, termination or invalidity of the insurance contract shall be settled in the court of the Republic of Lithuania in accordance with the laws of the Republic of Lithuania, in the courts of the Republic of Lithuania according to the address of the registered office of the BTA Lithuanian branch.

## **11. PERSONAL DATA PROCESSING**

---

- 11.1.** As a processor of personal data, BTA processes the data of natural persons in accordance with the personal data processing requirements defined in Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and other legal requirements.

The principles of personal data processing and privacy policy implemented by BTA are published at [www.bta.lt](http://www.bta.lt).

## **12. SUBROGATION AND THE RIGHT OF REGRESSION CLAIM**

---

- 12.1.** The insurer who has paid the insurance benefit shall be entitled to claim the amounts paid from the person responsible for the damage (subrogation or right of recourse). The Policyholder, the Insured person, or the Beneficiary shall provide all the information requested by BTA so that the Insurer can properly exercise the right of claim transferred to it.

## **13. CONFIDENTIALITY**

---

- 13.1.** The Parties undertake not to disclose confidential information obtained on the basis of an insurance contractual or pre-contractual legal relationship to third parties, nor to use such information in a manner that would infringe the interests of the other party to the insurance contract. BTA shall have the right to provide all necessary information to independent experts and reinsurers which was received on the basis of insurance

contractual or pre-contractual relations, as well as to store it in BTA databases. This obligation shall not apply when the parties, in accordance with the requirements of the legislation of the Republic of Lithuania, are obliged to provide information to the competent state authorities.

#### **14. OTHER TERMS AND CONDITIONS**

---

- 14.1.** Any notification which the Policyholder or the BTA must transmit to each other shall be made within the time limits specified in these rules in one of the following ways:
- 14.1.1.** by servicing to the Policyholder, at the addresses specified in the insurance policy or other written documents or in the notifications of the parties regarding the change of registered office addresses;
  - 14.1.2.** by sending the registered postal correspondence shipment;
  - 14.1.3.** by e-mail, where the parties have provided for this method of notification in the contract, or by tacit consent to the exchange of information in this way.
- 14.2.** BTA shall have the right to transfer its rights and obligations under the insurance contract to another or other Insurers in accordance with the procedure established by legal acts. If the policyholder objects to the transfer of rights and duties under insurance contracts, he shall have the right to terminate the insurance contract within one month from the transfer of the rights and duties. In such a case, the Policyholder shall be reimbursed with the insurance premiums he has paid for the remaining period of the validity of the insurance contract.
- 14.3.** Legal acts of the Republic of Lithuania shall apply to contractual insurance legal relations.
- 14.4.** The insurance contract shall be concluded according to these general and special terms and conditions. If the special and/or individual terms and conditions of insurance specified in the contract (insurance policy) and in these General insurance definitions and terms and conditions differ, the special and/or individual insurance terms and conditions shall prevail.
- 14.5.** The Policyholder, the Insured person, the Beneficiary and other persons who acquire rights on the basis of an insurance contract shall comply with the obligations laid down in these Rules.
- 14.6.** These Rules shall enter into force on the date of approval by the BTA Board if the BTA Board has not indicated the other date of entry into force of the Rules.
- 14.7.** In case of contradictions or discrepancies between languages, the Lithuanian text shall prevail.
- 14.8.** These rules are published on the BTA website at the address <http://www.bta.lt>.

#### **SPECIAL TERMS AND CONDITIONS**

##### **1. EXPLANATIONS REGARDING THE DEFINITIONS USED IN THE RULES**

---

**Barataria** – Unlawful acts by the captain or by a crew member causing damage to the ship or cargo contained therein.

**Fire** – Uncontrolled combustion or incineration during which the ship or its parts are damaged or destroyed due to the fire or high temperature.

**General accident** – Losses where costs are intentionally and reasonably incurred in order to save a vessel or cargo from a general danger in the event of an accident.

**Gross negligence** – Actions or omissions where the person is not as diligent as it is clearly necessary for the circumstances and such conduct results in the absence of anticipation of obvious dangerous consequences or a frivolous expectation to avoid those consequences.

**Natural disaster** – Storm, vortex, rainfall, hail, lightning strike, earthquake, volcanic eruption.

**Storm** – strong wind with a speed equal to or greater than 20 m/s and rain with precipitation of 50 mm or more in 12 hours or less. Wave height of 3 m and more.

**Vortex** – a strong whirlwind wind with a creep speed of 10 m/s and greater, wind speed in the whirlwind of 50 m/s and more.

**Rainfall** – very heavy rain with 50 mm or more of precipitation in 12 hours or less.

**Hail** – short-term precipitation of ice cubes with ice-pieces diameter of 20 mm or more.

**Lightning strike** – a natural discharge of electricity occurring during a storm between clouds or between the ground and clouds. Lightning strike is considered only a direct lightning discharge to the ship.

**Normal wave and wind** – operation of waves and wind, which has not reached or exceeded the indicators of natural phenomena operation (disasters) provided for in the Rules.

**Robbery** – Hijacking of a vessel or its parts by physical or mental coercion against its lawful manager.

**Shipwreck** – Collision of the insured vessel with other moving and stationary objects.

**Ship's restorative value** – The amount of money established during the evaluation that would be needed to restore the vessel to the same physical or operational characteristics.

**Theft** – Hijacking of the insured vessel or its parts by secretly hacked external persons or robbery, i.e., without the knowledge of its lawful manager and against his will, as well as openly hijacking the vessel or its parts, i.e., with the knowledge of his lawful manager and against his will, but without using physical or mental coercion against him.

**Total structural loss of the ship** – A ship is considered to be completely structurally lost if the costs of its recovery and/or vessel reconstruction exceed the insurance amount.

**Unrecovered damage** – Damage due to damage to the unrestored vessel, which is equal to the reasonable decrease in the market value of the vessel due to the failure at the end of the insurance period.

**Vessels** – Marine and inland waterway vessels, as well as any type of self-propelled or non-self-propelled floating structures, which are or may be used for navigation.

## **2. INSURANCE OBJECT**

---

**2.1.** The insurance object shall mean property interests related to a vessel indicated in the insurance policy.

## **3. INSURANCE COVERAGE**

---

### **Options of insurance coverage**

**3.1.** Insurance coverage option:

**3.1.1.** A: "Total structural loss of the vessel";

**3.1.2.** B: "Damage to the corps, machinery and equipment of the vessel".

### **Insured events**

**3.2.** Under the insurance coverage options A and B, the insured event is considered the occurrence of damage to the vessel due to:

**3.2.1.** the hazards present in seas, rivers, lakes or other navigable waters, i.e., accidental wrecks, incidents or misfortunes, but not as a result of normal wave and wind operation;

**3.2.2.** fire, explosion;

**3.2.3.** theft performed by hacked external persons or robbery;

**3.2.4.** illegal actions of third parties;

**3.2.5.** discharge of cargo overboard in the event of an emergency;

**3.2.6.** piracy;

**3.2.7.** failure or accident of nuclear devices or reactors;

**3.2.8.** collision with a plane or a similar object or objects falling from it, land transport, dock or pier equipment or installations;

**3.2.9.** natural disasters;

**3.2.10.** accidents in the event of transshipment, unloading or transfer of cargo or fuel;

**3.2.11.** gross negligence of repairers or charterers if repairers or charterers are not policyholders under an insurance contract;

**3.2.12.** unlawful acts or barataria of the captain, his assistants or the crew.

### **Territory of the validity of the insurance coverage**

**3.3.** Insurance coverage shall be valid within the territory specified in the insurance contract.

## **4. NON-INSURED EVENTS**

---

**4.1.** Under the insurance coverage options A and B, any event arising from intentional action, gross negligence or omission of the policyholder, the beneficiary, the shipowner, the legal manager, captain or the member of the crew shall be considered as non-insured.

**4.2.** Under the insurance coverage options A and B, the non-insured event shall be considered any event arising due to:

**4.2.1.** any actions relating to capture, arrest, seizure or detention (except for unlawful acts and piracy) and the consequences of such actions;

**4.2.2.** remaining mines, torpedoes or other military weapons;

**4.2.3.** failures of the engine(s) or other machinery of the vessel which are not caused by the shipwreck.

**4.3.** Under the insurance coverage options A and B, no claim shall be satisfied for vessel bottom's scraping, sandblasting and/or other preparation of the surface or painting, unless this is:

**4.3.1.** cleaning the new bottom plating by sandblasting and/or other preparation. These works, including priming works, must be carried out on the shore;

**4.3.2.** cleaning by sandblasting and/or another surface preparation, which takes place:

**4.3.2.1.** in the areas of joints or plating adjacent to any renewed or revised part of the plating damaged by welding and/or by correcting the seam;



- 4.3.2.2.** parts of the plating damaged by the formation of the bypass plating at the repair site or on the shore;
    - 4.3.2.3.** placing the first layer of primer and/or anticorrosive material in the areas indicated in clauses 4.3.1. and 4.3.2. The insurance benefit shall be paid only if it is a part of the reasonable repair cost of repairing the vessel's plating damaged due to the insured event.
- 4.4.** For damage caused by theft or robbery not certified by the police, as well as for insured property, the disappearance of which has not been reported by the policyholder to the police.
- 4.5.** Under the insurance coverage options A and B, the non-insured event shall be considered any event not specified in these rules as an insured event.

## **5. INSURANCE AMOUNT**

---

- 5.1.** The vessel shall be insured at the restorative value unless otherwise agreed between the Policyholder and the Insurer.
- 5.2.** Unless otherwise provided in the insurance contract, the insurance amount indicated in the insurance policy shall be the maximum amount of insurance benefits over the entire period of insurance. After the payment of the insurance benefit after each insured event, the Insurer's liabilities shall be reduced by the amount of the benefit.

## **6. INSURANCE BENEFITS**

---

- 6.1.** The amount of the insurance benefit shall be equal to the losses (the amount of damage) calculated in accordance with these rules.
- 6.2.** The insurance benefit shall be reduced by the amount of the deduction according to individual groups of insurance coverage or individual insurance objects. The amount of the deduction may not exceed the maximum deduction per insured event for all groups of insurance coverage and for all insured objects. The deduction shall not apply to targeted reasonable costs related to the inspection of the bottom after running on the shallows.
- 6.3.** Losses under these Rules shall be considered to be:
  - 6.3.1.** the value of the vessel's repair, if the vessel is partly damaged;
  - 6.3.2.** in the event of a total vessel's structural loss, the insurance benefit shall be equal to the value of the restored vessel or property, less the value of the residues or metal scrap of the damaged property, damaged vessel;
  - 6.3.3.** the amount of damage caused to the vessel caused by any state institution authorized to eliminate the risk or threat of pollution directly caused by the vessel's failure, if the insurance benefit is paid for that failure, provided that such action of the state institution was not caused by the great negligence of the Policyholder, owner or vessel manager, in order to stop or reduce such a threat;
  - 6.3.4.** under the insurance coverage options A and B, in case the insured vessel collides and is rescued by another vessel that is wholly or partly owned by the same owner or under the control of the same management, the Policyholder shall have the same rights as if it was another vessel owned by another owner who does not have property rights to the insured vessel. In such a case, the liability for the collision and/or the amount due for the rescue services shall be determined by an expert, chosen by consensus between the Insurer and the Policyholder;
  - 6.3.5.** in accordance with these insurance rules, additional indemnification shall apply to the costs incurred in order to prevent imminent damage and reduce the indemnifiable losses of the Insurer, but only to the extent that such costs were necessary and justified by the circumstances as well only after the Policyholder submits documents confirming payment of such costs. Unreasonable costs are costs that are not accepted by the Insurer;
  - 6.3.6.** in accordance with these insurance rules, additional indemnification shall apply to the part of the losses incurred in the general accident, which shall be determined in accordance with any insurance at a lower value. When a vessel is sacrificed in a general accident, the Policyholder shall be entitled to compensation for all losses.

When the Insurer acknowledges a claim for total structural damage to the vessel and the property insured under this Insurance contract is rescued, the above-mentioned condition shall not apply, unless the costs of litigation and rescue would exceed the value of the rescued property. The conditions referred to in this Chapter shall then apply only to the costs in excess of that value.

Where a claim for total structural damage to the insured vessel has been recognized under these terms and conditions of this insurance contract and reasonable costs have been incurred in rescuing the vessel and other property in the absence of recoveries or when the costs exceed the recoveries, then, in accordance with these insurance rules, the part of the costs or costs in excess of recoveries shall be indemnified as elsewhere in accordance with this Chapter, however, if the Vessel is insured

at a lower value than its value before the insured event, the recoverable amount under this clause shall be reduced in proportion to such incomplete insurance. Claims, other than those relating to a general accident, for the remuneration and maintenance of the captain, assistants and crew as well as any of its members shall not be satisfied, unless it is the cost of the vessel's necessary transfer from one port to another for repairs in order to repair the damage for which the benefit is paid, or for test repair journeys. This shall be limited to the remuneration and maintenance costs incurred for the vessel during its journey. The benefits in connection with the general accident shall be complementary to other benefits provided for in these rules, however, shall not exceed the insurance amount of the insured vessel.

- 6.4.** The insurance benefit for the unrestored damage shall be equal to the reduction in the value of the vessel at the time the insurance contract expires if that reduction is caused by unrestored damage. The insurance benefit shall not exceed the repair cost incurred.
- 6.4.1.** BTA shall not pay any benefit for the loss of market value of the vessel for unrestored damage if the vessel is totally structurally lost during the further period of validity or renewal of the Insurance contract;
- 6.4.2.** the total amount of insurance benefits for unrestored damage during the entire period of validity of the insurance contract shall not exceed the market value of the vessel at the time of the last insured event.
- 6.5.** If the Policyholder violates the terms and conditions of the contract regarding navigation, transported cargo, navigation areas, navigation terms, towing, rescue services, etc., the insurance benefit shall be paid only on condition that the Insurer has been informed thereof immediately, but not later than within 5 working days and no later the commencement of such actions. In this case, the Policyholder is obliged to pay an additional insurance premium agreed by the parties.

## **7. OTHER TERMS AND CONDITIONS**

---

### **Priority of documents**

- 7.1.** If the insurance conditions specified in the insurance policy do not comply with the terms and conditions of these rules, the terms and conditions specified in the insurance policy shall be applied.