

# SURETYSHIP INSURANCE OF CONTRACTUAL OBLIGATIONS EXECUTION

Terms and Conditions No. 024.2

Effective as of 06.12.2021

BTA and Policyholders enter into Suretyship Insurance of Contractual Obligations Execution Insurance Contracts in accordance with these Terms and Conditions.

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## GENERAL CONDITIONS

### 1. TERMS USED IN THE TERMS AND CONDITIONS

**Application for concluding the insurance contract** – a document in the form established by BTA, in which the Policyholder submits the required information for concluding the insurance contract the application may not be submitted if the Policyholder provides BTA with information that BTA considers sufficient to assess the insurance risk. Acceptance of the application to conclude the insurance contract does not oblige BTA to conclude the insurance contract.

**Beneficiary** – a person specified in the insurance contract or a person appointed by the Policyholder and, in the cases specified in the insurance contract, appointed by the Insured and entitled to receive the insurance benefit.

**Compensation principle** – the insurance principle whereby the insurance benefit is calculated on the basis of the amount of losses incurred due to the insured event.

**Deduction** – the part of the insurance benefit established in the insurance contract, which is not reimbursed by BTA. The deduction is defined as a specific amount of money and/or a percentage of the 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** – cases when the Policyholder concludes 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 about the conclusion of another insurance contract and indicate the insurance amount and other terms of the contract. Otherwise, the Insurer, having paid the insurance benefit, acquires the right to recover the respective part of the insurance benefit.

**Incomplete insurance** – cases when the determined insurance amount is less than the insurance value. In this case, upon the occurrence of the insured event, BTA pays a part of the benefit proportional to the ratio of the insurance amount and the insurance value.

**Insurance amount** – the sum of money specified in the insurance contract or calculated in accordance with the procedure established in the insurance contract, which may not be exceeded by the insurance benefit.

**Insurance benefit** – an amount of money paid out upon the occurrence of the insured event or services provided, if it is stipulated in the insurance contract.

**Insurance contract** – an agreement between BTA and the Policyholder whereby the Policyholder undertakes to pay the insurance premium of the agreed amount within the terms specified in the insurance contract, to perform other obligations stipulated in the insurance contract, and BTA undertakes to pay the insurance benefit to the person specified in the insurance contract in case of an insured event, in accordance with the provisions of the insurance contract.

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

**Insurance interest** – the interest of the Insured not to incur losses due to the insured event.

**Insurance premium** – the amount of money specified in the insurance contract, which the Policyholder must pay to BTA for insurance coverage under the terms of the insurance contract.

**Insurance risk** – the probability of an event, the occurrence of which is possible in the future and which does not depend on the will of the Policyholder and/or the Insured.

**Insured** – a person whose property interests are insured:

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

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

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

**Non-insured event** – a case when BTA does not pay the insurance benefit.

**Object of insurance** – property interests related to a person's life, health, property/assets or civil liability.

**Parties to the insurance contract** – the Policyholder and BTA.

**Policyholder** – a person who has applied to BTA for concluding the insurance contract, or to whom BTA has offered to conclude the insurance contract, or who has concluded the insurance contract with BTA for the benefit of himself or other persons. Persons related to the Policyholder and/or the Insured, who are also obligated to perform the duties assigned to the Policyholder:

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

**Supplementary insurance** – cases when only a part of the property value or insurance risk is insured. In such a case, the Policyholder has the right to conclude an additional insurance contract with the same or another insurance company. In this a case, the insurance amount under several insurance contracts may not exceed the insurance value.

**Third party** – in case of civil liability insurance – a person who has suffered losses due to actions or non-action of the Policyholder and/or the Insured and who is entitled to the insurance benefit in accordance with the terms and conditions of the insurance contract.

**Written document:**

- a) Is written and includes all the necessary details, including the signature in accordance with the legal acts applicable in the Republic of Lithuania;
- b) Transmitted by telegraphic, facsimile or other telecommunications terminal equipment, provided that text protection is ensured and the signature, including electronic mail, can be identified.

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

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**2.1.** The insurance period is the period of time during which the insurance coverage is valid.

- 2.2.** The insurance coverage shall take effect on the day specified in the insurance contract at 00:00, but not earlier than the payment of the insurance premium or the first part thereof, if:
  - 2.2.1.** The date of payment of the insurance premium or the first part thereof is not specified in the insurance contract;
  - 2.2.2.** The beginning of the insurance period coincides with the date of payment of the insurance premium or the first part thereof;
  - 2.2.3.** The term of payment of the insurance premium or the first part thereof is earlier than the beginning of the insurance period.
- 2.3.** In cases where the entry into force of the insurance coverage is linked to the payment of the insurance premium or the first part thereof, the insurance coverage shall take effect on the day following 00:00 o'clock after the day of receipt of money, but not earlier than specified in the insurance contract.
- 2.4.** The insurance benefit shall not be paid in the occurrence of the insured event before the insurance coverage enters into force.
- 2.5.** If the insurance contract stipulates that the insurance premium must be paid after the first day 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 is valid until 24:00 on the last day of the insurance period provided for in the insurance contract, unless the insurance contract expires earlier for other reasons.

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

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

If the policyholder does not intentionally disclose information that is necessary to assess the insurance risk, or intentionally provides false or incomplete information, BTA has the right to demand that the insurance contract be declared invalid. In this case, BTA does not refund the insurance premium.
- 3.2.** If the insurance contract is extended due to the same insurance object immediately after the expiry of the previous insurance contract and the Policyholder or the Insured does not indicate that the information has changed since the conclusion of the previous insurance contract, BTA shall consider that the previously provided information has not changed.
- 3.3.** During the validity term of the insurance contract, the Policyholder must immediately notify in writing about any changes during the validity term of the insurance that may increase the insurance risk. Changes that must be notified about are as follows:
  - 3.3.1.** Significant changes related to the object of insurance;
  - 3.3.2.** Changes in the ways whereby the object of insurance is used;
  - 3.3.3.** Other significant circumstances that increase the insurance risk.
- 3.4.** If the information provided to BTA about the object of insurance and the insured risks changes and as a result the insurance risk increases, as well as when BTA is misled due to insignificant error of the Policyholder, BTA has the right to propose to the Policyholder to change the conditions of the insurance contract, including the amount of the insurance premium, within one month from the date of learning thereof.

If the Policyholder does not agree to change the conditions of the insurance contract or does not respond to BTA within 1 month from the date of sending the notice about the proposed new conditions, BTA has the right to terminate the insurance contract after expiration of the term specified in this sentence without separate notice.

If BTA proves that it would not have concluded the insurance contract knowing about the increased risk, BTA has the right to demand termination of the insurance contract within 2 months from learning about the increased risk.
- 3.5.** Violation of the Policyholder's obligation to disclose information also causes other legal consequences which are established in the legal acts of the Republic of Lithuania.

### **4. INSURANCE PREMIUM AND PAYMENT PROCEDURE**

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- 4.1.** The Policyholder must pay the insurance premium to BTA, in the set amount and within the set terms, as provided in the insurance contract.
- 4.2.** The insurance premium is considered paid:
  - 4.2.1.** If the insurance premium is paid by transfer – from the receipt of the amount of money to the bank account of BTA or the authorized insurance intermediary;
  - 4.2.2.** If the insurance premium is paid by other means of payment – from the date indicated in the specific document confirming the fact of payment of money. You can find the 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 within the time specified in the insurance contract, the Policyholder shall pay BTA 0.02% default interest for each day of delay, but not more than 10% of the unpaid total insurance premium. BTA will not apply the above-mentioned default interest in cases when:
- 4.3.1.** The insurance premium is paid in one payment;
  - 4.3.2.** The insurance premium is paid in instalments – for the first payment.
- 4.4.** If the Policyholder fails to pay the insurance premium or its part within the time specified in the insurance contract (except the case when the entry into force of the insurance contract is related to the payment of the insurance premium or its part – in such a case the insurance contract does not enter into force and is annulled without a separate notice of the Insurer 30 days after the term of payment of the premium), BTA informs with the 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 terminate.

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

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

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

- 6.1.** The insurance contract expires on the last day of the insurance period at 24:00, unless the Policyholder and BTA have agreed otherwise.
- 6.2.** The Policyholder has the right to terminate the insurance contract at any time by notifying BTA in writing 15 days in advance. In this case, the insurance contract will be considered terminated on the day specified in the notice, but not earlier than on the 15th day after the notice of termination has been received.
- In such a case:
- 6.2.1.** If the insurance benefit has not been paid or no claims have been submitted during the validity period of the insurance contract, within 20 calendar days after receipt of the Policyholder's notice, BTA shall refund to the Policyholder a part of the insurance premium, excluding the cost of the contract conclusion and execution (30% of the amount to be refunded);
  - 6.2.2.** If the insurance benefit has been paid and/or reserved or claims have been filed during the validity term of the insurance contract, within 20 calendar days after receipt of the Policyholder's notification, BTA shall return a part of the insurance premium equal to the difference between the unused part of the insurance premium for the validity term of the insurance contract and the paid insurance benefit, while deducting the costs of concluding and executing the contract (30% of the amount to be refunded).
- 6.3.** The terms and conditions of the insurance contract may be supplemented or changed only upon a written agreement between BTA and the Policyholder.
- 6.4.** The insurance contract may also be terminated on other grounds established in the insurance legal acts of LR regulating insurance contractual legal relations.

## **7. GENERAL RESERVATIONS**

- 7.1.** Unless otherwise stipulated 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 association with any organisation or government, for political, religious, ideological or ethnic reasons and with intent to put the government or society or part of it in danger); losses resulting from preventive actions against terrorist acts are also not reimbursed;
  - 7.1.2.** War, invasions, hostile actions by a foreign state, military or equivalent operations such as a civil war (with or without declaration of war), riots, 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 it is caused or sanctioned by the state authorities, whether lawful or not; other political risks and any other losses or expenses incurred directly or indirectly as a result of the prevention of such actions shall also not be reimbursed;
  - 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 or the beneficiary.
- 7.2.** Regardless of any conditions in the insurance contract, BTA has no obligation to provide insurance coverage or make any payments or provide services, or to grant benefits to individuals or to any third party, if such

insurance coverage, payment, service, benefit and/or business or the Policyholder's activities, of the Insured or the Beneficiary demanding the insurance benefit, violate the implemented sanctions, financial embargo or economic sanctions, laws or conditions directly implemented by the BTA. Implemented sanctions are national sanctions established by the legal acts of the Republic of Lithuania, sanctions of the European Union, sanctions of the United Nations, sanctions of the United States of America and/or other sanctions that BTA must comply with and enforce in accordance with the requirements of legal acts.

- 7.3.** It shall not be considered an insured event and the losses shall not be indemnified, if occurred directly or indirectly related to:
- 7.3.1.** Regulatory enactments issued by the state;
  - 7.3.2.** State of emergency or exceptional state announced, moreover, no losses or expenses shall be indemnified, directly or indirectly related to any measures intended to avert the state of emergency or the exceptional state;
  - 7.3.3.** Epidemics or pandemics.

## **8. OBLIGATIONS OF THE POLICYHOLDER IN CASE OF INSURED RISK**

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- 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 shall be obligated:
- 8.1.1.** Immediately, but not later than within 3 working days (unless otherwise specified in the special conditions of these rules) to inform BTA about the occurrence of a possible insured event in accordance with the procedure established in the special conditions of these rules. If the Policyholder or the Insured informs BTA about the occurred insured risk late, the Policyholder or the Insured must prove that it was not possible to inform on time;
  - 8.1.2.** To immediately inform the competent authorities (e.g. Medical institution, fire safety and rescue department, police, emergency services, etc.);
  - 8.1.3.** To follow all instructions given by BTA and to take all measures to reduce damage and prevent its occurrence or increase;
  - 8.1.4.** To enable BTA to inspect the scene, investigate and interview witnesses so that BTA could determine the causes and amount of the loss;
  - 8.1.5.** To provide all information and documents requested by BTA, including trade secrets, if known to the Policyholder or the Insured, so that BTA could determine the causes of the occurred insured risk and the amount of damage;
  - 8.1.6.** If it is possible to keep the scene intact until the BTA representative arrives, unless BTA has given other instructions. This clause does not apply to the extent necessary to fulfil the requirements in Clause 8.1.3. Of these General Terms and Conditions of Insurance;
  - 8.1.7.** If the object of insurance 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 Terms and Conditions of Insurance or due to other legal and substantiated reasons, make sure that photos of the damaged property are taken as soon as possible or the damaged object of insurance would be filmed, seeking to record losses, and send photos or video to BTA by e-mail: [zalos@bta.lt](mailto:zalos@bta.lt) or in another way suitable for BTA.
- 8.2.** If the Policyholder, the Insured or the Beneficiary intentionally or due to gross negligence fails to execute the obligations specified in the Rules, BTA is entitled to reduce the insurance benefit or refuse to pay it.

## **9. INSURANCE BENEFIT**

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- 9.1.** BTA shall pay the insurance benefit no later than within 15 days from the date of receiving all information relevant to determining the fact, circumstances, consequences of the insured event and the amount of the insurance benefit.
- 9.2.** In case of theft or robbery, when the insurance benefit had been paid and the object of insurance subsequently arose, BTA has the right to demand the refund of the insurance benefit or the transfer of the right to claim the object of insurance. If BTA has decided not to keep the found insurance object, but the found object is damaged, then the Policyholder, while returning the insurance benefit received from BTA, shall deduct from it the expenses agreed with BTA, necessary to restore the object to its original condition.
- 9.3.** If the event is insured and the Policyholder and BTA do not agree on the amount of the insurance benefit, BTA shall pay an amount equal to the undisputed insurance benefit of the parties at the request of the Policyholder, if the exact determination of the amount of damage lasts longer than 3 months.
- 9.4.** If BTA delays the payment of the insurance benefit due to its own fault, BTA shall pay 0.02% default interest on the amount of the insurance benefit payable for each day of delay, but not exceeding 10% of the insurance benefit not paid on time.
- 9.5.** When paying the insurance benefit, all insurance premiums (for the current insurance year), which are due on the day of payment of the insurance benefit, are included. With the consent of the Policyholder, premiums that are not expired may be included. In cases when the insured object is lost, destroyed or forfeited as a

result of the insured event, all unpaid insurance premiums under the contract shall be deducted when paying the insurance benefit.

- 9.6.** In case BTA is unable to recover the benefit due to intentional actions of the Insured or gross negligence, BTA may not pay the insurance benefit in the part where it is not possible to make a claim, or, if the insurance benefit has already been paid, to demand reimbursement of the benefit from the Policyholder.
- 9.7.** According to the person entitled to claim the insurance benefit, BTA shall provide such a person with an opportunity to familiarize with the available documents whereby BTA made a decision to pay the insurance benefit or refused to pay the insurance benefit, or shall issue copies of documents for a fee not exceeding the cost of issuing copies of documents.
- 9.8.** BTA shall not provide an opportunity for a person, entitled to claim the insurance benefit, to familiarize with the available documents and shall not provide a copy of the documents if:
- 9.8.1.** BTA submitted documents to law enforcement authorities for investigation into the circumstances of the insured risk accident;
  - 9.8.2.** The documents contain a commercial secret of another person, which the person having the right to claim the insurance benefit is not entitled to receive;
  - 9.8.3.** The documents contain personal data, which the person having the right to claim the insurance benefit is not entitled to receive.

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

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- 10.1.** The procedure for reviewing BTA complaints regarding dissatisfaction with the insurance contract or the insurance services provided, submitted by the person requesting to conclude the insurance contract, the Policyholder, the Insured, 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 of the insurance contract shall be settled by negotiation. If a peaceful agreement is not reached, all disputes arising from the insurance contract and related to the violation, termination or invalidity of the insurance contract shall be settled in the court of the Republic of Lithuania in accordance with the legislation of the Republic of Lithuania, in the courts of the Republic of Lithuania according to the office address of BTA Lithuanian branch.

## **11. PROCESSING OF PERSONAL DATA**

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- 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 27 April 2016 Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to processing of personal data and on the free movement of such data and thereby repealing Directive 95/46/EC (General Data Protection Regulation), and according to other legal requirements.

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

## **12. SUBROGATION AND THE RIGHT OF RECOURSE**

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

## **13. CONFIDENTIALITY**

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- 13.1.** The Parties shall undertake not to disclose the confidential information, obtained on the basis of the insurance contractual or pre-contractual legal relationship, to third parties, nor to use such information in a manner that would harm the interests of the other party to the insurance contract. BTA has the right to provide all the necessary information to independent experts and reinsurers, which was obtained on the basis of the 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 legal acts of the Republic of Lithuania, are obliged to provide information to the competent state authorities.

## **14. OTHER CONDITIONS**

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- 14.1.** Any notification that the Policyholder or BTA must send to each other has to be made within the terms specified in these rules in one of the following ways:
- 14.1.1.** By delivery to the Policyholder, at the addresses indicated in the insurance policy or other written documents or in the notifications of the parties regarding the change of the registered office addresses;
  - 14.1.2.** By sending a registered postal item;
  - 14.1.3.** By e-mail, when 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 has the right to transfer its rights and obligations under the insurance contract to another or other Insurers in accordance with the procedure established by the legal acts. The Policyholder, not agreeing to the transfer of the rights and obligations under the insurance contracts, shall be entitled to terminate the insurance contract in accordance with the procedure established therein within one month from the transfer of the rights and obligations. In this case, the insurance premiums paid by him shall be refunded to the Policyholder for the remaining validity term of the insurance contract.
- 14.3.** The legal acts of the Republic of Lithuania shall apply to the contractual insurance legal relations.
- 14.4.** The insurance contract shall be concluded on the basis of these general conditions and special conditions. If the special and/or individual insurance conditions, specified in the contract (insurance policy) and these General Terms and Conditions of Insurance are different, preference shall be given to the special and/or individual insurance conditions.
- 14.5.** The Policyholder, the Insured, the Beneficiary and other persons, who acquire rights on the basis of the insurance contract, must comply with the obligations established in these Rules.
- 14.6.** These Rules shall enter into force on the day of approval by the Board of BTA, unless the Board of BTA has specified another 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 <http://www.bta.lt> .

## **SPECIAL CONDITIONS**

### **1. TERMS USED IN THE TERMS AND CONDITIONS**

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**Agreement** – a written agreement concluded between the Policyholder and the Beneficiary, which stipulates the obligations of the Policyholder to the Beneficiary and the fulfilment of which has been insured by BTA under the terms and procedure of these Insurance Rules.

**Beneficiary** – a natural or legal person to whom the Policyholder undertakes to execute his obligations assumed under the statutory procedure for the Beneficiary ongoing conditions of the tender or the contract concluded in writing (hereinafter – the Contract).

**Insurer** – AAS BTA Baltic Insurance Company represented by a branch in Lithuania, hereinafter referred to as BTA.

**Policyholder** – a natural or legal person (all types of companies and their subdivisions registered in accordance with the procedure established by law, operating both in the territory of the Republic of Lithuania and abroad).

**Tender** – a public procurement of goods, services or works that is performed by purchasing organisations (state and municipal institutions and companies), which aims to conclude a public procurement contract.

### **2. OBJECT OF INSURANCE**

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**2.1.** The object of insurance is the Beneficiary's property interests related to the Policyholder's failure to execute or improper execution of the obligations under the Beneficiary's ongoing conditions of the tender or under the agreement signed between the Beneficiary and the Policyholder.

**2.2.** The object of insurance may not be:

**2.2.1.** Guarantee of any kind of credits, loans or their repayment;

**2.2.2.** Mortgage and pledge insurance of any kind;

**2.2.3.** Insurance of any financial guarantees;

**2.2.4.** Sanctions stipulated by laws due to non-execution of the policyholder's obligation(s) or their improper execution;

**2.2.5.** Indirect losses (loss of profit, loss of income);

**2.2.6.** Expenses incurred by the beneficiary while proving the policyholder's failure to execute or improper execution of the obligations under the conditions of the tender or the contract;

**2.2.7.** Legal costs.

**2.3.** Penalties (fines, default interest), stipulated in the contract with the Beneficiary, due to the Policyholder's non-execution or improper execution of the obligation shall be considered the object of insurance only if it is directly and unambiguously provided for in the insurance contract.

### **3. INSURANCE COVERAGE**

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**3.1.** Under suretyship insurance contracts, insurance coverage is provided only for the insurance risks listed in the insurance contract.

**3.2.** At the demand of the Beneficiary and at the request of the Policyholder, the insurance coverage may also be extended to additional insurance conditions recorded in the letter of guarantee.

## 4. INSURED EVENTS

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- 4.1.** Insured event – a claim made by the Beneficiary for losses which he incurred due to non-execution or improper execution of the Policyholder’s obligations under the Beneficiary’s ongoing tender conditions or under the Contract if there are two obligatory conditions:
- 4.1.1.** The Policyholder acknowledges the fact that the contractual obligations are not executed or have not been executed due to his fault and there is objective evidence that the Policyholder is unable to execute them;
  - 4.1.2.** The Policyholder does not agree with the claim, but there is a final court decision stating that the Policyholder has breached his contractual obligations and must indemnify the loss provided that the Policyholder himself is unable to do so due to objective reasons;
  - 4.1.3.** The Policyholder does not agree with the claim, but after investigating the event, the Insurer, having evaluated all the submitted documents, determines that the Policyholder has violated his contractual obligations. In this case, the Insurer has the right to pay the insurance benefit to the Beneficiary without the consent of the Policyholder.
- 4.2.** An event shall be deemed to be an insured event in accordance with the insurance certificate (policy) issued to secure **the offer** and the commitment document issued with the insurance certificate (policy) if:
- 4.2.1.** The Policyholder withdraws his offer during its validity;
  - 4.2.2.** The Beneficiary accepted the Policyholder’s offer, the Policyholder, during its validity, avoids or refuses to sign the contract under the conditions specified in the tender documents and at the time specified by the Beneficiary;
  - 4.2.3.** The Beneficiary accepted the Policyholder’s offer, the Policyholder, during its validity, avoids or refuses to submit the document of executing the obligations under the contract, as provided for in the tender conditions;
  - 4.2.4.** The Beneficiary accepted the Policyholder’s offer, the Policyholder, during its validity, does not perform other obligations stipulated in the tender conditions and specified in the insurance contract.
- 4.3.** An event shall be deemed to be an insured event in accordance with the insurance certificate (policy) issued **for performance** and the document of obligations issued to the insurance certificate (policy) if:
- 4.3.1.** The works performed by the Policyholder, the services provided and the goods provided do not comply with the requirements provided for in the Contract;
  - 4.3.2.** The Policyholder has violated the terms of performing the obligations established in the Contract, except for the cases when the terms of performing the aforesaid obligations were violated not due to the fault of the Policyholder;
  - 4.3.3.** The Policyholder unlawfully refuses to continue to perform his contractual obligations under the Contract.
- 4.4.** An insured event shall be considered an event according to the insurance certificate (policy) issued for **advance payment** and the liability document issued with the insurance certificate (policy) if the Policyholder uses the advance payment granted to him by the Beneficiary not in accordance with the signed Contract.
- 4.5.** An insured event is considered to be an event under the insurance certificate (policy) issued for the **guarantee period** and the liability document issued with the insurance certificate (policy) if the Policyholder fails to perform his obligations under the Contract during the guarantee period provided for in the Contract. BTA does not cover losses related to the construction work defects that were obvious (objectively stated) upon acceptance of construction works.
- 4.6.** Events specified in clauses 4.2., 4.3., 4.4. and 4.5. are also considered to be insured in that case if the Policyholder has not executed or has improperly executed his obligations, provided for in the Contract, for the following reasons:
- 4.6.1.** If the Policyholder becomes insolvent;
  - 4.6.2.** If bankruptcy proceedings are instituted against the Policyholder or out-of-court bankruptcy proceedings are initiated.

## 5. NON-INSURED EVENTS

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- 5.1.** A non-insured event is a case when the Policyholder is not liable to the Beneficiary under the signed Contract.
- 5.2.** A non-insured event is a case when the Policyholder fails to execute or improperly executes his contractual obligations after the expiry of the insurance contract or before its entry into force.
- 5.3.** BTA has the right not to pay the insurance benefit if the Beneficiary:
- 5.3.1.** Provides BTA with incorrect, misleading information about the insured event or its causes;
  - 5.3.2.** Does not provide the Insurer with documents confirming the occurrence of the insured event and the amount of incurred losses, except in cases when it is not required by the insurance contract.
- 5.4.** BTA has the right not to pay or reduce the amount of the insurance benefit if the Beneficiary has received the full or partial indemnity from the Policyholder or a third party responsible for the damage.



## **6. INSURANCE AMOUNT**

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- 6.1.** The sum of the insurance amount is determined by mutual agreement between BTA and the Policyholder, taking into account the requirements set by the Beneficiary.

## **7. INSURANCE PREMIUM**

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- 7.1.** The insurance premium, when concluding a suretyship insurance contract, is calculated by the Insurer and depends on the type of insurance (tender offer, performance of works, advance payment, guarantee period), the type of insured activity, length of insurance period and other insurance conditions and data.
- 7.2.** The insurance premium is paid in full immediately within the term specified in the insurance certificate (policy).

## **8. CONCLUSION AND VALIDITY OF THE INSURANCE CONTRACT**

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- 8.1.** In order to conclude the insurance contract, the Policyholder, upon BTA request, shall submit the written application of the prescribed form and content for the conclusion of the insurance contract, tender conditions or the Contract, stipulating the Policyholder's obligations to the Beneficiary, financial statements and other documents requested by BTA that are necessary for assessing the insurance risk and for concluding the insurance contract. If they are not submitted, the Policyholder's request to conclude the contract may not be considered by BTA. The Policyholder is responsible for the accuracy of the submitted data and documents.
- 8.2.** The insurance contract consists of: The Policyholder's written request to conclude the insurance contract, the Insurance Rules, the insurance certificate (policy) issued in accordance with the Insurance Rules and the commitment document issued to the insurance certificate (policy), i.e. BTA letter of commitment or a tripartite commitment agreement signed by BTA, the Policyholder and the Beneficiary (hereinafter – the commitment document).
- 8.3.** The insurance contract may be amended by written agreement of both parties. When changing the terms and conditions of the insurance contract that have entered into force, the written consent of the Beneficiary and the written notification that BTA has no claims regarding the Policyholder's contractual obligations prior to the amendment of the insurance contract must be obtained. The previous terms and conditions of the insurance contract expire, and the subsequent ones come into force on the day following the signing of the agreement on the amendment of the terms and conditions of the insurance contract at 00 o'clock. For re-execution of the insurance contract and for a new insurance certificate (policy) can be charged extra.
- 8.4.** Upon agreement between the Policyholder, the Beneficiary and BTA, the insurance contract may be terminated earlier than the time specified in the insurance certificate (policy), if the Beneficiary confirms in writing that BTA has no claims under the terminated suretyship insurance contract and will not have them in the future.

## **9. RIGHTS AND OBLIGATIONS OF THE POLICYHOLDER AND BTA DURING THE VALIDITY OF THE INSURANCE CONTRACT**

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- 9.1.** BTA rights:
- 9.1.1.** To familiarize with the Policyholder's documents related to the Contract, which sets out the obligations of the Policyholder to the Beneficiary;
  - 9.1.2.** To provide binding instructions to the Policyholder regarding the reduction or avoidance of damage;
  - 9.1.3.** Independently investigate the circumstances of the insured event and/or hire assessors, experts and other persons to investigate the circumstances of the insured event.
- 9.2.** Obligations:
- 9.2.1.** Not to publish information about the conditions of the Policyholder's offer while participating in the tender, or the conditions of the signed contracts guaranteed by the Insurer;
  - 9.2.2.** At the request of the Policyholder, to issue a duplicate of the insurance policy.
- 9.3.** Obligations of the Policyholder:
- 9.3.1.** At the written request of BTA, to provide additional collateral (to pledge property, to form a cash deposit, etc.);
  - 9.3.2.** In the event of circumstances that make it difficult or impossible to execute the contractual obligations under the Contract insured by BTA, to notify BTA in writing no later than within 24 hours (excluding holidays and public holidays) and follow all its instructions in order to avoid possible damage;
  - 9.3.3.** Immediately inform BTA in writing about any claim or complaint submitted by the Beneficiary for non-execution or improper execution of contractual obligations, despite the fact that the insured event had already been notified before;
  - 9.3.4.** Within 3 working days to notify BTA in writing about the insurance contracts concluded or intended to be concluded with other insurers regarding the same risk;
  - 9.3.5.** To coordinate in writing with BTA the amendments and additions to the Contract with the Beneficiary, to inform in writing about the termination of the Contract.

## **10. RIGHTS AND OBLIGATIONS OF THE POLICYHOLDER AND BTA IN CASE OF AN INSURED EVENT**

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### **10.1. BTA obligations:**

- 10.1.1.** BTA, having received the Beneficiary's notice or claim regarding damage occurred due to the Policyholder's non-execution or improper execution of his contractual obligations under the Contract, indicated in the Insurer's issued insurance certificate (policy), by mail or e-mail must inform the Policyholder about the received notice or the claim and request to provide evidence that they have been executed or will be executed, and other necessary information and documents;
- 10.1.2.** Upon payment of the insurance benefit to the Beneficiary, he must send a written notice to the Policyholder according to his last known address about the incurred debt, indicating the term for fulfilment of the subrogation claim (debt repayment).

### **10.2. Obligations of the Policyholder:**

- 10.2.1.** Upon receipt of BTA information about the Beneficiary's notice or claim, the Policyholder shall be obligated:
  - 10.2.1.1.** To agree that the Beneficiary would provide BTA with the information and documents available to it about the progress of executing the Contract, specified in the insurance certificate (policy);
  - 10.2.1.2.** Within the term set by BTA (but not more than within 15 days from the date of sending the letter) to execute its obligation to the Beneficiary and to provide the Insurer with evidence that it has been executed or has been properly executed.

### **10.3. BTA rights:**

- 10.3.1.** To receive information and documents related to the insured event from the Policyholder;
- 10.3.2.** If the Policyholder fails to fulfil the subrogation requirement (does not repay the debt) by the date specified in the BTA letter, he shall be charged 0.02% default interest from the outstanding amount for each day of delay;
- 10.3.3.** If the address of the Policyholder's registered office has become unknown, the terms specified in clauses 10.2.1.2 and 10.3.2. shall start to count from the day of sending the claim to the last known location of the Policyholder's registered office;
- 10.3.4.** BTA shall be obligated only to the Beneficiary and only the Beneficiary has the right to demand from BTA execution of the obligation. The Policyholder is not entitled to any financial or other claim in respect of BTA.

## **11. TERMS AND PROCEDURE FOR PAYMENT OF INSURANCE BENEFITS**

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- 11.1.** BTA shall, within the limits of the insurance amount, indemnify for direct losses incurred by the Beneficiary as a result of the Policyholder's non-execution or improper execution of his contractual obligations or obligations under the terms of the tender for which the insurance contract was concluded.
- 11.2.** BTA shall determine the amount of damage in accordance with the Insured Event Investigation Act and other documents submitted by the Policyholder and the Beneficiary: By the Agreement between the Policyholder and the Beneficiary, at the written request of the Beneficiary to BTA, which specifies the non-executed or improperly executed obligations of the Policyholder under the concluded Contract and the amount of losses incurred by the Beneficiary, as well as other event administration material collected by BTA.
- 11.3.** To receive the insurance benefit, the Beneficiary must submit the following documents to BTA:
  - 11.3.1.** The requirement stating what obligations, under the Contract concluded between him and the Policyholder, the Policyholder has not executed or has improperly executed;
  - 11.3.2.** Documents proving that he has applied to the Policyholder with prompting to execute his obligations in accordance with the provisions of the Contract, and to attach the written answer of the Policyholder if such has been given to the Beneficiary;
  - 11.3.3.** Documents proving the amount of losses incurred by the Beneficiary due to non-execution or improper execution of the Policyholder's obligation.
- 11.4.** BTA shall not pay the insurance benefit if the claim was submitted to BTA after the expiry of the insurance contract.
- 11.5.** BTA may postpone payment until the end of the court proceedings, when a civil, administrative or criminal case has been brought against the Beneficiary or the Policyholder or one of his representatives due to the insured event, if a decision on recognizing the event as insured or the amount of insurance benefit cannot be made without examining the above cases.
- 11.6.** If BTA pays a part of the insurance benefit, its obligation under the same insurance contract shall apply to the remaining part of the insurance amount.
- 11.7.** If the insurance amount was set in a foreign currency, the insurance benefit shall be paid to the Beneficiary in agreement with him or in the same currency as the insurance amount or in another currency calculated at the official rate of the European Central Bank on the date of payment.

## **12. OTHER CONDITIONS**

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**12.1.** If the insurance contract (insurance certificate (policy) and the document of obligations issued with the insurance certificate (policy)) stipulates the insurance conditions that do not meet the conditions of these rules, the conditions specified in the insurance contract shall be followed.