

Suretyship of contractual obligations insurance regulations No. 036

I part. General insurance conditions

APPROVED:

ADB "Gjensidige" during the meeting of the Board 30 of April, 2018.
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1. Terms and definitions

- 1.1. **The Policyholder** is a person who has contacted the insurer in order to conclude an insurance contract, or a person to whom the insurer has offered to conclude an insurance contract or who has concluded an insurance contract with the insurer.
- 1.2. **The Insurer** is ADB Gjensidige.
ADB "Gjensidige" list of insurance products distributors is published on www.gjensidige.lt and/or www.lb.lt.
- 1.3. **The Insured Event** is an event, determined in the insurance agreement, alters the occurrence of which the insurer must pay the insurance premium.
- 1.4. **The Insurance Cover** is the obligation of the insurer to pay the insurance premium alters the occurrence of the insured event.
- 1.5. **The Insurance Premium** is the amount of money determined in the insurance contract, which the policyholder pays the insurer for the insurance cover, under the terms and conditions of the insurance contract.
- 1.6. **The Insurance Interest** are the losses which could have been incurred by the policyholder, the insured or the beneficiary in the case of the insured event taking place.
- 1.7. **The Insurance Benefit** is the amount of money, which alter the occurrence of the insured event must be paid by the insurer to the policyholder or to any other person who is entitled to receive the insurance benefit, or any other form of the premium payment determined in the insurance contract.
- 1.8. **The Insurance Period** is the period of time from the beginning to the end of the insurance cover, which does not necessarily coincide with the term of the insurance contract. If the provisions of the insurance contract do not determine otherwise, it is understood that the insurance cover is valid only during the insurance period.
- 1.9. **The Term of the Insurance Contract** is the term of validity of the insurance contract determined in the policy, if the parties fulfil their contractual obligations in a proper and timely manner.
- 1.11. **Fixed Term Insurance Contract** is an insurance contract valid only for the term indicated in the insurance contract. If the insurance contract does not specify otherwise, it is considered that the insurance contract has fixed terms.
- 1.12. **Continuous Insurance Contract** is an insurance contract which upon the agreement between the policyholder and the insurer is valid for the term determined in the insurance contract and is automatically extended for a further period which shall not be longer than one year, unless either of the parties of the insurance contract informs the other party about the non-renewal of the insurance contract at least one month before the end of the insurance term.
- 1.13. **The Certificate of Insurance (Policy)** is a document issued by the insurer which approves the conclusion of the insurance contract.
- 1.14. **The Insurance Risk** is the probable threat to the object insured.
- 1.15. **The Insurance Amount** is the amount of money determined in the insurance contract or calculated according to the procedure determined in the insurance contract, which must not be exceeded by the insurance benefit, except for in the cases determined in the insurance contract.
- 1.16. **The Insurance Contract** is a written agreement between the insured and the insurer, concluded according to the rules of the type of insurance. Under the insurance contract, the insured undertakes to pay the insurance premium, specified in the insurance contract. Under the insurance contract, the insurer is obliged to pay the insurance premium if the insured event occurs. The insurance contract consists of:
 - the certificate of insurance (policy) and its annexes
 - the rules of insurance and/or other insurance contract conditions on which the insured and the insurer have agreed in writing (individual conditions of the insurance contract)
 - application to conclude the insurance contract, if any.
- 1.17. **The Rules of the Insurance** are the standard conditions of the insurance contract prepared by the insurer, which consists of:
 - the general conditions
 - conditions of the type of insurance
 - additional conditions of the type of insurance. Only those additional conditions of the type of insurance are applied which have been determined in the certificate of insurance.

In case of a conflict between the general conditions and the conditions of the type of insurance, the conditions of the type of insurance shall prevail. In case of a conflict between the additional conditions of the type of insurance and the general conditions or the conditions of the type of insurance, the additional conditions of the type of insurance shall prevail.
- 1.18. **The Insurance Value** is the value of the insured property or of the property risk.
- 1.19. **Deductible** is a fixed amount of money, the percentage or any other size determined in the insurance contract, by which the insurance premium is deducted if the insured event occurs (by this amount the insured participates in the compensation of losses itself).
- 1.20. **Unconditional Deductible** is the amount by which the insurer deducts the insurance benefit in case of each insured event. If the insurance contract does not determine otherwise, it is considered that the deductible is unconditional.
- 1.21. **Conditional Deductible** is the parts of the loss expressed as the amount of money paid by the insured, if the losses occurred do not exceed the size of deductible. If the loss exceeds the size

of the conditional deductible, then the insurance benefit shall be paid without deduction of the deductible.

- 1.22. **The Beneficiary** is a person determined in the insurance contract, the person determined by the policyholder, or, for insurance contracts, the person determined by the insured, or any other person who is entitled to receive the insurance benefit.
 - 1.23. **The Irrevocable Beneficiary** is a beneficiary who cannot be cancelled or changed by the policyholder (or, for insurance contracts, by the insured) unilaterally, without the consent of the beneficiary.
 - 1.24. **Non-insured Event** is an event determined in the insurance contract and/or the laws, alter the occurrence of which the insurer does not pay the insurance benefit.
- ### 2. Rights and obligations of the insurance contract parties before the conclusion of the contract and the procedure of the conclusion of the insurance contract
- 2.1. Before entering the insurance contract, the policyholder must:
 - 2.1.1. At the request of the insurer or its representative, provide a written application to conclude the insurance contract and/or other documents
 - 2.1.2. Provide the insurer with all known information and circumstances which could have an essential influence in determining the possibility of insured risk taking place and the size of the consequences of this event (insurance risk). Circumstances of which the policyholder must inform the insurer or its representative are the following:
 - a) information provided in the application to conclude the insurance contract (if the application has been filled out);
 - b) information which the insurer has requested in writing;
 - c) information about any other insurance contracts according to which the object will be insured against the same risks together with the contract which is to be concluded.
 - d) conditions of the type of insurance may determine other circumstances, which, in addition to the above, could have a great influence in determining the risk.
 - 2.2. The policyholder and the insured are responsible for the completeness and accuracy of the information provided to the insurer or its representative.
 - 2.3. Within the term of the insurance contract the insured and the policyholder must immediately correct any information submitted during the conclusion of the insurance contract that is found to be false or incorrect, and provide the insurer with correct information.
 - 2.4. If alter the conclusion of the insurance contract it is determined that the insured or the policyholder had the insurer or its representative provided the knowingly false information about the essential circumstances, then the insurer is entitled to request that the insurance contract is proclaimed as invalid, except for the cases, when the withheld circumstances are gone before the insured even or could not have any influence in the insured event.
 - 2.5. If the insured or the policyholder had not provided information about the essential circumstances due to negligence, then the insurer must offer the insured to amend the insurance contract not later than within two months alter these circumstances became known. If the policyholder refuses to do so or does not respond to the insurer's offer within one month, then the insurer is entitled to request the termination of the insurance contract.
 - 2.6. If the policyholder has not provided information on essential circumstances due to negligence, then alter the occurrence of the insured event, the insurer must pay the part of the insurance benefit which would have been paid if the policyholder had fulfilled his/her obligation, in proportion to the ratio of the insurance premium and the insurance premium which would have been determined if the non-submitted information was known.
 - 2.7. If the insurer, despite knowing about the circumstances which the policyholder did not inform about due to negligence, does not conclude the insurance contract, then the insurer is entitled to require the termination of the insurance contract within two months of the day when it was disclosed that the policyholder had not provided the information due to negligence. If the insured event occurs, then the insurer is entitled to refuse to pay the insurance benefit only if he/she proves that neither insurer would have concluded the insurance contract being aware of the circumstances which the policyholder did not provide due to negligence.
 - 2.8. The right of the insurer to assess the insurance risk and to refuse to conclude an insurance contract.
 - 2.8.1. Before the conclusion of the insurance contract the insurer is entitled, but not obliged to, inspect/assess the insured object and, if necessary, to appoint experts to assess the insurance risk at its own expense. The assessments performed by the insurer, any written reports and any opinions expressed verbally or in writing is considered only as the insurance risk assessment and may not be used by the policyholder to prove that the insurance object is safe, does not pose a risk to the environment, complies with laws or other legal acts, engineering, industry standards or other requirements.
 - 2.8.2. In case the insured interest is related to the health of a natural person, the Insurer has the right to demand documents from the policyholder, specifying the policyholder's (insured person's) age, health condition, profession and other circumstances having effect on the insurance risk
 - 2.8.3. The insurer is entitled to refuse to conclude the insurance contract without giving any reason.

- 2.9. The insurance contract may be concluded according to the rules of the type of insurance which are considered as the standard conditions of insurance or according to the written individual insurance contract conditions agreed between the insurer and the policy holder in advance.
- 2.10. The insurer must enable public access to the rules of the type of insurance and provide a copy thereof to the policyholder before the conclusion of the insurance contract.
- 2.11. The rules of the type of insurance may determine other rights and obligations of the parties of the insurance contract before the conclusion of the contract, as well as the differing procedure of the insurance contract's conclusion.

3. Beginning of the insurance cover. Validity of the insurance contract. Conditions of amendment and termination of the insurance contract

- 3.1. The insurance contract is concluded for the term agreed between the parties and indicated in the certificate of insurance.
- 3.2. Whenever the insurance contract is concluded remotely, the moment the insurance contract comes into force is determined as 14 calendar days from the conclusion of the contract, with the exception of cases, whenever the policyholder specifies an earlier date. In cases, when the Policyholder specifies an earlier date of the contract's entry into legal force, the insurance coverage shall begin from the policyholder's specified date (prior to the expiry of the contract withdrawal term at the request of the client) (point 3.7.5. of these General insurance conditions).
- 3.3. The insurance contract enters into force from the day determined in the certificate of insurance, at 00:00 h (Lithuanian time) if another time is not specified in the certificate, but not earlier than the first instalment of insurance premium or the insurance premium is paid in full, if the deferral period is not specified in the insurance contract:
 - a) if the insurance premium (or its first part, if paid in instalments) is paid before the term of validity of the insurance contract, then the insurance contract enters into force and the insurance cover is applied from the date of the contract;
 - b) if the insurance premium (or its first part, if paid in instalments) is paid before the term of validity of the insurance contract determined in the insurance contract and then delayed for less than 30 calendar days, then the insurance contract enters into force and the insurance cover is applied from 00:00 h of the day after when the premium was paid. In such a situation, the term of the contract is not extended;
 - c) if the insurance premium (or its first part, if paid in instalments) is paid before the term of validity of the insurance contract determined in the insurance contract and then delayed for 30 calendar days or more, then the insurance contract does not enter into force, the insurance cover is not applied and the past due insurance premium paid is returned to the policyholder;
 - d) if only a part or the insurance premium (or the part of the first part, if paid in instalments) is paid, then the insurance contract does not enter into force and the insurer does not provide the insurance cover, if it is not expressly determined otherwise in the insurance contract.
- 3.4. If the insurance contract involves a deferral of the insurance premium (or its first part, if paid in instalments), then the entry into force of the insurance contract is not related to the payment of the premium and the insurance contract enters into force and the insurance cover is applied from the date of the contract is signed. If the policyholder does not pay the deferred insurance premium (or its first part, if paid in instalments) by the time due, then the ordinary consequences determined in the points 4.5 - 4.7 of the General Insurance Conditions shall be applied.
- 3.5. The insurance contract can be fixed-term or continuous.
- 3.6. The insurance cover is applied to all the insured events occurred within the term of validity of the insurance contract. If the insurance contract determines to apply the insurance cover to the insured events occurred before the entry into force of the insurance contract, then this condition is valid, provided that the contractual parties did not know or could not have known about the insured event occurred before the entry into force of the insurance contract.
- 3.7. The end and termination of the insurance contract.
- 3.7.1. The term of the insurance contract expires at 24:00 h (Lithuanian time) on the day indicated in the certificate of insurance, if another time is not determined in the certificate.
- 3.7.2. The insurance contract ends before the term of validity:
 - a) if the insurer pays all the benefits determined in the insurance contract. In this case, the contract expires from the date of the event based on which the insurer pays the entire benefit;
 - b) if the policyholder (the legal entity) is liquidated and there is no assignee of its rights and obligations;
 - c) if the owner of the insured property changes, except for in cases when the contractual parties and the new owner agree in writing otherwise, or if the new owner becomes the policyholder himself (for example, the policyholder buys the property in leasing or otherwise).
 - d) if there is another basis for the termination of the contract, determined by laws or by the insurance contract.
- 3.7.3. The insurance contract may be terminated before its expiry date, if alter the conclusion of the contract the possibility of the insured event or the insurance risk disappears due to circumstances unrelated to the insured event.
- 3.7.4. A policyholder, who has entered into a contract by means of remote communications, has the right to withdraw from the in-

insurance contract during 14 calendar days from the conclusion of the insurance contract, with the exception of following cases:

- a) Travel insurance, Personal insurance, Passenger insurance, Aid insurance, Cargo insurance, all Vehicle, Property, Civil liability insurance contracts with an insurance term shorter than one month;
 - b) Insurance contracts, which were fully executed by both parties according to a client request (i.e. the insurer provides the insurance coverage and the policyholder pays the insurance premium) before the expiry of 14 calendar days.
- 3.7.5. The insurance contract can be terminated in other cases and under procedures determined by the laws or the conditions of the insurance contract.
- 3.8. Settlement procedures upon termination of the insurance contract.
- 3.8.1. If the insurance contract expires or is terminated before the agreed date, then the insurer is entitled to part of the premium paid for the insurance contract's period of validity.
- 3.8.2. The remaining part of the insurance premium shall not be returned if the insurance contract has expired or is terminated according to points 3.7.2. a) and 5.2.2 of the General Insurance Contract Rules.
- 3.8.3. If the insurance contract expires or is terminated at the initiative of the policyholder, or according to points 3.7.2 b) - d), 5.1.2 or 3.8.4 b) or 8.3 of the General Insurance Contract Rules, then the insurer shall exclude from the amount returnable to the policyholder:
- a) costs of the contract conclusion and execution (20% of the premium for the unused insurance term, which can be no longer than one year but not less than EUR 14). If it is impossible to calculate the costs of the insurance contract conclusion and execution from the policyholder's paid insurance premium part (insufficient amount of funds), then these costs must be borne by the policyholder;
 - b) the insurance benefits paid and expected to be paid according to the insurance contract.
- 3.8.4. If the policyholder withdraws from the insurance contract concluded via means of remote communications (point 3.7.4. of these General Insurance Contract Rules) during 14 calendar days from the conclusion of the insurance contract:
- a) if the insurance coverage was yet to be provided - all of the paid insurance premium is returned without any deduction for administrative costs;
 - b) if the insurance coverage was started - the conditions, laid out in p. 3.8.3. of these General Insurance Contract Rules are applied.
- 3.8.5. If the policyholder had not paid all of the agreed insurance premiums before the termination/expiriation of the insurance contract, then at the termination or the expiration of the contract he/she must pay the part of the insurance premium for the insurance cover provided before the termination/expiriation.
- 3.8.6. The reimbursable insurance premium or its part shall be transferred to the bank account of the policyholder not later than 14 working days after the receipt of the written policyholder's request but not earlier than the date of the termination of the insurance contract.
- 3.9. The insurance contract may be amended only with the written agreement being signed by the insurer and the policyholder.

4. Insurance premium and its payment

- 4.1. The amount of the insurance premium shall be calculated by the insurer, taking into account the information provided by the policyholder, the insured object, the amount of insurance, the risk of insurance, and other conditions determined in the insurance contract, as well as other relevant information.
- 4.2. The insurance premiums can be paid by bank transfer, cash, electronic banking or using the insurer's network of partners. The possibility to pay insurance premiums in cash or settle with payment card is made only in some intermediaries chosen by the insurer. The policyholder is responsible for ensuring that his insurance premium is paid in time to the insurer's account with the bank and that all documents required by the insurer for the identification of the payer and the insurance contract are recorded in the payment documents.
- 4.3. The effective payment date of the insurance premium is considered to be the date on which the insurance premium is entered in the account specified by the insurer or insurer authorized partner in the bank or paid in cash and satisfies the requirements of p. 4.2. of these General Insurance Contract Rules, otherwise, the date of identification of the insurance premium is authorized by the Insurer
- 4.4. Insurance payments for the Insured may be paid by other persons, without obtaining any rights to the insurance contract and paid insurance premiums.
- 4.5. If the insurance premium or part of it is not paid in a timely manner, then the insurer is entitled to add interest of 0.02% to the unpaid amount for each day that payment is delayed.
- 4.6. If the policyholder fails to pay the insurance premium in total or in part within the period determined by the insurance contract (except for cases when the entry into force of the insurance contract is related to the payment of part or all of the insurance premiums), then the insurer is obliged to inform the policyholder in writing stating that if he/she fails to pay the total amount of the insurance premium that is unpaid within 30 days after the dispatch of the notification, then the insurance contract will be terminated. The insured and the insurer may be extended the specified term of payment. An extension by agreement of the parties is possible only if the month in which the expiration date of the insurance contract in the insurer's notice regarding the unpaid payment was specified has not expired.
- 4.7. In such a case, if the insurance premium was partly paid and after the termination of the contract for failure to pay the premiums, the amount returnable to the customer remains and is payable by excluding the amounts determined in the point 3.8.3 of these General Conditions of the Insurance Contracts.

5. The rights and obligations of the policyholder and the insurer during the contract period

- 5.1. The policyholder rights:
- 5.1.1. In the case of the insured event, the policyholder is entitled to require the insurer to pay the insurance benefit in accordance with the laws and/or the terms of the insurance contract.

- 5.1.2. The policyholder is entitled to terminate the insurance contract by informing the insurer in writing not later than 15 days before the intended termination day. The request to terminate the insurance contract must be signed by the policyholder or his /her authorised representative. The procedure for submitting the request is described in Article 11 of these General Insurance Conditions (Procedure of presenting information to the other party to the contract).
 - 5.1.3. According to the laws, the policyholder and/or his/her authorized representative is entitled to receive information about the examination of the insured event.
 - 5.1.4. The policyholder is entitled to access his /her personal data handled by the insurer and the process of handling and request the correction of incomplete, incorrect and inaccurate personal data, as well as to require the erasure of his personal data, to restrict or disagree with their processing, and to request the transfer of his personal data.
 - 5.1.5. The policyholder is entitled to require amendments of the insurance contract or to reduce the insurance premium, if the insurance risk is reduced. If the insurer does not agree to amend the insurance contract or to reduce the insurance premium, then the policyholder is entitled to apply to the court due to the termination of the insurance contract or modification, in the case of material change of the circumstances or to terminate the insurance contract according to the order, specified in the law on insurance.
- 5.2. The insurer rights:
- 5.2.1. If the insurance risk increases or in cases of material changes in the circumstances of the insurance contract, the insurer is entitled to request to change the conditions of the insurance contract and/or to recalculate the insurance premium. If the policyholder does not agree to amend the insurance contract or to increase the insurance premium, then the insurer is entitled to apply to court due to the termination of the insurance contract or modification, in case of a material change to the circumstances. If the policyholder does not inform the insurer about the increase of the insurance risk or the material change to the circumstances, then the insurer is entitled to request termination of the insurance contract and compensation for damages, if they are not covered by the premiums received. However, the insurer is not entitled to request the termination of the insurance contract if the circumstances which could have affected the increase of the insurance risk had disappeared. The cases of the insurance risk increase are determined in the conditions of the type of insurance, additional conditions and other documents making the insurance contract.
 - 5.2.2. The insurer is entitled to terminate the insurance contract by a written notification sent to the policyholder seven days before the intended termination, if:
 - a) the policyholder or the insured have failed to comply with the security requirements and have not eliminated the shortcomings indicated by the insurer before the conclusion of the contract or during the period in which the contract is valid, as it is regarded as a material breach of the insurance contract;
 - b) the policyholder or the insured has caused the damage intentionally;
 - c) after the occurrence of the insured event, the policyholder or the insured has provided the insurer with false or incomplete information important in determining the amount of the insurance benefit, or has tried to receive the insurance benefit by illegal means.
 - 5.2.3. To inform the policyholder of the ending insurance contract when he has properly fulfilled his obligation to provide relevant contract details.
 - 5.2.4. The rights of the insurer when the policyholder does not pay the insurance premium are determined in points 4.5 - 4.7 of these General Conditions of the Insurance Contracts.
- 5.3. The policyholder duties:
- 5.3.1. To pay the insurance premiums within the terms determined in the insurance contract. In the payment order, to record all requisites required by the insurer in the payment documents in order to identify the payer and the insurance contract.
 - 5.3.2. To perform the instructions of the insurer, in order to reduce the risk and comply with the security measures imposed by the conditions of the type of insurance, additional conditions and the insurance contract.
 - 5.3.3. To inform the insurer immediately about the increased risk or other cases when the circumstances determined by the insurance contract change radically. The increase in risk and other cases, due to which the circumstances determined by the insurance contract change radically, are determined in the conditions of the type of insurance, additional conditions and the insurance contract.
 - 5.3.4. In the case of the policyholder and the insured person or the beneficiary do not match, the policyholder is obliged to inform the insured person and/or the beneficiary regarding the concluded insurance contract, familiarize them with the insurance contract conditions and condition changes.
 - 5.3.5. In the case of the insured event or in circumstances under which there is a real risk of the insured event occurring, the policyholder must register in insurer webpage www.gjensidige.lt or inform the insurer by calling his general telephone number 1626 or by e-mail info@gjensidige.lt and comply with the obligations determined in the conditions of the type of insurance, additional conditions or the insurance contract.
 - 5.3.6. If after the payment of the insurance benefit it is revealed that according to the conditions of the insurance contract the insurance benefit should not have been paid or it should have been lower, then at the request of the insurer, the policyholder must return the paid benefits or a part thereof within 30 calendar days, except for cases determined by the laws.
- 5.4. The insurer duties:
- 5.4.1. To pay the insurance benefits as determined by the rules and the laws.
 - 5.4.2. If the insurance benefit has not been paid, the insurer is obliged to inform the policyholder (beneficiary or an aggrieved third person) comprehensively and in writing each 30 days from the receipt of the message regarding the insured event. The insurer is obliged to inform the above-mentioned regarding the course of the insured event investigation, with the exception of cases, whenever there are documents or information missing and not provided by the policyholder (beneficiary or aggrieved third person) and the policyholder (beneficiary or aggrieved third person) is already informed regarding the documents and

information, which this person is obliged to provide during the course of the investigation of the insured event.

- 5.4.3. If it is determined that the insured event did occur, and the insurer and the policyholder are unable to reach an agreement on the amount of the insurance benefit, then at the request of the policyholder, the insurer must pay the amount equal to the contractual non-disputable insurance benefit, provided that the determination of the amount of the damage exceeds for more than 3 months.
- 5.4.4. To change the conditions of the insurance contract and to re-calculate the insurance premium, if within the validity of the agreement the conditions have changed essentially and the insurance risk has been reduced.
- 5.4.5. The insurer must return the paid insurance premium for the remaining period for which the contract is valid to the policyholder if the insurance contract has been terminated due to the fact that the possibility of the insured event has disappeared or the insurance risk has disappeared due to the circumstances not related to the insured event (e.g. that the insured object was damaged for reasons unrelated to the insured event and so on).
- 5.5. The conditions of the type of insurance, additional conditions and the insurance contract may determine other rights and obligations of the contractual parties.

6. Procedure for payment of the insurance benefit

- 6.1. Insurance benefits are paid for the insured events determined by the conditions of the type of insurance, as limited by the insurance contract.
- 6.2. Insurance benefits are taxable according to the laws of the Republic of Lithuania.
- 6.3. The policyholder, the insured and/or the aggrieved third person must provide the insurer with all the necessary documents and information about the reasons and consequences of the insured event necessary for calculation of the insurance benefit. It covers documents and information confirming the presence of the insured event, the scope of the damage and so on.
- 6.4. The insurance benefit payment terms:
 - 6.4.1. The insurer is not entitled to pay or refuse to pay the insurance benefit without ascertaining the veracity of the occurrence of the insured event and all the available information;
 - 6.4.2. If the insurance benefit has not been paid, the insurer is obliged to inform the policyholder (beneficiary or an aggrieved third person) comprehensively and in writing each 30 days from the receipt of the message regarding the insured event. The insurer is obliged to inform the above-mentioned regarding the course of the insured event investigation, with the exception of cases, whenever there are documents or information missing and not provided by the policyholder (beneficiary or aggrieved third person) and the policyholder (beneficiary or aggrieved third person) is already informed regarding the documents and information, which this person is obliged to provide during the course of the investigation of the insured event.
 - 6.4.3. If due to the event which can be acknowledged as the insured event the policyholder is subject to a civil case, criminal proceedings, legal proceedings, pre-trial or other mandatory government institution investigation, then the insurer is entitled to postpone the payment of the insurance benefit until the end of pre-trial or other mandatory government institution investigation and/or enforcement of the court decision, suspension or termination of the case.
 - 6.4.4. If the insurance benefit has not been paid to the policyholder, the insured, the beneficiary or any other third person within 30 days of notification of the insured event, then the insurer must comprehensively and in writing inform the policyholder (the beneficiary) about the examination of the insured event.
- 6.4.5. If it is determined that the insured event did occur, and the insurer and the policyholder are unable to reach an agreement on the amount of the insurance benefit, then at the request of the policyholder, the insurer must pay the amount equal to the contractual non-disputable insurance benefit, provided that the determination of the amount of the damage exceeds more than 3 months.
- 6.5. The insurance benefit is paid to the bank account of the policyholder (the beneficiary) or a person authorised in writing. If the insured is a minor, then the insurance benefits shall be paid:
 - 6.5.1. Only to his/her bank account
 - 6.5.2. If the minor is less than 14 years old - to the bank account of one of the parents, provided that the other parent has presented written consent
 - 6.5.3. To one of the minor's parents, if a minor is aged 14 or older and has presented written consent.
- 6.6. When the insurer pays the insurance benefit to the policyholder who is entitled to recover taxes due to the insurance object's recovery to the previous state, then it reduces the insurance benefit by the amount of the taxes returnable. In such a situation, when calculating the insurance benefit, the amount of the taxes is deducted first of all, and then the deductibles.
- 6.7. Exemption from paying the insurance benefit:
 - 6.7.1. The insurer is exempt from obligations to pay the insurance benefit if the insured event occurred due to the intent of the policyholder, the insured or the beneficiary, with the exception of cases, specified by legal acts.
 - 6.7.2. The insurance benefit shall not be paid if the requirement to pay is based on fraud, i.e. the policyholder or related persons, the insured or the beneficiary tried to mislead the insurer by falsifying the facts, presenting false information or unduly increasing the amount of loss.
 - 6.7.3. Legal acts might specify other cases of exemption from paying the insurance benefit.
- 6.8. The insurer is entitled to reduce the insurance benefit if the policyholder and/or the insured, and/or the beneficiary:
 - 6.8.1. Does not adequately inform the insurer and/or presents incorrect or incomplete information about the insured event.
 - 6.8.2. Does not take measures to prevent damage or decrease its extent
 - 6.8.3. Fails to comply with the conditions of the insurance agreement or reasonable requirements of the insurer related to decreasing the insurance risk
 - 6.8.4. Does not provide the insurer with the possibility of assessing the extent of and reason for the damage
 - 6.8.5. Does not take measures which would enable the damage compensation by the person who has provoked it or acts in such a

- manner that the insurer is not able to implement its right of requirement (subrogation).
- 6.9. The insurer must prove the circumstances which exempt it from paying the insurance benefit or allow reducing it.
 - 6.10. If the insurer decides to refuse to pay the insurance benefit or a part thereof, it must assess the fault of the policyholder, the importance of the infringement, the relation between the breach and the consequences, as well as the amount of damage caused due to the infringement.
 - 6.11. If after the payment of the insurance benefit it is revealed that according to the conditions of the insurance contract the insurance benefits should not have been paid or it should have been lower, then at the request of the insurer, the policyholder must return the paid benefit or a part thereof within 30 calendar days, except for in cases where the law determines otherwise.
 - 6.12. Crediting of the insurance premium:
 - 6.12.1. The insurer has the right but is not obliged to deduct the unpaid insurance premium, with overdue payment terms, as well as other sums with overdue payment terms. If the deduction is not applied, the policyholder's obligation to pay the specified insurance premiums and other arrears remains valid.
 - 6.12.2. If the insurance contract expires after the payment of the insurance benefit, then the insurance benefit covers all unpaid insurance premiums, according to the insurance contract.
 - 6.13. The insurer will not compensate for damages and will not provide insurance cover if the United Nations applies trade, economic or other sanctions, prohibitions or restrictions to the insurer, as well as if other laws, instructions and regulations are applied to the insurer.

7. Obligation to protect the information

- 7.1. The insurer is not entitled to disclose the information obtained in the performance of the insurance activities regarding the policyholder, the insured or the beneficiary, their health status, financial situation, as well as other information, specified in the insurance contract, except for in cases where the law determines otherwise. The insurer violating this obligation is obliged to compensate the policyholder, insured person or the beneficiary all of the property and non-property losses.
- 7.2. Information about the policyholder, the insured or the beneficiary obtained in the performance of the insurance activities can be disclosed:
 - 7.2.1. to courts, law enforcement agencies and other institutions in cases determined by the laws;
 - 7.2.2. to courts examining the disputes between the policyholder (applicant) and the insurer;
 - 7.2.3. to reinsurers, companies of the insurer's shareholders;
 - 7.2.4. to experts, representatives, consultants and other subjects providing services to the insurer;
 - 7.2.5. to arbitral tribunals examining disputes between the policyholder and the insurer, or an authorised representative or agent of the insurer;
 - 7.2.6. at the policyholder's consent or request.
 - 7.2.7. in other circumstances, specified by legal acts, whenever the insurer has the obligation to disclose information.

8. Transfer of rights and obligations under the insurance contract

- 8.1. The insurer is entitled to transfer its contractual rights and obligations to other insurers according to the laws. However, in case the insurer plans to transfer his rights and obligations arising from the insurance contract, he undertakes to inform according to the order, specified in laws.
- 8.2. The policyholder is not entitled to transfer his/her contractual rights without the written consent of the insurer.

9. Settlement procedure for disputes arising between the policyholder and the insurer

Complaints about the activities of the insurer or insurance distributor can be provided by ADB "Gjensidige". Extensive details regarding the complaint and dispute settlement procedure, including the activities of the distributor of insurance products, are specified on the insurer's internet page www.gjensidige.lt. Disputes arising from the insurance contract shall be resolved by negotiations. If the parties fail to reach an agreement, then the dispute shall be settled / solved in a non-judicial manner in the Bank of Lithuania (Totorių str. 4, LT-01103, Vilnius, more information - www.lb.lt) or in court, according to the laws of the Republic of Lithuania.

10. The law applicable to the insurance contract

The insurance contract is governed by the laws of the Republic of Lithuania, if not agreed otherwise in the insurance contract (individual insurance contract or insurance certificate).

11. Provision of information to the other party

- 11.1. Any notice of one contractual party to the other party must be submitted in writing. Intermediaries are not authorised to accept such notices.
- 11.2. Notices to the other party shall be sent in writing by post, e-mail or courier services. Notices sent by e-mail indicated in the certificate of insurance or by letter to the address indicated in the certificate of insurance, transferred by fax number indicated in the certificate of insurance or delivered to the other party to the address indicated in the certificate of insurance by using the services of a courier is considered as delivered properly according to these Rules, except for the cases indicated in these Rules. Contractual parties must inform each other about changes of address or other contact data in 15 days period from the change of such data.
- 11.3. It is considered that the date of presenting the notice is:

- 11.3.1. the next working day after the notification was sent, if sent by e-mail.
- 11.3.2. if sent by post:
 - a) if sent by ordinary post, the notice shall be deemed duly served within a reasonable term after its dispatch
 - b) the day of receipt (the date of receipt of the notification is determined according to the official post stamp placed by the postal authorities entitled to do so), if it was sent by registered mail
 - c) the date on which the notice was served to the policyholder, if it was sent via a courier.

12. Protection of personal data

- 12.1. Insurer is processing personal data received from Policyholder, who would like to use or is using insurer services, and the personal data, which is received from other sources (e.g. from registers maintained by government or private persons, from other third parties).
- 12.2. Insurer is publishing detailed information about principles of personal data processing on the website www.gjensidige.lt.

II part. Suretyship insurance terms for the performance of contractual obligations

APPROVED:

During the meeting of the Board on 21th of September, 2016. Entered into force on 4th October, 2016.

1. Special definitions

- 1.1. **A suretyship insurance letter** means the Insurer's written commitment to the Contracting Authority, issued on the basis of the suretyship insurance contract. In the suretyship insurance letter the Insurer undertakes to indemnify the Contracting Authority for direct losses (unless differently provided for in the suretyship insurance contract), within the amount indicated in the suretyship insurance, should the Insured fail to fulfil all or part of its commitments for which the Insurer has guaranteed via the suretyship insurance contract. The Insurer shall be obliged with respect to the Contracting Authority only and therefore the surety insurance letter may not be transferred or pledged. The first demand surety insurance letters and non-first demand (conventional) surety insurance letters may be issued according to these Rules. The first demand surety insurance letter is only the surety letter stating that this is the first demand insurance surety letter.
- 1.2. **Application (form) to conclude the insurance Contract** (hereinafter referred to as the „Application“) is a document of a specified form and content to be completed by the Insured providing the Insurer with the information necessary for the assessment of insurance risk and for the conclusion of the suretyship insurance contract.
- 1.3. **Public procurement** means the procurement of goods, services or works carried out by the Contracting Authority and regulated according to the Law on Public Procurement of the Republic of Lithuania with a view to concluding a public purchase-sale contract.
- 1.4. **Contract documents** are the documents provided by the Contracting Authority to the Insured in writing and by electronic means, describing the object of procurement and the procurement terms: notice, call for tenders, documents of tendering procedures or other methods of procurement, their terms and conditions, explanations (adjustments) of these documents as well as instructions or public authorities.
- 1.5. **Contract** means a written agreement on the purchase-sale of goods, the contracting or provision of services concluded between the Insured and the Contracting Authority specifying the obligations of the Insured with respect to the Contracting Authority in respect of which the Insurer provides surety under the surety insurance contract save for the exceptions provided in the insurance contract/the Rules.
- 1.6. **Offer** – a body of written documents submitted for tender by the Insured in order to supply goods, to provide services or to perform works under the rules established by the tender organiser (the Client).
- 1.7. **Damage** means the costs incurred by the Contracting Authority (i.e. direct loss as defined in the Civil Code of the Republic of Lithuania) due to the insured events specified in the Insurance contract.
- 1.8. **Consequential damage** means damage arising as an indirect consequence of the failure of the Insured to fulfil or to properly fulfil its obligations under the contract, i.e. subsequent/consequential damage arising due to works not being performed or being performed inadequately (e.g. the flooding or mildewing of the premises).
- 1.9. **Right of recourse** (the Insurer's right to regression claim) means the right of the Insurer, upon compensating for the loss caused by the Insured, to demand the return of payment from the Policyholder.
- 1.10. **Deposit** means the amount of funds indicated in the suretyship insurance contract which shall be transferred by the Insured to the account of the Insurer, as per the agreement between the Parties to the suretyship insurance contract and which shall ensure the performance of the obligations of the Insured with respect to the Insurer according to the suretyship insurance contract.
- 1.11. **Counter warrantor** means a person who shall, at no charge, guarantee to the Insurer with respect to the appropriate discharge of the obligation by the Insured to refund the insurance benefit paid to the Contracting Authority of the Insurer, where such insurance benefit has been paid to the Contracting Authority on the basis of the suretyship insurance contract.
- 1.12. **Contracting Authority** means the person specified in the insurance contract entitled to be paid an insurance benefit as a result of the failure of the Insured to fulfil or partly fulfil the obligations assumed thereby according to the terms of the public procurement documents or a written agreement.
- 1.13. **Persons related with the Insured** means employees of the Insured, its partners acting on the basis of a joint activities

(partnership) agreement, as well as persons who were commissioned or instructed by the Insured or otherwise legally entrusted to protect the subject matter of the insurance and to take care of it, as well as persons contracted by the Insured for the performance of the Contract concluded by the Insured and the Contracting Authority (sub-contractors etc.), and other representatives authorized according to the laws.

- 1.14. **Third person** means a person not related with the contractual insurance relationship with the Insurer and the Insured according to the suretyship insurance contract concluded on the basis of these Rules. Third persons do not include persons related with labour or civil contractual relations to the Insured or the Insurer.

2. Subject matter insured

- 2.1. Subject matter insured means the property interests related to the failure to perform (in part or in full) the Insured's obligations for which the Insurer has guaranteed with the suretyship insurance contract, namely:
 - according to the suretyship insurance contract of the bid – the Insured's obligation to fulfil its commitments under the terms and conditions of the documents of tendering procedures carried out by the Contracting Authority;
 - according to the suretyship insurance contracts of performance, prepayment and warranty period – the Insured's obligation to fulfil its obligations to the Contracting Authority according to the Contract with the Contracting Authority;
- 2.2. Within the terms of these Rules, the subject matter insured does not include:
 - 2.2.1. property interests on failure to perform according to liabilities in part or in full according to any type of factoring, lease, credit or loan Contracts;
 - 2.2.2. property interests on default interest (fines, penalties), established in the Contracts concluded between the Insured and the Contracting Authority or in the law, unless otherwise provided for in the suretyship insurance contract;
 - 2.2.3. property interests related to the failure of the Insured to perform his obligations to pay for the goods or services;
 - 2.2.4. property interests related to the Insured's liabilities the performance of which was not guaranteed by the Insurer in the insurance surety letter issued to the Contracting Authority;
 - 2.2.5. property interests in relation to any costs (losses) not covered by the loss as defined in these Rules.

3. Events insured

- 3.1. Unless otherwise provided for in the suretyship insurance contract, the event insured according to the suretyship insurance contract of the bid is when the contractual civil liability of the Insured is established and proven for the failure to perform according to the commitments assumed by the Insured, according to the terms and conditions of the procurement organized by the Contracting Authority and/or the Contract awarded to the Insured:
 - 3.1.1. if the Insured withdraws its bid during the validity period specified in the invitation to tender and/or the bid;
 - 3.1.2. if the Insured is offered to sign the Contract on becoming the successful bidder, and/or according to his bid and the Insured refuses in writing to sign the Contract or fails to sign it within the terms specified by the Contracting Authority;
 - 3.1.3. if the Insured is offered to sign the Contract on becoming the successful bidder, and/or according to his bid and the Insured fails to provide the Contract performance guarantee, if it was the requirement of the tendering procedure documents;
 - 3.1.4. if the Insured, when the Contracting Authority has accepted his bid, during the bid validity period disagrees with the adjustment of the bid price, as specified in the tendering procedure documents.
- 3.2. Unless otherwise provided for in the suretyship insurance contract, the event insured according to the performance of the suretyship insurance contract is when the Insured's contractual civil liability is established and proven regarding his failure to perform the assumed commitments under the terms and conditions of the Contract signed with the Contracting Authority:
 - 3.2.1. work performed, services rendered or goods delivered by the Insured do not meet the requirements laid down in the Contract and the Insured refuses to remedy the defects;
 - 3.2.2. the Insured at their own fault does not meet the deadlines of commitments specified in the Contract;
 - 3.2.3. the Insured illegally refuses to continue the performance of contractual obligations.
- 3.3. Unless otherwise provided for in the suretyship insurance contract, the event insured according to the prepayment suretyship insurance contract is when the Insured's contractual civil liability is established and proven on the unpaid prepayment by the Insured to the Contracting Authority (which has been received under the Contract concluded with the Contracting Authority), when it was used not according to the purpose intended in the Contract.
- 3.4. Unless otherwise provided for in the suretyship insurance contract, the event insured according to the suretyship insurance contract of the warranty period is when the Insured's contractual civil liability is established and proven for the Insured's outstanding commitments to the Contracting Authority during the warranty period indicated in the suretyship insurance contract for which the Insured is responsible according to the Contract signed.
- 3.5. In addition to the terms and conditions indicated in paragraphs 3.1 to 3.4 (inclusively), a mandatory prerequisite for the recognition of the event insured is the submission of the Contracting Authority's demand to pay the insurance indemnity to the Insurer during the validity period of the corresponding suretyship insurance contract.

4. Events excluded

Events excluded shall include:

- 4.1. Events excluded are the events when the Insured is not subject to civil liability or is exempt from civil liability according to the procedure specified to the Contracting Authority in the legislation of the Republic of Lithuania (Art. 6.253 of the Civil Code).

- 4.2. Events excluded are the cases where no civil liability arises and/or is established to the Insured and not proven, for the Insured's failure to perform according to its commitments assumed in the terms and conditions of tendering procedure announced by the Contracting Authority and/or where the Insured was a successful participant, or the terms and conditions of Contract concluded with the Contracting Authority for which the Insurer has guaranteed with the suretyship insurance contract.
- 4.3. Events excluded are all cases for which the Insurer is not liable to the Contracting Authority, as well as other events excluded discussed by the Insurer and the Insured and provided for in the suretyship insurance contract.
- 4.4. Events excluded are claims for payment of contractual delay interest (fines, penalties) provided for in the Contract signed by the Insured with the Contracting Authority, interest on the Insured's failure to perform his commitments in part or in full, unless differently provided for in the suretyship insurance contract.
- 4.5. Events excluded are all events insured listed in Section 3 of these Rules if they were caused or intentionally effected by the Insured and/or persons related with the Insured through criminal acts.
- 4.6. Events excluded are any cases that do not meet the definition of the corresponding event insured and/or the condition(s) specified in paragraph 3.5 of these Rules.
- 4.7. Arising from the civil liability of the Insured related to the amendments or supplement of the public procurement contract or the contract concluded with the Contracting authority in respect of which the Insurer has guaranteed under the insurance contract and made after the conclusion of the insurance contract.
- 4.8. Any events related to the consequential damage incurred due to the failure of the Insured to fulfil or to properly fulfil its obligations;
- 4.9. Events excluded are also the events when the Insured fails to perform in part or in full his obligations according to the Contract concluded with the Contracting Authority due to:
 - war (published, unpublished), civil war or civil (mass) unrest, establishment of emergency situation or state of war, armed assault, revolution, sabotage, terrorism;
 - nuclear reaction, radiation exposure or radioactive contamination;
 - property confiscation, arrest or destruction according to the instructions of public authorities;
- 4.10. Events excluded are also the events listed in paragraph 4.9 of Section II of these Rules that occur in the territory of a third country through which the goods are transported and events taking place outside the territory of the Republic of Lithuania.

5. Sum insured

- 5.1. The sum insured is determined by the mutual agreement of the Insurer and the Insured according to the Contracting Authority's requirements.
- 5.2. The sum insured is specified in the insurance policy and in the insurance surety letter.
- 5.3. The sum insured may be specified in the suretyship insurance contract in a foreign currency, but all payments must be made in euro according to the official exchange rate announced by the Bank of Lithuania on the insurance indemnity payment date, unless otherwise stated.

6. Insurance contract conclusion procedure

- 6.1. The suretyship insurance contract is concluded when the Insured pays the insurance premium and deposit (if the Insured has to pay under the surety insurance policy). Conclusion of the suretyship insurance contract is confirmed by the insurance policy issued by the Insurer.
- 6.2. The Insured must submit the documents required by the Insurer to assess the insurable risks and to conclude the insurance Contract.
- 6.3. In concluding the insurance Contract, the Insurer issues insurance policy which is given to Insured and the insurance surety letter which is given to the Contracting Authority.
- 6.4. The insurance surety letter is an integral part of the insurance Contract.
- 6.5. The insurance surety letter is an integral part of the insurance Contract. If an amendment of the suretyship insurance contract changes the contents of the Insurer's and/or their nature to the Contracting Authority or if the insurance surety letter issued to the Contracting Authority is amended, the amendments of the suretyship insurance contract between the Insurer and the Insured can only be made when the Insured submits the written consent of the Contracting Authority to the Insurer.
- 6.6. If the Insured requests the Insurer to issue copies of the suretyship insurance policy (its appendices and/or agreements), the Insurer must issue to the Insured the copies of the requested documents at a fee established by the Insurer.
- 6.7. No copy of the insurance surety letter shall be issued.
- 6.8. If the insurance terms and conditions specified in the Rules are different from those in the suretyship insurance contract (in the insurance policy and its appendices, in the insurance surety letter), the conditions of the suretyship insurance contract shall be followed.

7. Validity of the suretyship insurance contract. Conditions for termination of insurance contract.

- 7.1. The beginning and the end of the validity period of insurance Contract specified as a calendar date in the insurance policy and in the insurance surety letter.
- 7.2. Unless it is otherwise provided in the insurance policy and/or suretyship insurance letter, the surety insurance contract comes into force and insurance coverage starts from the date specified in the insurance policy, provided that the insurance premium and/or deposit is paid in full (if the Insured has to pay under the surety insurance policy). If the Insured fails to pay the insurance premium, the payment of which is associated with the entry into force of the surety insurance contract on the date specified in the insurance contract, the contract shall not enter into force on the date specified in the surety insurance contract.

- 7.3. When the Insured is late in paying the insurance premium and/or deposit (if the Insured has to pay under the surety insurance policy), the suretyship insurance contract shall take effect from the moment of payment of the insurance premium or deposit and the insurance coverage applies only for the events insured occurring after the effective date of the insurance Contract. Paragraph 4.2 of the General Conditions of the Rules defines the cases in which the insurance premium is considered as being paid.
- 7.4. The suretyship insurance contract expires according to General Conditions of the Rules, and:
 - 7.4.1. after the expiry of the suretyship insurance policy and the validity of the insurance surety letter;
 - 7.4.2. upon the maturity date of the suretyship insurance contract, if the suretyship insurance contract has secured a future obligation, and it did not come into force until the end of this term.
 - 7.4.3. When the Insured fulfils all obligations for which the Insurer guaranteed with the suretyship insurance contract, and the Contracting Authority returns the original surety letter, or certifies in writing that all the obligations of the Insured for which the surety has been provided have been fulfilled;
 - 7.4.4. upon the agreement of the parties to the suretyship insurance contract and after the Contracting Authority returns the original surety letter, or certifies in writing that all the obligations of the Insured for which the surety has been provided have been fulfilled;
- 7.5. In addition to the cases referred to in paragraph 7.4, the suretyship insurance contract on the bid is considered as being expired after the end of the public tendering procedure on the grounds specified in the Law on Public Procurement of the Republic of Lithuania.
- 7.6. The suretyship insurance contract may be terminated prior to its maturity in accordance with paragraphs 3.7.3, 3.7.5 and 5.1.2 of the of the General Conditions of the Rules only with the consent of the Contracting Authority who shall inform the Insurer in writing that he has not and shall not have claims to the Insurer, in accordance with the insurance surety letter issued by him, or returns the insurance surety letter to the Insurer. Upon the request of the Insurer the Insured, in connection with the returned original copy of the insurance surety letter shall submit a written representation by the Contracting Authority on the waiver of its rights according to the surety insurance letter issued.
- 7.7. Unless otherwise provided for in the suretyship insurance contract, the insurance premium will not be repaid to the Insured if the suretyship insurance contract ends it before the deadline on the grounds provided in paragraphs 7.4 and 7.5 of the Rules.
- 7.8. Unless otherwise provided for in the suretyship insurance contract, termination of the suretyship insurance contract is performed according to the settlement procedure specified in the General Conditions of these Rules, and:
 - 7.8.1. If the insurance contract is terminated at the initiative of the Insured, or according to points 3.7.2 b) - d), 5.1.2 of the General Insurance Contract Rules, then the Insurer shall exclude from the amount returnable to the Insured costs of the contract conclusion and execution (30% of the fee for the unused insurance term but not less than EUR 14 and not more than the unused insurance fee calculated).

8. Terms of payment of the insurance premium and deposit

- 8.1. Unless otherwise provided for in the suretyship insurance contract, the insurance premium shall be paid in full for the entire period of insurance, by the date specified in the insurance Contract.
- 8.2. According to the agreement between the Insurer and the Insured, a deposit may be provided in the surety insurance contract and the Insured must pay it into the Insurer's account by bank transfer only on the same terms as the insurance premium. The deposit shall be transferred based on the financial collateral agreement. Under the financial collateral agreement, the parties agree to the implementation of possible recourse claims of the Insurer against the Insured. The recourse claim hereunder shall be deemed the Insurer's request to return to the Insured the insurance benefit if such benefit would have been paid to a third party for an insured event under the surety insurance agreement.
- 8.3. The Insurer undertakes to return the deposit to the Insured within 10 calendar days of receipt of the Insured's request to return the deposit, subject to the fulfilment of the following conditions:
 - the suretyship insurance contract is terminated prior to maturity; or
 - the validity period of the suretyship insurance contract has expired and the Contracting Authority notifies the Insurer in writing that all obligations of the Insured for which the suretyship insurance letter was given are satisfied; or
 - the Contracting Authority returns the original suretyship insurance letter to the Insurer, and the Insurer has not received any claim to pay an insurance benefit according to the suretyship insurance letter; At the Insurer's request, the Insured must submit a written confirmation of the Contracting Authority on the waiver of rights according to the suretyship insurance letter; or
 - the period of the suretyship insurance contract has expired and within three months from the date on which the suretyship period was due, the Contracting Authority does not submit a demand/claim for payment to the Insurer and the written confirmation of the Policyholder has been received that all obligations of the Policyholder for which the suretyship was provided, have been fulfilled and there are no circumstances for claiming damages. The Insured must submit justifying documents for the discharge of liabilities for which the guarantee was provided according to the suretyship insurance contract.
- 8.4. Should the Contracting Authority submit the payment requirement to the Insurer according to the suretyship insurance letter and if the Insurer recognises the event as not insured, the deposit/part of deposit may be returned upon receipt by the Insured of the Contracting Authority's written confirmation of its waiver of rights according to the suretyship insurance letter. Should the Contracting Authority submit no written waiver of rights according to the suretyship insurance letter, the deposit

may be returned in the event of limitation of the claim applied for requirements arising from the legal relations of insurance.

- 8.5. If, pursuant to the requirement of the Contracting Authority, he was paid the insurance indemnity or the Contracting Authority's demand to pay the insurance indemnity was received, the Insurer has the right to retain the deposit or the part thereof which corresponds to the insurance indemnity paid, without returning it to the Insured. If the amount of the Contracting Authority's demand is less than the deposit, the Insured shall be returned the difference between the deposit and the required amount upon deducting the losses suffered by the Insurer.
- 8.6. If the deposit is not paid or is paid late, the conditions of non-payment or late payment of the premium indicated in paragraph 7.2 and 7.3 of the Rules shall apply.
- 8.7. On the agreement of the Insurer and the Insured the conditions of the deposit, payment and repayment can be specified in the suretyship insurance contract in accordance with the agreed written individual conditions.

9. Rights and obligations of the insured, insurer and contract authority during the effective period of suretyship insurance contract

- 9.1. During the validity of the suretyship insurance contract the Insurer shall have the right:
 - 9.1.1. to check the correctness of the data provided by the Insured;
 - 9.1.2. to use the Insurer's data from the state registers, banks and law enforcement authorities; to obtain the additional information necessary for examination of the application to execute the insurance contract according to the procedure established by legislation; to evaluate previous events when setting insurance premium rates.
 - 9.1.3. to access to Contract documents, if the Contracting Authority's demand to compensate loss has been received;
 - 9.1.4. to instruct the Insured regarding loss reduction or avoidance, if the Contracting Authority's demand to compensate loss has been received;
 - 9.1.5. to investigate the circumstances of the event insured independently if the Contracting Authority's demand to compensate loss has been received;
 - 9.1.6. to hire valuers, experts and other persons for the investigation of the circumstances of the event insured if the Contracting Authority's demand to compensate loss has been received;
 - 9.1.7. If the action is brought before a court against the Insured, not later than 5 days from the receipt of notification of the Insured about the action against them, to require the Insurer to authorize the persons appointed by the Insured persons to represent the interests of the Insured in the court;
 - 9.2. During the validity of the suretyship insurance contract the Insurer shall have not have the right:
 - 9.2.1. to pay the insurance indemnity or refuse to pay it, without ascertaining the presence of the event insured;
 - 9.2.2. to refuse to pay the insurance indemnity, without checking all the information available to him.
 - 9.3. During the validity of the suretyship insurance contract the Insured shall:
 - 9.3.1. properly perform the obligations secured by the suretyship insurance and the terms and conditions of the insurance Contract;
 - 9.3.2. to provide the information requested by the Insurer on the performance of the obligation secured by the suretyship insurance, and the Insured's financial condition;
 - 9.3.3. in the event of changes in the circumstances that may have and/or have a substantial impact on the enquiries of insurable risks, immediately notify the Insurer in writing, even when the event has occurred through no fault of the Insured. Increase of the insurable risks and other cases where there is a radical change of circumstances of the insurance Contract include:
 - changes in the data, information (about the Insured, Insured's activities, as well as the change in legal status of the Insured, financial condition, liabilities secured by the suretyship insurance, etc.) specified in the request;
 - difficulties/problems of the Insured or difficulties/problems in the financial or economic performance of the Insured or matters related to the inability of the Insured or obstacles to perform any of its obligations;
 - other contingency events that may complicate the performance of the Insured's obligations;
 - 9.3.4. in the case of the event insured or an event that can be classified as the event insured, to take all reasonable and available steps to mitigate loss;
 - 9.3.5. in the case of the event insured or an event that can be classified as the event insured immediately, no later than in 3 working days, notify the Insurer in writing and provide the documents and information related to the event required by the Insurer;
 - 9.3.6. at the Insurer's request to mandate the persons appointed by the Insurer to represent the Insured's interests in court.
- 9.4. The Contracting Authority shall have the right:
 - 9.4.1. to require the payment of the insurance indemnity in the manner specified in the suretyship insurance contract;
 - 9.4.2. to obtain information about the progress of the investigation of the event insured.
- 9.5. The Contracting Authority shall:
 - 9.5.1. upon conclusion and validity period of the suretyship insurance contract, provide the Insurer with the required information on the progress and conditions of the Contract implementation, the Contract performance deadlines etc.;
 - 9.5.2. when the Insured fulfils its obligations of the Contract or Procurement documents, he must notify the Insurer in writing and upon its request return the original surety insurance letter to him;
 - 9.5.3. when the Insurer compensates for the losses caused by the Insured to the Contracting Authority, issue confirmation that the Insurer has complied with their obligation and acquired the right of recourse. The Contracting Authority must also pass all the documents supporting the claim to the Insured;
 - 9.5.4. in the case of the event insured or an event that can be classified as the event insured, the Contracting Authority must take all reasonable measures available to him to mitigate the potential loss and elimination of causes which might increase and/or are increasing the loss of action and to carry out the instructions of the Insurer, if any are forthcoming;

- 9.5.5. provide the Insurer with all the available documents and information and/or documents and information that he is entitled to receive, according to the statutory procedure or other legal acts pertaining to the circumstances and consequences of the event insured or an event that can be classified as the event insured that are necessary in determining the facts of the event insured and the amount of the insurance indemnity.
- 9.6. The Contracting Authority shall not:
- 9.6.1. recover the debt initially from the Insured's assets if the Insured fails to perform his obligations according to the Contract.
- 9.7. Other rights and obligations of the Insurer, the Insured and the Contracting Authority during the term of the insurance contract are set out in the General Conditions of these Rules.

10 Terms and conditions of additional insurance, double insurance

- 10.1. The Insured has the right to an additional insurance with the same obligations, by entering into an additional suretyship insurance contract(s) concerning the performance of the same obligations, with the same or another Insurer. The Insured must notify the Insurer in writing of such suretyship insurance contract(s) within 10 calendar days of its inception date or before the conclusion of the suretyship insurance contract under these Rules, if such additional suretyship insurance contract(s) has (have) already been drawn up.
- 10.2. In the case of the event insured, and upon determining that the Insured has entered into suretyship insurance contracts with more than one Insurer with the same risk, the insurance indemnity shall be paid as follows:
- 10.2.1. if the amount of loss is greater than the total sum insured of effective suretyship insurance contracts concluded on the guarantee of the performance of the same liabilities of the Insured, then the insurance indemnity to be paid by the Insurer is equal to the sum insured;
- 10.2.2. if the amount of loss is less than the total sum insured of effective suretyship insurance contracts concluded on the guarantee of the performance of the same liabilities of the Insured, the insurance indemnity to be paid by each Insurer shall be calculated in proportion to the risks assumed by each Insurer (sum insured).

11. Event notification procedure

- 11.1. The Contracting Authority has the right to require the payment of insurance indemnity. The Insurer shall be entitled to submit any defence against the Contracting Authority's demand, which the Insured could submit unless differently specified in the suretyship insurance contract.
- 11.2. For the insurance indemnity to be paid, the Contracting Authority must provide the Insurer with the following documents or copies thereof:
- 11.2.1. the requirement to be the insurance indemnity according to the Contract, which shall specify which terms of Contract had been violated by the Insured, and based on which provisions of Contract the insurance indemnity should be justifiably paid to the Contracting Authority according to the Contract;
- 11.2.2. documents on the circumstances of the failing to perform the guaranteed obligation in part or in full, and the consequences.
- 11.2.3. other documents supporting the amount of the direct damage incurred by the Contracting Authority.

- 11.3. If the Contracting Authority brings an action against the Insurer, the Insurer shall inform the Insured thereof in writing and require him to participate in the case.

12. Procedure of the determination, calculation and payment of loss and insurance indemnity

- 12.1. The amount of damage is determined and calculated, and the Insurer's benefit is paid on the basis of the procedure specified in the General Conditions of these Rules and according to the documents received from or submitted by the Contracting Authority, the Insured and the Insurer or from other individuals, institutions, companies or organizations about the circumstances and consequences of the event insured, as well as with regard to the legal norms governing the compensation for losses, and the terms and conditions of the suretyship insurance contract.
- 12.2. Maximum insurance indemnity may not exceed the sum insured.
- 12.3. Upon receipt of the demand to pay the insurance indemnity according to the first demand insurance letter issued to the Contracting Authority (if this kind of surety letter has been issued), the Insurer may refuse to pay only if the claim is based on a clear deception. In its demand to pay the Contracting Authority shall specify the terms of Contract/procurement documents violated by the Insured or the terms of Contract/procurement documents which were defaulted in part or in full by the Insured. The Insurer, having paid insurance indemnity according to the first demand surety letter, has the right to request in writing that the Contracting Authority provide documents demonstrating that the Insured has failed to perform his Contractual obligations in part or in full. If it appears that the insurance indemnity has been paid undue according to the Contracting Authority's demand, the Insurer has the right to contact the Contracting Authority and asked the indemnity be returned or apply to the court for legal redress. This paragraph does not apply for the non-first demand (normal) suretyship insurance letters.
- 12.4. If it is found that the Contracting Authority and/or third parties are also guilty for the losses to the Contracting Authority, then the insurance indemnity is reduced in proportion to the fault of the Contracting Authority and/or third parties where the Insured is not liable for the performance of the Contracting Authority's obligations according to the Contract or the provisions of legislation.
- 12.5. The Insurer shall have the right to postpone the decision on the payment or non-payment of insurance indemnity according to General Conditions of the Rules, and:
- 12.5.1. until the Contracting Authority provides the documents supporting the facts of the event insured, its circumstances, consequences, and the amount of loss;
- 12.5.2. until the end of the pre-trial investigation, legal proceedings related to the event insured.
- 12.6. Having paid the insurance indemnity to the Contracting Authority for the outstanding obligation of the Insured, the Insurer takes over the right of recourse on the amounts paid to the Insured. The Contracting Authority must provide the Insurer with all documents necessary to justify the right of recourse (redress).
- 12.7. After the Insurer has paid the insurance indemnity to the Contracting Authority outstanding obligation of the Insured for which the guarantee was given, the Insured undertakes to

repay the amount of money equal to the paid insurance indemnity to the Insurer, according to non-contentious procedures, within 5 working days after the date of receipt of the first written demand of the Insurer.

- 12.8. If the Insured is late making payments to the Insurer, it shall pay 0.02% delay interest on the outstanding amount for each day of the delay. Payment of delay interest shall not relieve the Insured from the obligation to repay the debt. In the case of the Insured's liquidation or reorganization, its obligations under the suretyship insurance contract shall pass to the successor of the Insured's rights and obligations.
- 12.9. After the Insurer has paid the insurance indemnity outstanding obligation of the Insured, the Insurer shall have the right to demand additional compensation from the Insured for all losses/costs associated with the surety (loss management).
- 12.10. If the event insured occurs and the parties to the suretyship insurance contract and the Contracting Authority disagree about the amount of insurance indemnity, then, at the Contracting Authority's request, the Insurer shall pay the amount equal to the undisputable insurance indemnity amount if the identification of the exact amount of loss lasts for more than 3 months.
- 12.11. In cases one part of the loss is compensated to the Customer by the Insured, the insurance indemnity may not be greater than the difference between the identified loss and the amount reimbursed by the Insured.
- 12.12. In the cases of the Insurer paying the insurance indemnity equal to part of the sum insured, the Insurer's obligation remains in force until the expiry of the suretyship insurance contract for the remaining part of the sum insured.

13. Cases of reduction and non-payment of insurance indemnity

- 13.1. Insurance indemnity may be reduced in the cases listed in the General Conditions of these Rules, and:
- 13.1.1. if the Insured has partially compensated the Contracting Authority for losses. In this case, indemnity is reduced by the amount of money by which the Insured has reimbursed losses to the Contracting Authority;
- 13.1.2. if the Insured fails to perform in part or in full at least one of his obligations under paragraphs 9.3.2 - 9.3.5 of the Rules;
- 13.1.3. if the Insured or persons related to him did not take all reasonable measures to avoid or reduce losses;
- 13.1.4. if the Contracting Authority fails to perform in part or in full at least one of his obligations under paragraphs 9.5.1, 9.5.4 and 9.5.5 of the Rules.
- 13.2. Insurance indemnity is not paid:
- 13.2.1. if the Insured or persons related to him deliberately failed to take all reasonable measures to avoid or reduce losses;
- 13.2.2. if the Contracting Authority has dropped its right of claim against the Insured;
- 13.2.3. if the suretyship insurance contract was concluded after the event, which can be recognized as the event insured, or after event insured;
- 13.2.4. if the Insured has fully compensated the Contracting Authority for the losses;
- 13.2.5. in other cases specified in the suretyship insurance contract or in legislation.