



SURETYSHIP INSURANCE CONDITIONS FOR THE PERFORMANCE OF CONTRACTUAL OBLIGATIONS OF TRAVEL UNDERTAKING № 785

Valid from 09.08.2013

1. Special definitions

- 1.1.** Suretyship insurance contract – the insurer shall guarantee, upon non-performance of obligations assumed by the policyholder to the insured person, to indemnify for direct proprietary losses to the extent of the sum insured as specified in the suretyship insurance policy.
Suretyship insurance contract consists of:
- Suretyship insurance application;
 - Suretyship insurance policy;
 - Insurance conditions;
 - Special conditions, if those included in the Suretyship insurance contract;
 - Amendments and additions of Suretyship insurance contract.
- 1.2.** Policyholder - travel undertaking, which offers for sale or sells packages organised by the travel undertaking itself or by another travel undertaking, and individual travel services.
- 1.3.** Insured person – a person who consumes the travel services offered by travel undertakings.
- 1.4.** Surety is a person who guarantees the performance of the obligation set forth in the Suretyship insurance contract.
- 1.5.** Cash deposit means the amount of money indicated in the Suretyship insurance contract which is paid by the Policyholder to the account of the Insurer on the agreement of the parties to the Suretyship insurance contract and which warrants the performance of the guaranteed obligations of the Policyholder.
- 1.6.** Suretyship insurance application - the Policyholder`s application to conclude the Insurance Contract as a document of specified form and content completed by the Policyholder providing the information necessary for the assessment of insurable risk and for the conclusion of the Suretyship insurance contract.
- 1.7.** Travel Services Contract - a written agreement on a package of travel services, which has been concluded between the tour operator (the Policyholder) and the client (the Insured) on the basis of the Tourism Act and other legal acts of the Republic of Estonia.
- 1.8.** Insolvency – the Policyholder being declared bankrupt by a court ruling.
- 1.9.** Right of recourse means the right of the Insurer, upon compensating for the Loss caused by the Policyholder, to demand the return of Insurance Indemnity payments from the Policyholder.
- 1.10.** Loss - direct losses to the Insured caused by the Insured Event as natural and necessary consequence.
- 1.11.** Persons related to the Policyholder are:
- Employees of the Policyholder;
 - Persons who, together with the Policyholder have established partnership or a partnership in order to satisfy the obligation secured by the Suretyship insurance contract;
 - Persons who help to meet Policyholder`s obligations secured by the Suretyship insurance contract (subcontractors etc.)
 - Associated companies in accordance with the Income Tax Act,
 - One group member companies in accordance with the

- Commercial Code,
 - Other laws duly authorized representatives.
- 1.12.** A third person - any person, excluding the Policyholder, Persons related to the Policyholder and the Insured Person. A person who has obligations arising from employment or other civil relations to the Insurer, the Insured or the Policyholder, is not considered as a third person.

2. Insured Object

Insured Object means the property interests related to the failure to perform (in part or in full) the Policyholder`s obligations assumed under the Travel Services Contract for which the Insurer has provided a guarantee with the Suretyship insurance contract.

3. Insured Event

- 3.1.** Insured Event according to the purpose of these insurance conditions is when the Policyholder`s contractual civil liability is established and proven for Policyholder`s outstanding commitments to the Insured in fully or partially because of insolvency or before the declaration of insolvency, according to the Policyholder and the Insured concluded Travel Services Contract terms: refund of money paid by the Insured and / or return to the country where the journey started (if another country has not been indicated in the Travel Services Contract), if prior to the declaration of insolvency proceedings Policyholder cannot completely or partially fulfill his contractual obligations to the Insured or the fulfilment of the programme of services indicated in the Travel Services Contract is not possible due to the insolvency of the Policyholder:
- 3.1.1. Money paid: Tourism service package contract price or part of it specified in the Travel Services Contract paid by Insured till the Insured event;
 - 3.1.2. Supplementary: documented reasonable and necessary expenses of the Insured to return to the country where the journey started (if another country has not been indicated in the Travel Services Contract).
- 3.2.** In addition to the insurance conditions indicated in paragraph 3.1, a mandatory prerequisite for the recognition of the Insured Event is the submission of the Insured Person demand to pay the insurance indemnity to the Insurer during the validity period of the corresponding Suretyship insurance contract.
- 3.3.** In addition to the insurance conditions indicated in paragraph 3.1, a mandatory prerequisite for the recognition of the Insured Event is that the travel package or trip
- 3.3.1. is booked during the insurance period or
 - 3.3.2. begins during the insurance period or
 - 3.3.3. is underway and the end date of the trip is within the insurance period.

4. Exclusions

Insurance Indemnity shall not be paid:

- 4.1. the cases where the claim is related to the quality of travel services;
- 4.2. the cases where no civil liability arises and/or is established to the Policyholder and not proven, for the Policyholder's failure to perform according to its commitments assumed under the conditions of Travel services contract concluded with the Insured for which the Insurer has provided a guarantee with the Suretyship insurance contract.
- 4.3. all cases for which the Insurer is not liable to Insured Person, as well as other Exclusions discussed by the Insurer and the Policyholder and provided in the Suretyship insurance contract.
- 4.4. claims for payment of contractual delay interest (fines, penalties) provided for in the Contract signed by the Policyholder with the Insured Person, interest on the Policyholder's failure to perform his commitments in part or in full, unless differently provided in the Suretyship insurance contract.
- 4.5. all Insured Events listed in section 3 of these Insurance conditions if they were caused by criminal acts or intentionally acts effected by the Policyholder and/or persons related to the Policyholder
- 4.6. if the Policyholder has not made any of the payments or failure to perform its commitments mentioned in the Travel Services Contract in the scope and deadline determined in the Contract.
- 4.7. any cases that do not meet the definition of the corresponding Insured Event and/or the provisions specified in paragraph 3 of these Insurance conditions.
- 4.8. when the Policyholder fails to perform in part or in full his obligations according to the Travel Services Contract concluded with the Insured 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;
 - natural disasters and other events specified in the Insurance Policy;

5. Sum Insured

- 5.1. The Sum Insured is determined by the mutual agreement of the Insurer and the Policyholder.
- 5.2. The Sum Insured is specified in the Insurance Policy.
- 5.3. The Sum Insured may not exceed the amount that the Policyholder may owe to the Insured for failure to fulfil his obligations.

6. Insurance Contract conclusion procedure

- 6.1. The Suretyship insurance contract is concluded when the parties sign the Suretyship insurance contract and when the Policyholder pays the Insurance Premium. Conclusion of the Suretyship insurance contract is confirmed by the Suretyship insurance policy issued by the Insurer.
- 6.2. Along with the signed, completed application the Policyholder must submit the documents specified in the Suretyship insurance application and other documents required by the Insurer in writing to assess the Insurable Risks and to conclude the Suretyship insurance contract.
- 6.3. In concluding the Suretyship insurance contract, the Insurer issues two copies of Suretyship insurance contracts: one of which is given to the Policyholder and the second to the Insurer.
- 6.4. The Suretyship insurance contracts can be changed with a written agreement between the Insurer and the Policyholder, if the Policyholder submits to the Insurer in form and substance acceptable the following documents: a written agreement of the Insured Person and / or the document confirming the need for changes to the Suretyship insurance contract (Contract`s amendments or the like).
- 6.5. Later amendments or revisions of the Travel Services Contract or any other documents related thereto will not affect enforceability or scope of Insurer's obligations under

issued Suretyship insurance contract, and will not release the Insurer from complete performance of its obligations under Suretyship insurance contract, either. If new Policyholder's obligations occur or existing ones increase in a result of amendments or revisions of the Travel Services Contract or other related documents made after the issuance of this Suretyship insurance contract, the Insurer must be notified on such amendments or revisions in 5 (five) business days. Upon receipt of the mentioned notification, the Insurer shall be entitled to disallow suretyship for fulfilment of newly occurred or increased obligations of the Policyholder in 5 (five) business days. Such being the case, this Suretyship insurance contract shall be valid only for such obligations of the Policyholder or to such an extent as it was set in the Travel Services Contract before the amendment or revision thereof.

- 6.6. By signing of this Suretyship insurance contract the parties have agreed that the Insured's or Policyholder's any claims that may arise from the signed Suretyship insurance contract may not serve as a subject of assignment of rights (cession) and may not be transferred to third parties.

7. Validity of the Suretyship insurance contract. Conditions for termination of Suretyship Insurance Contract

- 7.1. The beginning and the end of the validity period of Suretyship insurance Contract specified as a calendar date in the Suretyship insurance policy.
- 7.2. The Suretyship insurance contract takes effect and the insurance coverage starts from the beginning of the Insurance period specified in the insurance policy, only if the full premium has been paid, as well as Cash deposit, if it is specified in the Suretyship insurance contract.
- 7.3. The Suretyship insurance contract expires:
 - 7.3.1. after the expiry of the Suretyship insurance policy;
 - 7.3.2. when Insurer pays out all the Sum Insured as Insurance Indemnity;
 - 7.3.3. when the Policyholder fulfils all obligations for which the Insurer provided a guarantee with the Suretyship insurance contract, and all copies of Suretyship insurance contract have been returned or acceptance of the Insured Person has been received;
 - 7.3.4. upon the agreement of the parties to the Suretyship insurance contract and the Insured;
 - 7.3.5. In cases and according to procedure determined in the Law of Obligations Act.
- 7.4. If the possibility of the Insured Risk to occur has ceased, or the Insured Risk has ceased due to factors unrelated to the Insured Event, then the Suretyship Insurance Contract is null and void from the day when the possibility of occurrence of the Insured Risk ceased to exist. On the Policyholder's request the Insurer shall reimburse to the Policyholder a part of the Insurance premium the amount of which is determined by deducting from the Insurance premium paid the insurance premium for the applicable insurance period.
- 7.5. The Policyholder shall be entitled to terminate the Insurance Contract by notifying the Insurer in no later than 15 days.

8. Terms of payment of the Insurance Premium and Cash deposit

- 8.1. Unless otherwise provided for in the Suretyship insurance contract, the Insurance Premium shall be paid in full for the entire Insurance Period, within the due date specified in the Insurance Contract.
- 8.2. On the agreement between the Insurer and the Policyholder, the Suretyship insurance contract may specify the Cash deposit which shall be paid by the Policyholder into the account of the Insurer under the same terms as the Insurance Premium.
- 8.3. The Insurer undertakes to return the Cash deposit to the Policyholder within 10 days of receipt of the Policyholder's request to return the Cash deposit, subject to the fulfilment of the following conditions:
 - a) the Suretyship insurance contract is terminated prior to maturity and the Insured Person notifies the Insurer in writing that all obligations of the Policyholder for which

- b) the suretyship was given are satisfied, or
- c) the validity period of the Suretyship insurance contract has expired and the Insured Person notifies the Insurer in writing that all obligations of the Policyholder for which the suretyship was given are satisfied, or
- c) the validity period of the Suretyship insurance contract has expired more than one month before and the Policyholder submits a written statement that all commitments assumed under the Travel Services Contract to the Insured Person are met and the Insurer regardless of any circumstances will be exempt from possible claim settlement regarding his failure to perform the assumed commitments under the conditions of the Travel Services Contract signed with the Insured Person; and
- During the Suretyship insurance contract period the Insured Person has not submitted a demand for payment of the Insurance Indemnity to the Insurer, and also it has not been paid prior to the date of receipt of the request to return the Cash deposit.

- 8.4.** If Insurer has paid the Insurance Indemnity or the Insured Person's demand to pay the Insurance Indemnity was received, the Insurer has the right to retain the Cash deposit or the part thereof which corresponds to the Insurance Indemnity paid, without returning it to the Policyholder.
- 8.5.** If the Cash deposit is not paid or is paid late, the conditions of non-payment or late payment of the premium indicated in paragraph 7.2-7.4 of the Insurance Conditions shall apply.
- 8.6.** The Cash deposit is paid to the Insurer's account only through the bank.
- 8.7.** On the agreement of the Insurer and the Policyholder the conditions of the Cash deposit, payment and repayment can be established in a separate written agreement as different from the insurance conditions.

9. Rights and obligations of the Policyholder, Insurer and Insured Person 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 Policyholder;
 - 9.1.2. to access to Travel Services Contract documents, if the Insured Person's demand to compensate loss has been received;
 - 9.1.3. to instruct the Policyholder regarding loss reduction or avoidance, if the Insured Person's demand to compensate loss has been received or before this demand has been received;
 - 9.1.4. to investigate the circumstances of the Insured Event independently if the Insured Person's demand to compensate loss has been received;
 - 9.1.5. to hire valuers, experts and other persons for the investigation of the circumstances of the Insured Event if the Insured Person's demand to compensate loss has been received;
 - 9.1.6. If the action is brought before a court against the Policyholder, not later than 5 days from the receipt of notification of the Policyholder about the action against them, to request Policyholder to authorize the persons appointed by the Insurer to represent the interests of the Policyholder in the court.
- 9.2.** During the validity of the Suretyship insurance contract the Insurer shall not have the right:
- 9.2.1. to pay the Insurance Indemnity or refuse to pay it, without ascertaining the presence of the Insured Event;
 - 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 Policyholder shall:
- 9.3.1. properly perform the obligations secured by the Suretyship insurance contract and the conditions of the Suretyship insurance contract;
 - 9.3.2. provide the information requested by the Insurer on the performance of the obligation secured by the suretyship, and

- 9.3.3. the Policyholder'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 increase of insurable risks, immediately notify the Insurer in writing, even when it is not due to the Policyholder's fault. Increase of the insurable risks and other cases where there is a substantial change of circumstances of the Suretyship insurance contract are, including:

- changes in the data, information about the Policyholder, the Policyholder's activities, as well as the change in legal status of the Policyholder, financial condition, liabilities secured by the suretyship insurance, specified in the Suretyship insurance application or during Suretyship insurance contract;
- Difficulties/problems of the Policyholder or difficulties/problems in the financial or economic performance of the Policyholder or matters related to the inability of the Policyholder or obstacles to perform any of its obligations;
- other contingency events that may complicate the performance of the Policyholder's obligations;

- 9.3.4. in the case of the Insured Event or an event that can be classified as the Insured Event, to take all reasonable and available steps to mitigate loss;
- 9.3.5. in the case of the Insured Event or an event that can be classified as the Insured Event immediately, no later than in 5 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 Policyholder's interests in court.

- 9.4.** The Insured Person 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 Insured Event;
 - 9.4.3. to not demand the performance of the obligation initially from the Policyholder's assets if the Policyholder fails to perform his obligations according to the Travel Services Contract.

- 9.5.** The Insured Person shall:
- 9.5.1. in the case of the Insured Event or an event that can be classified as the Insured Event, the Insured Person 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;
 - 9.5.2. 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 Insured Event or an event that can be classified as the Insured Event that are necessary in determining the facts of the Insured Event and the amount of the Insurance Indemnity.

10. Terms and conditions of additional insurance, double insurance

- 10.1.** The Policyholder has the right to an additional insurance on the same obligations, concluding an additional Suretyship insurance contract(s) with other insurance company and/or bank guarantee(s) concerning the performance of the same obligations. The Policyholder must notify the Insurer in writing of such suretyship insurance contract(s) or bank guarantee(s) within 10 calendar days of its signing date or before the conclusion of the Suretyship insurance contract or bank guarantee(s).
- 10.2.** In the case of the Insured Event, and upon determining that the Policyholder has entered into suretyship insurance contracts with more than one Insurer/bank 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 suretyship of the performance of the same liabilities of the Policyholder, 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 suretyship 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/bank (Sum Insured, suretyship amount).

11. Insured Event notification procedure

- 11.1.** The Insured Person has the right to require the payment of insurance indemnity. The Insurer shall be entitled to submit any defence against the Insured Person`s demand, which the Policyholder could submit unless differently specified in the Suretyship insurance contract.
- 11.2.** For the Insurance Indemnity to be paid, the Insured Person must provide the Insurer with the following documents or copies thereof:
- 11.2.1. documents which specify the terms and conditions of the Travel Services Contract that has been violated by the Policyholder, and based on which provisions of Suretyship insurance contract the Insurance Indemnity should be justifiably paid to the Insured according to the Suretyship insurance contract, the guaranteed obligations arising from which are not being performed in part or in full;
- 11.2.2. the amount of loss and its calculation procedure.
- 11.3.** If the Insured Person has required the payment of Insurance Indemnity, the Insurer shall inform the Policyholder 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 loss is determined and calculated according to the documents submitted by the Insured Person / the Policyholder and received from other individuals, institutions, companies or organizations about the circumstances and consequences of the Insured Event, according to the legal norms governing the compensation of losses, and the insurance conditions.
- 12.2.** In order to use Suretyship Insurance Indemnity, the Consumer Protection Board shall:
- 12.2.1. designate a period of time for the submission of claims, which shall not be less than 14 calendar days;
- 12.2.2. check the existence of those persons in respect of whom the security needs to be used, and gather their claims;
- 12.2.3. designate a period of time for the making of Indemnity payments and organise the fulfilment of the claims arising from the following costs:
1. return of the travellers to the place of departure if the package contract includes passenger transport service;
 2. accommodation of the travellers until the return to the place of departure;
 3. reimbursement of the price of the package to the consumer upon cancellation of the package or payment of compensation for the part of the package which is cancelled;
 4. reimbursement of the price of unused package gift certificates to the consumer.
- 12.3.** Maximum Insurance Indemnity may not exceed the sum insured.
- 12.4.** If it is found that the Insured Person and/or Third parties are also guilty for the losses to the Insured, then the insurance indemnity is reduced in proportion to the fault of the Insured Person and/or Third parties where the Policyholder is not liable for the performance of the Insured Person'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:
- 12.5.1. until the Insured Person provides the documents supporting the circumstances and consequences of the Insured Event and the amount of loss;
- 12.5.2. until the end of the pre-trial investigation, legal proceedings related to the Insured Event.

- 12.6.** Having paid the Insurance Indemnity to the Insured Person for the outstanding obligation of the Policyholder, the Insurer takes over the right of recourse on the amounts paid to the Insured Person. The Insured Person must provide the Insurer with all documents necessary to justify the right of recourse.
- 12.7.** If the Insurance Indemnity is not paid within 30 days from the date of receipt of all information significant in determining the circumstances and consequences of the Insured Event and the size of Insurance Indemnity, the Insurer must notify the Policyholder and Insured Person in writing and provide them with detailed and reasoned motivation as to the course of investigation into the Insured Event.
- 12.8.** After the Insurer has paid the Insurance Indemnity to the Insured Person on outstanding obligation of the Policyholder for which the suretyship was given, the Policyholder 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.
- 12.9.** If the Policyholder is late making payments to the Insurer, it shall pay 0.03% delay interest on the outstanding amount for each day of the delay. Payment of delay interest shall not relieve the Policyholder from the obligation to repay the debt.
- 12.10.** If the Insured Event occurs and the parties to the Suretyship insurance contract and the Insured Person disagree about the amount of Insurance Indemnity, then, at the Insured Person's request, the Insurer shall pay the amount equal to the undisputable insurance indemnity amount..
- 12.11.** In the cases when the Insurer has paid 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:
- 13.1.1. if the Policyholder has partially compensated the Insured Person for losses. In this case, indemnity is reduced by the amount of money by which the Policyholder has reimbursed losses to the Insured Person;
- 13.1.2. if the Policyholder 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 Policyholder or persons related to him did not take all reasonable measures to avoid or reduce losses;
- 13.1.4. if the Insured fails to perform in part or in full at least one of his obligations under paragraphs 9.5.1- 9.5.2 of the Rules;
- 13.2.** Insurance Indemnity is not paid:
- 13.2.1. if the Insured Person has dropped its right of claim against the Policyholder;
- 13.2.2. if the Suretyship insurance contract was concluded after the event, which can be recognized as the Insured Event, or after Insured Event;
- 13.2.3. if the Policyholder or a person related with the Policyholder or the Insured Person have intentionally caused the loss or attempted to mislead the Insurer by submitting false data, falsifying documents, presenting amount of loss larger than real amount of loss;
- 13.2.4. If the Insured Person has not complied in part or in full with the commitments mentioned in the Suretyship Contract;
- 13.2.5. if the Policyholder has fully compensated the Insured Person for the losses;
- 13.2.6. in other cases specified in the Suretyship insurance contract or in legislation.
- 13.3.** The Insurer must prove the facts, which exempt him from the payment of Insurance Indemnity or entitlement to reduce the Insurance Indemnity. By refusing to pay the Insurance Indemnity or reducing it, the Insurer must provide to the Insured Person and the Policyholder a detailed and reasoned explanation of the reasons for such decision.