

TRANSPORT COMPANY LIABILITY POLICY TERMS AND CONDITIONS F100/2015



Effective as of 15 December 2015

This document forms a part of the insurance contract entered into with AB "Lietuvos draudimas" Estonia Branch (hereinafter PZU) based on which the risk insured is the proprietary obligations of a transport company (hereinafter the Insured Person) relating to the civil liability arising from a contract for transport services or law. In any issues not governed by the policy conditions, the parties to the insurance contract are governed by the Law of Obligations Act and other Estonian legislation.

1. Policyholder and Insured Person

- 1.1. A Policyholder is the person with insurable interest which provides transport services.
- 1.2. An Insured Person is the Policyholder or the transport company indicated in the insurance contract, the insured risk relating to which is insured.
- 1.3. If it is agreed upon in the insurance contract that the insurance cover also applies to any subsidiaries, branches or connected persons of the Policyholder, such persons are equal to the Insured Person.
- 1.4. The Policyholder is required to introduce the terms and conditions of the insurance contract to all the Insured Persons and make every effort to prevent an insured event.

2. Insured Event

- 2.1. An Insured Event is an unexpected and unforeseeable even which occurs during the term of the insurance contract and in the insurance territory and as a result of which an obligation has arisen to the Insured Person in connection with the performance of a transport contract specified in clause 2.2. of these Terms and Conditions.
- 2.2. An Insured Event is an event which takes place upon performance of the following contracts for provision of transport services:
 - 2.2.1. Road transport of goods where the Insured Person acts as an actual carrier. The means of transport used for transportation must be indicated in the insurance contract and a licence card must have been issued for the means of transport;
 - 2.2.2. Forwarding contract in the case of which the Insured Person acts as a contractual carrier;
 - 2.2.3. Forwarding contract in the case of which the Insured Person acts as a transport services intermediary without assuming any liability for provision of the transport service;
 - 2.2.4. Storage contract in the case of which the Insured Person acts as the storer of the goods;
- 2.3. An insurance contract applies only to the services indicated in the insurance policy. In the case of any conflict between the policy conditions and the insurance policy, the insurance policy shall apply.
- 2.4. Any damage shall not be deemed to be an Insured Event and it shall not be subject to indemnification if it occurs due to following:
 - 2.4.1. Liability to any third persons, except in the cases specified in the special conditions of the insurance contract (hereinafter the Special Conditions);
 - 2.4.2. Liability arising from maritime, air and rail transport contracts in the case of which the Insured Person acts as an actual or contractual carrier, operator, based on a voyage charter, etc.;

- 2.4.3. Liability arising from contracts of stevedores, shipbuilders and ship repair companies, harbour and line agents, port administrations, railway operators, operators of marine, rail or air transport means, etc.;
- 2.4.4. Unless separately agreed upon in the insurance contract, the insurance cover shall not extend to the following transportation: transportation of people, cargo driven under own power (e.g. vehicle constituting an object of the transport contract), towed cargo (incl. transportation by barges), removals (apartment and office furnishings, factory equipment, etc.), money, bank cards and other means of payment, telephone cards, securities, excise duty marks, documents accompanying the cargo (e.g. Bill of Lading, etc.), postmarks, lottery tickets, memory, video and sound cards, precious metals and products made of these, precious stones and pearls, works of art, antiquities, corpses, donor organs (incl. donor blood and embryos), live animals, live birds and other living beings, plants, incl. cut flowers, weapons, radioactive materials, transportation performed based on international postal conventions.

3. Indemnified Losses

- 3.1. Losses which are described in the claims filed to the Insured Person in connection with any loss of, destruction to or damage of the cargo shall be indemnified based on the following:
 - 3.1.1. In the case of road transport contract of the goods specified in clause 2.2.1. of the Terms and Conditions, any loss is indemnified according to the Convention on the Contract for the International Carriage of Goods by Road (hereinafter the CMR Convention), in the case of road transport inside Estonia according to the Law of Obligations Act, in the case of other domestic road transport according to the local legislation but to an extent not exceeding that provided for in the CMR Convention;
 - 3.1.2. In the case of forwarding contracts specified in clauses 2.2.2. and 2.2.3. of the Terms and Conditions, any loss shall be indemnified according the General Terms and Conditions of the Estonian Logistics and Freight Forwarding Association (ELEA) or the Nordic Association of Freight Forwarders (NSAB); in the case of transport inside Estonia according to the Law of Obligations Act; in the case of other domestic transport according to the local legislation but to an extent not exceeding that provided for in the international agreements governing the liability of the carrier of the respective type of transport (e.g. in the case of road transport the CMR Convention, in the case of marine transport the Hague Rules, Haag-Visby Rules or Hamburg Rules; in the case of air transport the Warsaw Convention; in the case of rail transport the CIM Convention or the SMGS Agreement);
 - 3.1.3. In the case of storage contracts specified in clause 2.2.4. of the Terms and Conditions, any loss shall be indemnified for according to the Estonian Logistics and Freight Forwarding Association's (ELEA) General Terms and Conditions for Warehousing but to an extent not exceeding that specified in the insurance policy;

- 3.2.** In addition to any damage to the cargo specified in clause 3.1. of the Terms and Conditions, the proprietary obligations associated with the damage (hereinafter the Financial Loss) shall be indemnified for as follows:
- 3.2.1. Claims relating to damage of the cargo according to clause 3.1 for the indemnification for any direct transport costs (freight, customs duties paid);
- 3.2.2. Claims arising from late delivery of goods if the delivery terms provided for in the CMR Convention or other similar legislation were violated. The specified losses shall be indemnified for to the maximum extent of the freight in the case of international transport, and to the extent of up to threefold freight in the case of transport inside Estonia;
- 3.2.3. Customs claims, i.e. claims relating to payment of taxes and fees (except for confiscation) which are based on the liability of the Insured Person arising from the contract for the provision of the service;
- 3.2.4. Costs of re-despatching the goods which arose from delivery of the cargo to a wrong destination through the fault of the Insured Person to the extent by which such costs exceed the usual costs of delivery of the cargo to the right destination thereof;
- 3.2.5. Costs of repacking or resorting the goods;
- 3.2.6. Claims arising from delivery of the goods if the obligation of the Insured Person not to deliver the goods was violated thereby;
- 3.2.7. Claims arising from general average (General Average Adjustment) to the Insured Person in connection with the ownership or possession of the means of transport. The claims arising from the general average in connection with the ownership or possession of the goods are not insured.
- 3.3.** In addition to the provisions of the contract for the provision of the service, the insurer shall also indemnify for the following losses:
- 3.3.1. Reasonable and expedient costs for the prevention of the Insured Event and for reduction of indemnified losses;
- 3.3.2. Costs for legal assistance which arise upon defence of the claim filed against the Insured Person in connection with the loss arisen as a consequence of the Insured Event. The costs for legal assistance include both legal costs as well as reasonable and required costs incurred for extra-judicial proceedings;
- 3.3.3. Any loss or damage provided for in the Special Conditions (e.g. liability arising from damage to, loss or destruction of a container or trailer, liability to any third persons, liability arising from causing damage through gross negligence (Gross Negligence)).
- 4. Exclusions**
- Unless otherwise agreed upon in the insurance contract, PZU shall not indemnify for any loss not occurred due to the Insured Event, and any losses or expenses specified below:
- 4.1.** Loss caused by an error made by the person filing the claim;
- 4.2.** Loss or damage caused by any inherent characteristics, errors or defects, normal leakage, reduction in volume or weight, wear and tear of the cargo;
- 4.3.** Loss or damage caused by non-conformity of the package of the cargo to withstand normal risks during the route of the cargo or at the storage premises, except in the case the packing or preparation of the cargo was carried out by the Insured Person (incl. its workers and persons representing the Insured Person);
- 4.4.** Loss or damage caused by non-conformity or bad technical condition of the means of transport or goods handling equipment, incl. temperature adjustment equipment;
- 4.5.** Loss or damage caused by any delay or violation of the term of the transport contract, if such delay or violation did not arise from any act or omission of the Insured Person (e.g. mistakes made by the consignor of the cargo upon execution of the documents, wrong instructions of the consignor, etc.);
- 4.6.** Loss caused by insolvency or other financial problems of the consignor or consignee which may hinder the transport;
- 4.7.** Loss arising from insolvency or arrears of the Insured Person or any persons treated as such;
- 4.8.** Loss caused by any member of the management board of the Insured Person, in which case the liability of a member of the management board arising from law is applied;
- 4.9.** Loss or damage resulting from temperature, air humidity or any changes therein, except in the case such loss or damage was caused by failure of any temperature device or traffic accident or the temperature mode set by mistake by the Insured Person and not in compliance with the requirements for the carriage of goods. A prerequisite for indemnification for losses is that the respective mode of transport has been specially ordered from the Insured Person and the Insured Person also presents the readings of the measuring instruments of the temperature devices in addition to any other required documents;
- 4.10.** Loss or damage caused by military activities, revolution, coup d'etat, state of emergency, mass disorder, expropriation, confiscation, seizure, preventive measure, exercise of official authority or other similar events which constitutes a Force Majeure event;
- 4.11.** Loss or damage caused by mines, torpedoes, bombs or other abandoned weapons;
- 4.12.** Loss or damage caused by strikes, lockouts, disturbances, riots, etc.;
- 4.13.** Loss or damage caused by terrorism, incl. persons acting based on political, ideological, ethnic or religious considerations;
- 4.14.** Loss or damage resulting from the use of nuclear energy for any purpose or loss of control thereof, radioactive radiation and radioactive pollution;
- 4.15.** Loss or damage caused by an electrical or mechanical fault or disorder of the equipment transported, except in the case there exists evidence of damage to the package, container or means of transport during the transport of the insured cargo;
- 4.16.** Loss or damage caused outside the insurance territory or the insurance period indicated on the insurance policy;
- 4.17.** Financial claims which are not caused by any direct proprietary damage (cancellation of the contract, fine, interest, fine for delay, loss of market share, lost profit, non-proprietary damage, absence of permits, incl. loss from non-admission of the cargo into the country of transit or destination, etc.);
- 4.18.** Loss caused by the fact that the consignee refused to accept the goods;
- 4.19.** Loss caused by transfer of the goods to a wrong consignee, i.e. to a person for whom the cargo was not designated or who had no right to accept the cargo;
- 4.20.** Loss caused by delivery of the goods where the consignee did not present the original copy of the warehouse receipt or a marine transport document (Bill of Lading);
- 4.21.** Loss caused by the fact of which the Insured Person was or should have been aware before the beginning of the transport or the entry into a contract for the provision of the service;
- 4.22.** Loss which is subject to indemnification on the basis of any compulsory insurance (incl. motor third party liability insurance) contract or mandatory insurance contract;
- 4.23.** Loss which arises from a claim filed against the Insured Person on the basis of the TIR Convention, customs or tax or other guarantee or security or based on the standards of performing the contract.
- 4.24.** Loss arising from any deficit of cargo, unless there exists evidence of any damage to the package or seal of the goods or breaking into the means of transport;
- 4.25.** Loss caused by pests or rodents;

- 4.26. Loss caused by persons who do not have the right to stay in the country of the occurrence thereof (illegal persons) or the transportation thereof;
- 4.27. Environmental damage and damage caused to the environment and the expenses incurred in the elimination thereof, incl. pollution;
- 4.28. Mutual claims of Insured Persons;
- 4.29. Loss caused by Force Majeure, i.e. events which are against the will of the Insured Person and not under the control of the Insured Person;
- 4.30. Loss or damage caused by a computer failure, data processing and usage;
- 4.31. Loss or damage caused by production, processing, testing, adjustment, installation, etc. of the cargo;
- 4.32. Loss which arises from a claim in connection with the ownership or possession of the means of transport, voyage charter, etc., except for the cases specified in the Special Conditions;
- 4.33. Loss which arises from a claim in connection with the performance of the obligations and guarantees arising from the contract of sales of the cargo, incl. "cash on delivery" claims;
- 4.34. Loss which arises from a claim in connection with the provision of the service of the Insured Person in the US or Canada;
- 4.35. Loss which arises from death, illness or injury of people (personal injury);
- 4.36. Loss which arises from a claim in connection with the obligation to obtain the insurance of goods.

5. Release of PZU from Obligation to Comply with Insurance Contract

- PZU shall be released, in part or in full, from the obligation to comply with the insurance contract if:
- 5.1. The Insured Person has violated, intentionally or due to gross negligence, at least one of the obligations specified in the insurance contract and such violation of the obligation had an impact on the arise of loss or damage or the size thereof or ascertaining of the extent of the obligations of PZU to perform the contract. In the case there is a special agreement between the parties, even the losses caused through gross negligence shall be indemnified for;
 - 5.2. The Insured Person knowingly submitted false information to PZU about the circumstances of the occurrence of loss or damage or the size thereof;
 - 5.3. The Insured Person caused the loss or damage through gross negligence, except in the case indemnification for such loss or damage is separately agreed upon in the insurance contract;
 - 5.4. The Insured Person has intentionally committed a criminal offence or aided to it or participated in the organisation or performance of illicit traffic in connection with the provision of the transport service;
 - 5.5. The reason of the Insured Event is the act of the Insured Person or any person treated as such under the influence of alcohol or narcotic or other psychotropic substances, except in the case indemnification for such damage is separately agreed upon in the insurance contract. If the person having transported/possessed the cargo refuses, immediately after causing the loss or damage, from ascertaining the intoxication, it shall be deemed that the person was under the influence of alcohol, narcotics or psychotropic substances at the time of occurrence of the loss or damage. The same applies in the case the above-mentioned substances were consumed after the occurrence of the loss or damage but before the arrival of the police or before the ascertaining of the intoxication was suggested;
 - 5.6. The loss or damage has been indemnified for by any third person;
 - 5.7. The claim filed to the Insured Person has expired or is unjustified;
 - 5.8. The Insured Person is not liable according to the current legislation and the conventions for causing the loss or

damage or is released from liability but accepts the claim filed against the Insured Person.

6. Insurance Territory and Insurance Period

- 6.1. The insurance contract applies in the Insurance Territory (list of states or regions) indicated in the policy, except in the Insurance Territory which is excluded pursuant to the Special Conditions.
- 6.2. The Insurance Period begins and ends during the period and on the terms and conditions indicated on the policy. The claim filed against the Insured Person must have been filed at the latest within one year from the occurrence of the event constituting the bases for the claim and the event having caused the claim must have occurred during the Insurance Period and within the Insurance Territory.
- 6.3. The insurance cover commences from the moment the cargo (goods) has (have) been received by the Insured Person (or their subcontractor, agent or any other person for whom the Insured Person is responsible according to the contract for the provision of the service) for the transport or handling of the goods (incl. storage).
- 6.4. The insurance cover terminates from the moment the cargo (goods) has (have) been delivered by the Insured Person (or their subcontractor, agent or other person for whom the Insured Person is responsible according to the contract for the provision of the service) to the receiver of the cargo (consignee).

7. Sum Insured and Limit of Indemnity

- 7.1. The Sum Insured is the largest amount payable per Insured Event.
- 7.2. The Sum Insured is determined according to the value of the cargo at the place of the receipt of the cargo. The value of the cargo is determined according to the invoices of the seller of the goods and any other sale/purchase documents. In the absence of such documents, the market prices in force at the time and in the place of the receipt of the cargo for which similar goods can be purchased from a free market shall be used.
- 7.3. The Limit of Indemnity is the maximum monetary indemnification. The Limit of Indemnity may be determined both for one Insured Event as well as for the whole Insurance Period, and special Limits of Indemnity (lower limit) may be determined for different losses. The Limits of Indemnity are reduced by any settled indemnities, the Limit of Indemnity can be restored by a special agreement. Special Limits of Indemnity are included in the general limit of indemnity.
- 7.4. The Limit of Indemnity shall not exceed the limits provided for in the international legislation regulating transport (e.g. 8.33 SDR per gross kilogram of damaged or destroyed goods provided for in Article 23 of the CMR Convention; the same principles are applied to other modes of transport). The said limits shall remain in force upon determining of the insurance indemnity even in the case the Insured Person has assumed a higher liability by the contract for the provision of the transport service (e.g. CMR, Articles 24 and 26) or if these limits are not applied upon determining the liability of the Insured Person based on a court judgment. The maximum indemnity shall in any case not exceed the total of the value of the goods and the cost of the service insured.
- 7.5. Determining of the Limits of Indemnity of storage contracts (clause 2.2.4.) shall be based on a special agreement between the Policyholder and PZU which is indicated on the insurance policy. A separate Limit of Indemnity is also agreed upon in an insurance contract in the case of other losses which are indemnified for (e.g. clauses 3.2. and 3.3.)

8. Excess

- 8.1.** Excess is an amount of money agreed upon in an Insurance Contract which shall be covered by the Policyholder in the case of any Insured Event.
- 8.2.** Several loss events caused at the same time and in the same place and by the same reasons and the claims based thereon shall be regarded as a single Insured Event. If multiple excess amounts can be applied as a result of an Insured Event (for example any special excess indicated in the contract), only the biggest one of the excess amounts applies.

9. Insured Risk and Increase in Probability Thereof

- 9.1.** Insured Risk is an unexpected and unforeseeable event against which insurance is made and which may cause the filing of a claim against the Insured Person, except for the cases excluded in clause 4 of these Terms and Conditions.
- 9.2.** Increase in the probability of any Insured Risk shall denote any circumstances which increase the probability of an Insured Event or the amount of damage caused. Such circumstances primarily include any information which PZU requests from the Policyholder prior to entry into the insurance contract (e.g., composition, route, value, package, carrier or freight forwarder, means of transport, transport period, reloading and intermediate storing, guarding measures of the cargo, etc.). Any material circumstances affecting an Insured Risk shall also include failure to comply or improper compliance with a special condition, additional condition, safety measure or agreement relating to the Insured Risk provided for in the insurance contract.
- 9.3.** If the probability of any Insured Risk increases, the Policyholder must immediately notify PZU thereof, unless the increase in the probability of the Insured Risk is caused by a commonly known factor which does not affect the Insured Risk of only this Policyholder.
- 9.4.** After the entry into the contract, the Policyholder may not increase or allow the Insured Persons to increase the probability of the Insured Risk without a consent of PZU.
- 9.5.** If the Policyholder breaches the notification obligation or the obligation to avoid any increase in the probability of an Insured Risk, PZU shall be released from the obligation to perform the insurance contract to the extent of any increase in the Insured Risk, provided that the increase in the Insured Risk affected the occurrence of the Insured Event.
- 9.6.** During the Insurance Period, PZU shall have the right to inspect the goods relating to the provision of the service, to require implementation of any additional security measures by the Policyholder and/or increase the insurance premium in the case of any increase in the probability of the Insured Risk. The above shall not exclude the right of PZU to cancel the insurance contract should the probability of the Insured Risk increase.
- 9.7.** The means of transport, goods handling equipment, refrigeration equipment, etc. must be in good technical condition and comply with the current legislation, international conventions (ISM Code, etc.).

10. Policyholder's Obligations

- 10.1.** The Policyholder is required to:
- 10.1.1.** Comply with the current legislation of the countries of departure, destination and transit of the cargo, the safety measures and Special Conditions indicated in the insurance contract for safe transportation of the insured cargo;
- 10.1.2.** Enter into contracts for the provision of the service and give instructions to its workers or persons who represent the Policyholder upon provision of the service, if possible in writing or in a format which can be reproduced in writing;
- 10.1.3.** Preserve and submit, at the request of PZU, any documentation relating to the transport (e.g. transport

order, transport contract, accompanying documents, invoices for goods, etc.);

- 10.1.4.** Carefully choose the persons used by the Insured Person upon provision of the service. The Insured Person must also check the existence of the insurance contracts covering the activities of such persons (subcontractors);
- 10.1.5.** If the Insured Person enters into a contract for the provision of the insured service with a subcontractor, such subcontract must determine the responsibility of the subcontractor at least to the same extent as specified in the contract of the Insured Person entered into with the client;
- 10.1.6.** Explain the obligations arising from the insurance contract to the persons who are equal to the Insured Person and to the persons organising or executing the transport;
- 10.1.7.** To give clear instructions in a format which can be reproduced in writing to subcontractors for compliance with the safety requirements arising from the nature of the cargo, incl. for the preservation of the required temperature and humidity;
- 10.1.8.** Enter into a property insurance contract against fire, water and burglary risks with regard to the goods stored if the insured service also includes the storage of the goods;
- 10.1.9.** Enable a representative of PZU to examine the documentation essential for the entry into the insurance contract, and to inspect the cargo, as appropriate, prior to the commencement of the transport and at any other time;
- 10.1.10.** Provide complete and accurate information for the assessment of the Insured Risks and, upon entry into the insurance contract, disclose all the circumstances known to it which affect the decision of PZU on entry into the insurance contract or to entry into the insurance contract on the agreed terms and conditions;
- 10.1.11.** Inform PZU immediately of any increase in the probability of any Insured Risk (e.g. if changes appear in comparison with the provisions of the insurance contract, if such circumstances become known which increase the probability of any Insured Event or the amount of possible loss or damage);
- 10.1.12.** Make every effort for prevention of the Insured Event and reduction of the loss or damage, to prevent potential increase of the probability of the Insured Risk and not to allow this to be done by persons treated as such;
- 10.1.13.** Immediately notify of occurrence of multiple insurance.
- 10.2.** Upon receipt of the cargo, the Insured Person must check the external appearance of the cargo and the package thereof, the number of cargo items, and to make a relevant notice in the accompanying document in the case of any deficiencies or damages. Furthermore, the condition of the seals of the container or any other cargo space and compliance of their numbers with the accompanying documents of the cargo have to be checked. In the case of any observations, the respective entry must be made in the accompanying document or other goods receipt document.
- 10.3.** The Insured Person and any persons equal to it are required to observe the safety and other goods handling requirements which arise from the current legislation of the state of departure, destination and transit and the insurance contract.
- 10.4.** If the driver of the means of transport transporting the cargo leaves the means of transport, the windows, doors and hatches thereof must be closed and locked, anti-theft devices (incl. alarm system, immobiliser, etc.) must be switched on, accompanying documents of the cargo and all the keys must be taken along.
- 10.5.** The driver of the means of transport must ensure reasonable and elementary conditions for preservation of the cargo during any rest periods.
- 10.5.1.** Rest periods are the time when the driver of the means of transport rests or is required to rest according to the legislation regulating the working and rest time (incl. breaks for eating).

- 10.5.2. According to these Terms and Conditions, at least one of the following preservation conditions are considered as reasonable and elementary:
- physical guarding or guarding ensured by a security company in the territory where the cargo is kept;
 - closed, locked and properly fastened doors, windows, hatches, alarm systems of the means of transport which are in good working condition and switched on for the rest time, if the driver is forced to leave the means of transport for a time (for a short time, e.g. for the execution of documents);
 - the driver of the means of transport is staying in the immediate vicinity of the insured cargo (incl. in the cab) so that the driver has an overview of what is going on with the cargo and the driver can intervene in the case of danger, e.g. to notify the police or the rescue board.
- 10.6.** In the case when occurrence of loss can be predicted, the consigner and other persons whom the Insured Person used for organisation of transport or in the transport operation according to the provisions of the transport contract and the legislation regulating transportation shall be immediately informed thereof. PZU and/or the loss adjuster appointed by PZU and indicated in the insurance policy shall also be immediately informed.
- 10.7.** Upon occurrence of an Insured Event, the Insured Person is required to:
- Take immediate measures to rescue the cargo, prevent increase of any loss and reduce the loss;
 - Immediately notify the following persons of the occurrence:
 - The police, if theft, stealing of a vehicle, robbery, vandalism or other unlawful acts of or by any third persons are suspected;
 - The local rescue board in the event of a fire or explosion of explosives;
 - In other cases, the competent authorities or persons;
 - In the case of any visible damage to or deficit of the cargo, to fix the loss (respective notices in the accompanying documents) immediately upon receipt of the goods, in the case of any latent damage or deficit, to notify the previous carrier according to the provisions of the transport contract;
 - Submit a written notification of claim to the previous carrier or any other person from whom the damaged cargo was received pursuant to the time limits specified in the transport contract and the legislation regulating it;
 - Inform PZU either personally or through its representative of the Insured Event as soon as possible after becoming aware of it. If the exact time of the occurrence of the Insured Event cannot be determined, the Insured Event shall be deemed to have occurred at the moment when the Insured Person or a person treated as such should have learned about it;
 - If possible, keep the site of the Insured Event untouched until further notice from PZU.
 - If the Insured Event occurs through the fault of any third persons (even carriers and freight forwarders), the Insured Person is required to protect its rights (e.g. prepare a claim in due time against the previous carrier) against the person having caused the loss and for assignment of the right of claim to PZU for filing of the recourse action;
 - Comply with the instructions received from PZU and have the costs incurred for loss adjustment approved, incl. costs for legal assistance, and have any potential agreement process approved by the person filing the claim.
- 10.8.** The Policyholder must allow the person appointed by PZU to inspect the damaged cargo in its post-insured event condition. The Insured Person is not allowed, without a consent of PZU, to commence the transfer of the damaged insured cargo or disposal of the destroyed cargo.
- 10.9.** The Insured Person is required to submit to PZU all the information which is required for determining the contractual obligations of PZU, incl. all the accompanying documents of the insured cargo, documents concerning the causes of the loss and the size of the loss, and the information exchange with the transport company.
- 10.10.** Documents to be submitted to PZU when learning about the loss (the following list is not exhaustive and depending on the nature thereof, submission of all the documents specified may not be required in the case of each cargo or each event):
- 10.10.1. Claim notice with a short description of the Insured Event;
 - 10.10.2. Claim filed against the Insured Person;
 - 10.10.3. Calculation of the amount of damage;
 - 10.10.4. Accompanying documents of the cargo or other transport documents (Bill of Lading, Airwaybill, CMR accompanying document) or other documents pertaining to the transport contract;
 - 10.10.5. Commercial invoices, invoices, sales contracts and other documents evidencing the value and delivery terms of the cargo;
 - 10.10.6. Packing lists, cargo manifests;
 - 10.10.7. Reports of receipt and inspection of the cargo;
 - 10.10.8. Letter of explanation of the driver or any other representative of the Insured Person directly related to the case constituting the basis for the claim;
 - 10.10.9. Transcript of the claim/notice to the carrier/freight forwarder or any other person connected with the transport;
 - 10.10.10. Police statement;
 - 10.10.11. Documents certifying the expenses;
 - 10.10.12. Customs statements regarding the destruction of/damage to the seals, etc.;
 - 10.10.13. Correspondence between the parties having to do with the damage;
 - 10.10.14. All other documents or information concerning the particular transport or loss event.
- 10.11.** The Policyholder is obliged to immediately inform PZU of recovery of any stolen or robbed cargo or of becoming aware of the location thereof in writing or in a format which can be reproduced in writing.
- 10.12.** If any third person indemnifies for the damage, the Policyholder must immediately inform PZU thereof.
- 10.13.** Upon expiry of the Insurance Period (unless otherwise agreed upon in the insurance contract), to submit information concerning the turnover of the service covered by the insurance contract or any other actual amount of the units of account at the latest within 30 days after the end of the Insurance Period.
- 10.14.** The above list of the Policyholder's obligations is not an exhaustive list. Other obligations may be included in other clauses of these Terms and Conditions and documents related to the insurance contract.
- 11. PZU's Obligations**
- PZU is obliged to:
- 11.1.** Introduce to the Policyholder or the representative of the Policyholder the documents relating to the insurance contract before entry into the insurance contract. The documents are deemed introduced if the texts thereof are made available on paper or on PZU's website; in the case of any questions, PZU shall explain the terms and conditions.
 - 11.2.** Keep secret the information which became known to them in connection with the insurance contract;
 - 11.3.** Register the notification of claim and introduce the procedure of handling an Insured Event and indemnification for losses to the Policyholder or the representative thereof;
 - 11.4.** Commence, immediately after receipt of a notification of claim from the Policyholder, the adjustment of the case and determine the amount of the loss indemnified for;
 - 11.5.** Inform the Policyholder as soon as possible of the documents required for determining the cause and size of the loss occurred as a result of the Insured Event;
 - 11.6.** Adopt the resolution on the indemnification for damage or refusal thereof at the latest within 10 working days following the receipt of all the required documents and

determining the amount of loss and the circumstances of its occurrence.

12. Insurance Indemnity and Indemnification Methods

- 12.1.** The Insurance Indemnity is a sum of money by which the proprietary loss arisen as a result of the Insured Event and other required and justified costs agreed upon in the insurance contract and connected with the removal of the consequences of the Insured Event is indemnified for.
- 12.2.** Indemnification Methods include monetary indemnification or indemnification for the costs incurred in restoration, reacquisition of the cargo or replacement thereof with an equivalent one. PZU shall determine the type of indemnification. If the currencies of the sum of the claims to the Insured Person and the sum of indemnity are different, the indemnity shall be calculated on the basis of the daily exchange rate of Eesti Pank [Bank of Estonia] on the day of the loss or damage, or in the case the day of the loss or damage is unknown, on the day of learning of the loss or damage.

13. Indemnification Procedure

- 13.1.** In the case of an Insured Event, PZU shall indemnify for the value of the cargo damaged, destroyed or lost as a result of the Insured Event, or any part thereof, and for other required and justified additional costs agreed upon in the insurance contract. The calculation of the amount of the Insurance Indemnity shall be based on the value of the cargo damaged, destroyed or lost as a result of the Insured Event according to the invoices or other documents specified in clause 7.2.
- 13.2.** The required and justified additional costs agreed upon in the insurance contract include:
- 13.2.1. Reasonable expenses incurred in preventing or minimising any damage in the case of an Insured Event, even if the desired result is not achieved;
- 13.2.2. Expenses incurred due to night work or overtime, work on public holidays, expenses related to express deliveries (incl. air carriages);
- 13.2.3. Travel and accommodation costs of the representatives of the manufacturing plant repairing the cargo, importer or distributor thereof;
- 13.2.4. Rescue costs of the cargo maximally to the amount indicated on the policy (cl. 3.3.1);
- 13.2.5. Costs of transporting the damaged cargo from the place of event to storage premises.
- 13.3.** If the restoration of the cargo is either technically or economically unjustified, the damaged insured cargo shall be deemed to have been completely destroyed.
- 13.4.** In the case of the cargo is destroyed completely, the value of the insured cargo shall be indemnified for (maximally up to the Sum Insured) less the residual value of the cargo and the excess.
- 13.5.** PZU shall be entitled to use the services of any third persons when handling insurance claims.
- 13.6.** If PZU has issued a confirmation of the existence of an insurance contract to any third persons, this information is of informative nature and shall not denote acknowledgement of any obligations or waiver of any rights by PZU.
- 13.7.** PZU shall be entitled to set off their obligation assumed under the insurance contract against the insurance premiums payable under the insurance contract but not yet paid until the end of the Insurance Period.
- 13.8.** PZU has the right to indemnify the loss based on an agreement with the Policyholder directly to the person having filed a claim against the Insured Person. The Policyholder is required to compensate for the part of the excess.
- 13.9.** If the Policyholder or the Insured Person regains the possession of any stolen or robbed asset after payment of the Insurance Indemnity, the recovered item must be

transferred into the possession of PZU or the Insurance Indemnity has to be refunded.

- 13.10.** If the loss arose due to the acts of any third persons, PZU shall have the right to delay its indemnification decision until the termination or suspension of the administrative or criminal proceedings or until charges are brought against the person at fault or until a judicial decision is reached in the judicial proceedings related to the case. Any delay in making the indemnification decision is permitted only in the situation where the procedural decisions made by competent authorities with respect to any activities of third persons have an impact on determining the indemnification obligation of PZU and the extent thereof.
- 13.11.** The value added tax or other taxes refunded to the owner or possessor of the cargo subject to the Value Added Tax Act or other legislation, and the loss indemnified for pursuant to law or an administrative ruling of the state, local government entity or a legal person governed by public law shall not be indemnified for.
- 13.12.** The cargo shall be deemed lost if no information has been received of the cargo and/or the means of transport used to carry the cargo within 30 days in the case of domestic carriages or within 60 days in the case of international carriages as of the expected date of arrival in the destination.
- 13.13.** After payment of the Insurance Indemnity, the right of claim of the Policyholder or the Insured Person against the persons responsible for the loss shall transfer to PZU to the extent of the indemnification paid. At PZU's request, the Policyholder is obliged to enter into a written agreement on the assignment of the right of ownership to the cargo and assignment of the claim.
- 13.14.** PZU shall indemnify any reasonable and unavoidable expenses incurred in removing the remains of the cargo from the place where the damage was caused, except for any expenses relating to pollution or other environmental damage or related to causing damage to the environment and any expenses incurred in removing the cargo from the means of air or maritime transport. The maximum amount of indemnity payable pursuant to this clause is 10,000.- EUR.
- 13.15.** If any part of the damaged cargo can be replaced, the costs of the replacement of this part shall be indemnified for (incl. transportation costs), provided that these costs do not exceed the value of the cargo.

14. Refund of Insurance Indemnity

The Policyholder is required to immediately refund the Insurance Indemnity to PZU if any circumstances excluding indemnification have become evident after indemnification or if the damage has been indemnified for by any third person.

15. Processing of Customer Complaints

- 15.1.** If the Policyholder or any other person concerned is not satisfied with the activities of the insurer, such person is entitled to submit a complaint to PZU.
- 15.2.** The complaints are processed according to the procedure of PZU for processing of customer complaints and the principles thereof are published on the website of PZU.
- 15.3.** Dissatisfaction of customers stated either in writing or in a format which can be reproduced in writing shall be registered as a complaint.
- 15.4.** PZU shall register customers' complaints as soon as possible but not later than within one working day as of the receipt of the complaint. The customer shall be informed of registration of the complaint and the deadline for replying to it.
- 15.5.** Complaints shall be responded to as soon as possible but not later than within 7 working days as of the communication of the complaint. PZU may extend the deadline for responding to the complaint with good

reason by informing the customer of the new deadline and the reasons for delay in responding immediately when the need for extension of the deadline arises.

16. Settlement of Disagreements

- 16.1.** The Policyholder is entitled to refer any disputes with PZU for resolution to the insurance conciliation body at the Estonian Insurance Association. The insurance conciliation body can be addressed and any dispute is resolved thereby pursuant to the procedural rules of the insurance conciliation body (see the website of the Estonian Insurance Association at www.eksl.ee).
- 16.2.** Any disputes under the insurance contract, incl. such disputes which the insurance conciliation body failed to resolve, shall be referred to a court of law.

17. Procedure for Delivery of Notices

Any notices delivered upon performance of the insurance contract have to be delivered in a format which can be reproduced in writing or by phone calling the PZU telephone number indicated in the insurance policy.

18. Other Terms and Conditions

PZU shall be entitled to record any telephone calls related to the performance of insurance contracts.

19. Terms and Definitions

- 19.1.** Trailer – means of transport designed and built for carriage of goods which is not independently mobile and which is drawn by a vehicle or traction unit.
- 19.2.** ISM Code International Safety Management Code – rules regarding requirements for vessels and their owners and operators.
- 19.3.** Goods handling equipment – pallets, frames, boxes, lifting and supporting structures, cables, belts and other means for fastening goods, partitions for separating goods, containers, trailers, temperature or humidity regulators, and other equipment used for safe loading of goods, fastening of goods in the means of transport or for securing the cargo in any other manner for safe carriage thereof.
- 19.4.** Insured services – services provided by the Insured Person to clients which are indicated on the insurance policy and to which the insurance contract applies.
- 19.5.** Insurable interest – the Insured Person must be the interested person related to the transportation or handling of the cargo. The possessor of the cargo, the person organising or providing the transport service or any other person with a proprietary interest in the insured cargo is the interested person.
- 19.6.** Insurance certificate – a certificate issued by PZU to the Policyholder which certifies the existence of an insurance contract. The list of insured services and the limits of indemnity according to the terms and conditions indicated in the insurance contract are indicated on the certificate. The certificate is meant for presenting thereof to the service provider or any other persons with proprietary interest in the goods transported or handled.
- 19.7.** Client – owner, buyer, seller, consignor, consignee, carrier, freight forwarder of the goods and other persons holding the right to dispose thereof and having entered into a service contract with the Insured Person.
- 19.8.** Third person – any person not related to the provision of the transport service governed by the insurance contract and not any owner or possessor of the goods related to this transport service.
- 19.9.** Constructive total loss – a situation where the costs of the restoration of the cargo, its carriage to the destination and salvaging thereof exceed the insurable value of thereof.
- 19.10.** Container – any certain shape receptacle of goods adjusted for carriage of goods which is separable from the means of transport (vehicle, trailer) and which is

designed and built for repeated carriage of goods and can be handled by lifting equipment and various mechanisms.

- 19.11.** Minimum insurance premium – the minimum payment due for the Insurance Period which is not reduced even in the case the actual turnover of the services or any other unit of account falls below the estimated one.
- 19.12.** Burglary – theft of the cargo from its storage premises or means of transport by breaking into it by means of removing the barrier (lock, fence, trailer tent, etc.).
- 19.13.** Package – cardboard boxes, wrapping or framework of film, paper, plastic and any other material prescribed by the producer for the transportation or realisation of the goods. Containers and other goods handling equipment are not regarded as packages.
- 19.14.** Estimated services turnover – a forecast submitted by the Insured Person to PZU for the turnover of the services, incl. fees payable to subcontractors (cash turnover according to the invoices issued to the buyers, quantities of goods handled, etc.) during the Insurance Period which constitute the basis for the assessment of the risk and calculation of the insurance premium by PZU.
- 19.15.** Gross negligence – failure to comply in business with the due diligence requirement to a significant extent.
- 19.16.** Standard contract – standard terms and conditions for the provision of the service and the form of contract which constitutes the basis for the legal relationship between the Insured Person and its client.
- 19.17.** Tariff – a percentage of the turnover of the services or the amount of money for one unit of account (e.g. means of transport, container, unit of weight of the goods, etc.) based on which the insurance premium is calculated and which is also used upon recalculation of the insurance premium.
- 19.18.** Delivery terms – the international rules Incoterms which determine the obligations of the buyer and the seller in the case of a contract of sale of goods and the transfer of the risks of the loss of and damage to the cargo upon delivery of the goods.
- 19.19.** Actual turnover of the services – the actual turnover of the services declared by the Policyholder to PZU, incl. fees payable to subcontractors (cash turnover according to the invoices issued to the buyers, quantities of goods handled, etc.) during the Insurance Period which can constitute the basis for the recalculation of the insurance premium by PZU.
- 19.20.** Means of transport – means of transport, hoist, carriage, trailer, etc., which are used for transporting the cargo. Containers and goods handling equipment are not regarded as means of transport.
- 19.21.** Transport contract – a contract concluded by the consignor or consignee of the cargo for the carriage thereof via the agreed route. For the purpose of these conditions, a contract organising the transport or any other contract for handling of the goods in connection with the transportation of the insured transportation shall also be regarded as a transport contract.
- 19.22.** Legislation applicable to transport contracts – national or international provisions, conventions or rules (e.g. the Law of Obligations Act, Convention on the Contract for the International Carriage of Goods by Road, the Hague-Visby Rules, etc.), which provide for the carrier's liability and other legal relationships between the parties to a transport contract.
- 19.23.** Cargo (goods) – a movable which transportation, storage or handling is performed or organised by the Insured Person based on a contract entered into with its client for the provision of the service.
- 19.24.** Provider of the transport service – a person organising the transport of the insured cargo, performing its transport or involved in the transportation process thereof, i.e. freight forwarder, carrier, stevedore, terminal or warehouse keeper and other similar companies to whom the respective activity licence has been issued and who is governed in its activities by international or national legislation.

19.25. General average – a situation where a part of the cargo is sacrificed for rescuing the vessel and the cargo on the vessel (cargo, means of transport) and where the principles of General Average Adjustment (described in the York Antwerp Rules) are applied upon determination of the indemnities to the Insured Persons, i.e. owners of the vessel and the cargo whose assets were rescued are responsible to the owners of these assets (injured persons) in proportion to the value of the assets rescued.

Special Conditions

Liability of Insured Person to Third Persons with regard to Containers and/or Trailers F200/2015

Effective as of 15 December 2015

If PZU and the Policyholder have reached a separate agreement, the insurance cover also applies to any damages or loss incurred due to destruction of, damage to or loss of any containers and/or trailers not belonging to the Insured Person but temporarily delivered into the possession or use of the Insured Person for the time of provision of the insured service, provided that:

- The loss arose due to the fault, error or negligence of the Insured Person upon provision of the insured service;
- The loss arose in the Insurance Territory and during the Insurance Period indicated on the policy;
- The Insured Person has the obligation to indemnify for such loss pursuant to the contract entered into respectively with the owner or possessor of the containers and/or trailers or pursuant to the law.

Any damage to containers and/or trailers which are in the possession of the Insured Person or which long-term possessor the Insured Person is based on a lease, commercial lease or other financing arrangements shall not be subject to indemnification. For the purposes of these conditions, long-term possession is deemed to include any situation where the containers and/or trailers have been delivered into the possession or use of the Insured Person not only for the time of provision the insured service but for multiple performances during a longer-term time period.

The indemnification determined based on this Special Condition shall not exceed the repair costs, reinstatement value of the containers and/or trailers, the declared value agreed upon in the insurance contract or the market value of such containers and/or trailers, whichever is the lowest. If it becomes evident that the value of the insured containers and/or trailers is higher than the Limit of Indemnity indicated on the policy, the provisions concerning underinsurance shall apply upon determination of the indemnity.

In the case of containers and/or trailers, any losses arisen from the following shall not be subject to indemnification:

- The fact that the container and/or trailer was used by a third party;
- The fact that is in a causal relation to non-intended use of the container and/or trailer or violation of any manufacturer's specification or restriction;
- Rust, oxidation, corrosion, discoloration of the container or goods handling equipment;
- Scratches, pinching, crackling, etc.;
- Electrical, electronic or mechanical failure, fault or disorder, etc.;
- Inherent characteristics, error or defect, normal wear and tear or rupture;
- Failure of tyres or brakes;
- Seizure, establishment of preventive measures, etc.;
- Inexplicable disappearance or damage.

PZU shall indemnify for any reasonable and unavoidable expenses arising from rescue, destruction or towing of any containers and/or trailers belonging to third parties from the place of occurrence of damage, except for any costs in connection with contamination, other environmental damage or damage caused to the environment. The maximum amount of indemnification payable under this clause is 10,000 (ten thousand) euros.

Indirect costs and profit lost in connection with the lack of possibility to use containers and/or trailers, lease or rent payments of containers, trailers of goods handling equipment, etc. shall not be subject to indemnification.

A loss shall not be indemnified for if the Insured Person made the containers and/or trailers available to any third persons.

Liability of Insured Person to Third Persons F210/2015

Effective as of 15 December 2015

In the case implementation of this Special Condition has been agreed upon in the insurance contract, such loss shall also be indemnified according to the insurance contract that arose to the assets of any third persons during the transportation or loading of the cargo in connection with the provision of the insured transport service by the Policyholder.

Any person who is not the Insured Person or a person whose services the Insured Person uses upon provision of the freight forwarding service (carrier, other freight forwarder, stevedore, etc.) is regarded as a third person.

The following losses shall not be subject to indemnification:

- Damage to means of transport (car, trailer, vessel, airplane, etc.);
- Loss caused by soil, air or water pollution (incl. costs for decontamination of soil, air or water);
- Loss in the case of which indemnification is excluded by other terms and conditions of the insurance contract.

Work Equipment and Personal Effects of Insured Person F230/2015

If PZU and the Policyholder have separately agreed upon this, such loss shall also be indemnified for which has arisen, due to the performance of the contract for the provision of the service, to the work equipment, devices and samples of the workers of the Insured Person in the ownership or possession of the Insured Person.

For the purposes of these Special Terms and Conditions, the following high-tech equipment and their components shall not be covered:

- Laptop and tablet computers, mobile phones, electronic notebooks, digital cameras or other mobile information and sound media;
- Navigation equipment;
- Digital game consoles;
- Plasma and LCD screens;
- Hard disks, CDs and DVDs;
- Components of high-tech equipment, such as chips, processors, memory, audio or video cards or other components used in hi-tech equipment.

Storage F240/2015

Effective as of 15 December 2015

If the extension of the insurance cover to storage has also been agreed upon in the insurance contract, these Special Conditions apply to such storage. Determining of the extent of the liability of the Insured Person shall be based on the Estonian Logistics and Freight Forwarding Association's (ELEA) General Terms and Conditions for Warehousing. Determining of the indemnity shall be based on the limits specified in the ELEA General Terms and Conditions for Warehousing but the indemnity paid is in no case bigger than the one indicated on the insurance policy.

All the terms and conditions provided for in the insurance contract apply with regard to warehousing in the insured places specified in the insurance contract during the period of storing the cargo, except for any loss where the Insured Person has no liability based on the ELEA General Terms and Conditions for Warehousing or for any loss which was caused by the following (i.e. damage not subject to indemnification):

- Unexplained loss or accounting deficit;
- Processing or handling of the cargo or changes made to the cargo in any other manner;
- Theft of the cargo from an open territory (not surrounded with a fence and under the control of a security company);
- Theft of the cargo from a building or a territory surrounded with a fence and under constant guarding of a security company is only indemnified in the case of burglary.

All the basic fire extinguishing equipment required by the current legislation of the respective country of location and the fire and anti-theft alarm systems must be installed in the building where the insured cargo is stored and

- The Insured Person must have entered into a valid maintenance and guarding contract with a security company approved by PZU;
- The storage place shall not be left unguarded, unless there is a functioning alarm system connected with a security company and the system is switched on.

If the contract concluded between the Insured Person and a security company expires or is amended, PZU shall be immediately notified thereof and PZU's instructions shall be followed.

The Insured Person must comply with the user manuals of the fire extinguishing devices and alarm systems and adhere to their inspection or testing dates. PZU has to be informed of any replacement of or changes made to the fire extinguishing devices and alarm systems. PZU shall be entitled to suspend the insurance cover for the replacement, change or repair period.

At PZU's request, the Policyholder must allow PZU to inspect the storage facility and the fire extinguishing and alarm systems.

Gross Negligence F250/2015

Effective as of 15 December 2015

If PZU and the Policyholder have separately agreed upon this, the insurance cover shall also apply to any losses which were caused by gross negligence of any employee of the Insured Person or any person treated as such or by any acts of any employee of the Insured Person or any person treated as such under the influence of alcohol or narcotic or other psychotropic substances.

The limits of Insurance Indemnity shall not exceed the limits provided for in international transport conventions (for example e.g. 8.33 SDR per gross kilogram of damaged or destroyed goods provided for in Article 23 of the CMR Convention, the same principles are applied to other modes of transport), and this even in the case the Insured Person or any person treated as such itself cannot rely on the given limits in the case of objections raised against its claims due to its acts which are regarded as gross negligence. The amount of maximum indemnification (indemnification limit) shall be indicated in the insurance policy.