

# CARGO INSURANCE TERMS AND CONDITIONS C100/2023



Valid from 01.09.2023

This document is a part of the insurance contract entered into with AB Lietuvos draudimas Estonia branch (hereinafter referred to as PZU\*). In matters not regulated hereunder, the Parties to the insurance contract follow the Law of Obligations Act and other Estonian legislation.

## 1. Object of Insurance

- 1.1.** The object of insurance is the movable (cargo) being transported and/or the policyholder's proprietary interests indicated in the policy. The modes of transport may include road transport, maritime transport (including inland waterway transport), rail transport and air transport.
- 1.1.1.** The cargo to be transported may include goods or other movables belonging to or in the possession of the policyholder (including packages, labels, etc.), exposition exhibits and tools, equipment and samples used by the policyholder's employees, for the transportation of which the policyholder is responsible and/or which are in the possession of or owned by the policyholder.
- 1.1.2.** Proprietary interests may be any of the following which are separately indicated in the insurance contract (separate indication is the prerequisite for the insurance cover to apply): direct expenses relating to the transportation of the cargo; direct expenses relating to the delay of the cargo; loss of profit; expenses incurred in removing or disposing of the cargo; direct expenses related to the policyholder's or the insured's liability arising from the General Average Clause or other Institute Cargo Clauses (e.g. Both to Blame Collision Clause), or customs, excise duties or other taxes for the payment of which the policyholder or the insured is responsible.
- 1.2.** The following does not constitute an object of insurance:
  - 1.2.1.** items not transported, means of transportation carrying the cargo (including containers and other goods handling equipment, unless these are the object of a contract of purchase and sale), information recorded on data media, people, contraband (including goods in unlawful possession and goods the carriage of which is prohibited by the legislation of the country of consignment, transit or destination);
  - 1.2.2.** unless separately agreed upon in the insurance contract, the objects of insurance do not include any towed cargo, carriage by barge, as well as money, bank and telephone cards and other means of payment, securities, excise duty stamps, postage stamps, lottery tickets, memory, video and audio cards, precious metals and products made therefrom, precious stones and pearls, artworks, antiquities, dead bodies, donor organs, live animals, plants, weapons, radioactive materials.
- 1.3.** The means of transportation carrying the cargo and the goods handling equipment must be suitable, taking into consideration the nature, characteristics and route of the cargo and comply with the legislation and technical supervision requirements in force in the country of consignment, transit and destination of the cargo. Any vessel carrying the cargo must comply with the terms and conditions of the Institute Classification Clause and the ISM Code, the owners or the operators of the vessel must have been issued the ISM Code Document of Compliance, unless otherwise agreed upon in the insurance contract.

## 2. Insured Event

- 2.1.** An insured event is any unexpected and unforeseeable event which causes property damage to the insured cargo and which results in the obligation of the insurer to perform the insurance contract, except for the events excluded in clause 2.4 or other sections of the insurance contract (events which are not insured events and in the case of which the insurer does not have an obligation to compensate for the damage).

- 2.2.** Any damage caused to the object of insurance is indemnified according to the Institute Cargo Clauses:
  - 2.2.1.** in the case of an insurance contract entered into based on the all-risk (e.g. ICC A) principle, the policyholder does not have to refer to the reasons for the damage;
  - 2.2.2.** in the case of an insurance contract entered into with respect to the risks specified in the contract (e.g. ICC B and ICC C), the policyholder must prove that the damage occurred due to the realisation of the risk specified in the insurance contract (e.g. a traffic accident, fire).
- 2.3.** In addition to the provisions of the Institute Cargo Clauses, the insurer also indemnifies the following damage:
  - 2.3.1.** reasonable and expedient expenses incurred in repairing or replacing any packaging and labels if the packaging or labels were damaged during the insured carriage;
  - 2.3.2.** reasonable and expedient expenses for the prevention of any insured event and the reduction of the damage to be indemnified;
  - 2.3.3.** any damage provided for in the special terms and conditions (e.g. tools, equipment and samples of the employees of the policyholder; exhibitions; used, unpackaged or damaged goods; storage, contingent insurable interest of the purchaser or seller of the cargo), if the corresponding cover has been selected.
- 2.4.** The following is not indemnified on the basis of a cargo insurance contract:
  - 2.4.1.** loss or damage caused by any inherent characteristics, errors or defects, normal leakage, reduction in volume or weight, wear and tear or rupture of the cargo;
  - 2.4.2.** loss or damage caused by insufficient or unsuitable packaging of the cargo, which does not sustain the usual risks of the insured transit, unless the cargo was not packed or prepared by the policyholder (including the employees or representatives of the policyholder) and the policyholder was not aware of the insufficient or unsuitable packaging before the beginning of the carriage. In addition, no compensation is paid for damage if the defective packaging occurred before the beginning of the validity of the insurance cover. For the purposes of these clauses, 'packaging' also includes placement in a container and 'employees' do not include independent contractors;
  - 2.4.3.** loss or damage caused by a delay (including in the event that the delay is caused by an insured risk), except for any events additionally agreed upon in the insurance contract
  - 2.4.4.** loss or damage caused by the insolvency or other financial problems of the carrier which may hinder the transportation of the cargo, unless the policyholder proves that reasonable measures were taken prior to the carriage in order to ascertain the carrier's financial stability, including the existence of liability insurance;
  - 2.4.5.** loss or damage resulting from the fact that the means of transportation or containers are unseaworthy or unfit for carriage or unsuitable, or the means of transportation or the owner or operator thereof does not have any valid certificates issued by a supervisory authority, if the policyholder or the employees of the policyholder were or should have been aware of this prior to the carriage;
  - 2.4.6.** loss or damage resulting from temperature, air humidity or any changes therein (including condensation), unless indemnification of such loss or damage is specifically agreed upon in the insurance contract and the cargo is carried by a means of transportation which allows compliance with the temperature conditions;
  - 2.4.7.** loss or damage resulting from war, revolution, coup d'état, state of emergency, mass disturbances, expropriation, confiscation, detention, preventive measures or any other similar events, unless indemnification of such loss or damage is specifically agreed upon in the insurance contract;
  - 2.4.8.** loss or damage resulting from derelict mines, torpedoes, bombs

or other abandoned weapons, unless indemnification of such loss or damage is specifically agreed upon in the insurance contract;

- 2.4.9. loss or damage caused by strikes, lockouts, riots or civil unrest, unless indemnification of such loss or damage is specifically agreed upon in the insurance contract;
- 2.4.10. loss or damage resulting from terrorist acts or caused by people whose actions are based on political, ideological, ethnic or religious considerations, unless indemnification of such loss or damage is specifically agreed upon in the insurance contract;
- 2.4.11. loss or damage resulting from the use of nuclear energy for any purpose or loss of control thereof, radioactive radiation and radioactive pollution;
- 2.4.12. loss or damage resulting from electrical or mechanical failure or malfunction of the object of insurance unless it is proved that the packaging, container or means of transportation were damaged during the carriage of the insured cargo;
- 2.4.13. loss or damage caused outside the insurance territory or the insurance period indicated in the policy;
- 2.4.14. financial claims not arising from direct property damage (cancellation of a contract, fines, interest, default interest, loss of market share, non-property damage, damage resulting from the prohibition on carriage of the cargo to the country of transit or destination, etc.);
- 2.4.15. loss or damage resulting from any circumstances which were or should have been known to the policyholder prior to the insured carriage;
- 2.4.16. loss or damage which must or should be indemnified on the basis of compulsory (including motor third party liability insurance) or mandatory insurance;
- 2.4.17. loss or damage resulting from any deficiency in the cargo, if there is no evidence that the packaging or seals of the goods were damaged or the means of transportation was broken into, unless indemnification of such loss or damage is specifically agreed upon in the insurance contract.
- 2.4.18. loss or damage caused by vermin;
- 2.4.19. environmental damage and damage caused to the environment and the expenses incurred in the elimination thereof;
- 2.4.20. mutual claims of persons covered under the same insurance contract.

### **3. Release of PZU from obligation to perform insurance contract**

PZU will be released from the obligation to perform the insurance contract in part or in full if:

- 3.1. the policyholder has intentionally or due to gross negligence violated at least one of the obligations provided for in the insurance contract and such violation of an obligation has affected the occurrence or amount of damage or determination of the extent of PZU's obligations;
- 3.2. the policyholder has failed to comply with the obligation to inform about any changes in material risk circumstances;
- 3.3. the policyholder has knowingly provided PZU with false information about the circumstances or the amount of the damage;
- 3.4. the damage was caused due to the policyholder's intention or gross negligence;
- 3.5. the policyholder has committed or aided a crime in connection with the insured carriage;
- 3.6. the cause of the insured event is the act of the policyholder or a person considered equal thereto in a state of intoxication, under the influence of narcotic or other psychotropic substances. If the person who transported/possessed the object of insurance refuses to ascertain the intoxication immediately after causing the damage, they are deemed to have been under the influence of alcohol, narcotic or psychotropic substances at the time of occurrence of the damage. The same applies in the event that the above-mentioned substances were consumed after the occurrence of the damage but prior to the arrival of the police or before the proposal to ascertain intoxication was made;
- 3.7. the damage is indemnified by a third party.

### **4. Insurance Territory and Insurance Period**

- 4.1. The insurance contract is effective in the territory indicated in the policy (cargo route, list of countries or regions).

- 4.2. The insurance period begins and ends in the period and on the terms and conditions agreed upon in the insurance contract:

- 4.2.1. in the case of an open cover cargo insurance contract, the insurance cover applies to the cargoes, the carriage of which commences (start of loading of the cargo on the means of transportation) within the period provided for in the insurance contract;
- 4.2.2. in the case of single cargo insurance, the insurance period commences on the date indicated in the policy and ends based on the terms and conditions provided for in the insurance terms and conditions and the Institute Clauses.
- 4.3. The insurance cover commences from the moment when the loading of the cargo onto the means of transportation begins (it is lifted up in the storage facility) in order to start the carriage in the point of departure of the route, unless otherwise indicated in the policy (e.g. in the case of the FOB delivery term).
- 4.4. The insurance cover is effective throughout the ordinary route, including usual transshipments and interim storages.
- 4.5. The insurance cover ends as of the moment when the cargo is unloaded at the consignee's warehouse or other point of destination on the route of the cargo but no later than:
  - 4.5.1. 60 days after the unloading of the cargo from a vessel to the port territory or from an airplane to the airport territory;
  - 4.5.2. after the loading to any next means of transportation, if the point of destination is described in the policy in the case of the FOB or similar delivery terms.
- 4.6. If additionally agreed upon in the insurance contract, the insurance cover may also extend to storage before or after loading.
- 4.7. If the insurance cover also contains risks of war and strikes (Institute War and Strike Clauses), the war risk cover ends within seven days and the strike risk cover within 48 hours of the moment when PZU submits the respective notice to the policyholder. If no notice is submitted, the insurance cover expires pursuant to the provisions of clause 4.5.

### **5. Sum insured, insurable value and limit of indemnity**

- 5.1. The sum insured is the maximum amount payable per one insured event.
- 5.2. In addition to the value of the object of insurance, the sum insured may include (if the respective agreement is indicated in the insurance policy): direct expenses relating to the transportation of the cargo (freight charges); direct expenses relating to the delay of delivery of the cargo (not more than in the amount of the freight charges, provided that damage resulting from the delay of delivery of the cargo is supported by documentary evidence); expenses relating to the removal or disposal of the cargo (up to 10% of the value of the cargo and direct expenses related to the carriage) and any profit expected (up to 10% of the value of the cargo and direct expenses related to the carriage).
- 5.3. The insurable value is the market value of the object of insurance at the beginning of the insurance period in the point of departure of the cargo route. The market value is determined based on the seller's invoices and other sales contract documents. If the insured cargo is not the object of any sales contract, the insurable value is the market value of the cargo in the point of departure of the cargo immediately prior to the beginning of the carriage.
- 5.4. The sum insured in an open cover cargo insurance contract is the maximum limit of the agreed insurance indemnity per one cargo and insured event. The sum insured may be determined with regard to both the cargo unit (for example the goods in a container), the means of transportation as well as the storage facility. It is the maximum amount to be disbursed per one insured event, and the terms and conditions of underinsurance remain valid.
- 5.5. In an open cover cargo insurance contract, the turnover of insured cargo is the total estimated turnover of the cargo insured during the insurance period. If, in addition to cargo, the insurance covers freight charges, the costs of disposal or removal of the cargo, expected profit (up to 10% of the value of the cargo and direct expenses related to the carriage) or other additional costs agreed on in advance, these costs must also be included in the turnover of the insured cargo.

## 6. Deductible

- 6.1.** The deductible is a part of damage in the case of each insured event determined in the insurance contract. The amount of the deductible is always covered by the policyholder and not indemnified by PZU.
- 6.2.** Several damages caused at the same time and place and by the same reasons are deemed a single insured event. If more than one cargo insured by the same insurance contract is damaged as a result of one insured event, only the highest deductible applicable is taken into consideration.

## 7. Insured risk and increase in probability thereof

- 7.1.** Insured risk is any threat of unexpected and unforeseeable damage to the object of insurance against which insurance is provided, except for the events excluded under clause 2.4.
- 7.2.** Increase in the probability of any insured risk denotes any circumstances which increase the probability of an insured event or the amount of damage caused. Such circumstances include, in particular, any information requested by PZU from the policyholder before entering into the insurance contract (for example the composition, route, value, packaging, carrier or forwarding agent, means of transportation, carriage period, transshipments and interim storages, security measures, etc. of the insured cargo). Any material circumstances affecting an insured risk also include failure to comply with a special or additional condition relating to the insured risk, a safety measure or agreement provided for in the insurance contract.
- 7.3.** 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.
- 7.4.** After entry into the insurance contract, the policyholder may not increase the probability of the insured risk or permit persons for whom they are responsible to do so without the consent of PZU.
- 7.5.** If the policyholder breaches the notification obligation or the obligation to avoid any increase in the probability of an insured risk, PZU is released from the obligation to perform the insurance contract provided that the increase in the insured risk affected the occurrence or scope of the insured event.
- 7.6.** During the insurance period, PZU is entitled to inspect the cargoes insured and, in the case of an increase in the probability of an insured risk, request that the policyholder take additional security measures and/or increase insurance premiums. The above does not exclude the right of PZU to cancel the insurance contract.

## 8. Policyholder's obligations

- 8.1.** Persons equivalent to the policyholder include the staff of the policyholder and the legal owners or possessors of the cargo. If it is agreed upon in the insurance contract that the insurance cover also extends to the subsidiaries, branches or agencies of the policyholder, these are also considered equivalent to the policyholder. The contractual obligations of the policyholder also apply to the persons equivalent to the policyholder.
- 8.2.** Persons whose services the policyholder uses in order to organise or perform the carriage (i.e. forwarding agents or carriers) are not equivalent to the policyholder, unless the policyholder itself is a forwarding agent or a carrier.
- 8.3.** The policyholder is obliged to:
  - 8.3.1.** 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;
  - 8.3.2.** keep all the documents relating to the carriage and evidencing the value thereof (e.g. sale offers, sales contracts, delivery notes, etc.) and present these at the request of PZU.
  - 8.3.3.** inform PZU of the accurate insurable value;
  - 8.3.4.** explain the obligations arising from the insurance contract to any persons equivalent to the policyholder and to the persons who organise or perform the carriage;
  - 8.3.5.** provide the forwarding agent and/or carrier with precise instructions for compliance with safety measures arising from the nature of the cargo, including for the preservation of the required temperature or humidity, in a format which can be

reproduced in writing;

- 8.3.6.** allow any representative of PZU to examine the documents essential for entry into the insurance contract and inspect the cargo to be insured as appropriate prior to the carriage or at any other time;
- 8.3.7.** provide complete and accurate information for the assessment of the insured risk and, upon entry into the insurance contract, disclose all the circumstances known to them which affect PZU's decision to enter into the insurance contract or to do so on the agreed terms and conditions;
- 8.3.8.** inform PZU immediately of any increase in the probability of an insured risk (e.g. if changes appear in comparison with the provisions of the insurance contract, if any circumstances become known which increase the probability of an insured event or the amount of possible damage);
- 8.3.9.** make every effort to prevent the insured event and minimise the damage, avoid any increase in the probability of any insured risks and not permit the persons equivalent to the policyholder to increase any insured risks;
- 8.3.10.** immediately inform of the emergence of multiple insurance.
- 8.4.** Upon transfer of the cargo to the carrier (if the policyholder is the consignor) or receipt thereof from the carrier (if the policyholder is the consignee), the policyholder must inspect the external condition of the cargo and the packaging thereof, the number of items and, in the case of any defects or damage, make a corresponding notation on the delivery note. The condition of the seals of the container or any other goods compartments and the correspondence of their numbers to the delivery notes of the cargo must also be checked. In the case of any observations, the respective entry must be made in the delivery note or another document concerning the receipt of the goods which must also be signed by the carrier.
- 8.5.** The policyholder and any persons equivalent to the policyholder are required to abide by the safety and other goods handling requirements arising from the legislation applicable in the countries of departure, destination and transit and from the insurance contract.
- 8.6.** If the driver of the means of transportation carrying the cargo leaves the means of transportation unattended, the windows, doors and hatches of the means of transportation have to be locked, the antitheft equipment must be switched on (including the alarm system, immobiliser, etc.) and the delivery documents of the insured cargo and all the keys have to be taken along.
- 8.7.** The driver of the means of transportation must ensure reasonable and elementary conditions for storing and preserving the insured cargo during any rest periods.
  - 8.7.1.** Rest period means the time when the driver of the means of transportation rests or is required to rest pursuant to legislation regulating working and rest time (including breaks for eating).
  - 8.7.2.** According to these terms and conditions, at least one of the following preservation conditions is considered reasonable and elementary:
    - a) physical guarding or guarding ensured by a security company in the territory where the insured cargo is kept;
    - b) closed, locked and carefully secured doors, windows, hatches and functioning alarm systems of the means of transportation switched on for the rest time if the driver is forced to leave the means of transportation temporarily unattended;
    - c) the driver of the means of transportation is staying in the immediate vicinity of the insured cargo (including in the driver's cab) so that they have an overview of what is happening around the cargo and can intervene in the case of any danger, e.g. notify the police or the rescue board;
- 8.8.** If the occurrence of damage can be presumed, the carrier and other persons whose services the policyholder uses when organising and performing the carriage must immediately be informed thereof pursuant to the provisions of the contract of carriage and legislation applicable to the carriage. PZU and/or the claims handler appointed by PZU and indicated in the insurance policy must also be immediately informed.
- 8.9.** In the case of an insured event, the policyholder is obliged to:
  - 8.9.1.** immediately take measures to salvage the insured cargo, prevent any increase in damage and minimise the damage;
  - 8.9.2.** immediately inform the following of what happened:
    - a) the police, if theft, stealing of a vehicle, robbery, vandalism or other unlawful acts of a third party are suspected;
    - b) the local rescue board in the event of a fire or explosion of explosives;

- c) in other cases, a competent authority or person;
- 8.9.3. in the case of any visible damage to or deficiency in the cargo, record the damage (respective notations on the delivery note) immediately after receipt of the goods, in the case of any hidden damage or deficiency, notify the carrier according to the provisions of the contract of carriage. The discovery of any damage to the cargo does not entitle the policyholder to refuse to accept the cargo;
- 8.9.4. submit a written damage notice to the carrier in compliance with the terms prescribed in the contract of carriage and the applicable legislation;
- 8.9.5. inform PZU either personally or through their representative of the insured event as soon as possible after becoming aware of it; if the exact time of the insured event cannot be determined, the time when the policyholder or any person equivalent to the policyholder should have learnt about the insured event is deemed the time of the insured event;
- 8.9.6. if possible, keep the site of the insured event untouched until further notice from PZU;
- 8.9.7. if the insured event occurred through the fault of third parties (including carriers and forwarding agents), the policyholder is required to ensure that their claims against the person who caused the damage are secured and that they are able to assign their right of claim to PZU so that the latter can file a recourse action;
- 8.9.8. follow PZU's instructions.
- 8.10.** The policyholder must allow the person appointed by PZU to inspect the damaged cargo in its post-insured event condition. The policyholder may not start the transfer of the insured and damaged cargo or dispose of the destroyed cargo without the consent of PZU.
- 8.11.** The policyholder is required to provide PZU with complete information necessary to determine PZU's contractual obligations, including all the delivery documents of the cargo, documents concerning the reasons for and amount of the damage caused and correspondence with the transportation company.
- 8.12.** Documents to be submitted to PZU when learning of the damage (the following list is not exhaustive and all of the documents listed may not exist in the case of each cargo or event:
  - 8.12.1. claim notice with a short description of the insured event;
  - 8.12.2. calculation of the amount of damage;
  - 8.12.3. delivery notes of the cargo and other carriage documents (bill of lading, air waybill and CMR document) or other documents accompanying the contract of carriage;
  - 8.12.4. invoices for goods, commercial invoices, sales contracts and other documents evidencing the value and delivery terms of the cargo;
  - 8.12.5. packing lists, cargo manifests
  - 8.12.6. instrument of receipt or inspection of the cargo;
  - 8.12.7. copy of the claim/notice to the carrier/forwarding agent or other person dealing with the carriage;
  - 8.12.8. statement by the police;
  - 8.12.9. documents certifying the expenses;
  - 8.12.10. customs statements regarding the destruction of/damage to the seals, etc.;
  - 8.12.11. exchange of information with the parties related the damage;
  - 8.12.12. insurance certificate unless it was submitted to PZU earlier when declaring the cargoes;
  - 8.12.13. all other documents or information relating to the given carriage or insured event
- 8.13.** The policyholder is obligated to immediately inform PZU of the 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.
- 8.14.** If a third party indemnifies the damage, the policyholder must immediately inform PZU thereof.
- 8.15.** Upon expiry of the insurance period (unless otherwise agreed upon in the insurance contract), the policyholder must provide the information on the actual turnover and value of the cargoes covered by the insurance contract.
- 8.16.** The above list of the policyholder's obligations is not exhaustive. Other obligations may arise from other provisions of these terms and conditions and other documents relating to the insurance contract.

## 9. PZU's obligations

PZU is obliged to:

- 9.1.** introduce the documents relating to the insurance contract to the policyholder or the representative of the policyholder before entry into the insurance contract. The documents are deemed introduced if the texts thereof are made available on paper or via PZU's website; in the case of questions, PZU explains the terms and conditions;
- 9.2.** maintain the confidentiality of the information they have learnt in connection with the insurance contract;
- 9.3.** register the damage notice and introduce the claims handling and indemnification procedures to the policyholder or the representative of the policyholder;
- 9.4.** after the receipt of a damage notice from the policyholder, immediately start handling the claim and ascertain the amount of damage to be indemnified;
- 9.5.** inform the policyholder as soon as possible of the documents necessary for the ascertainment of the reason for and amount of damage caused as a result of the insured event;
- 9.6.** make a decision on the indemnification of damage or refusal to indemnify at least within 10 working days of the receipt of all the required documents and the ascertainment of the amount and circumstances of occurrence of the damage.

## 10. Insurance indemnity and types of indemnification

- 10.1.** The insurance indemnity is the amount of money paid in compensation for the property damage caused as the result of an insured event and of necessary and justified additional expenses agreed upon in the insurance contract and incurred in eliminating the consequences of the insured event.
- 10.2.** Indemnification can be monetary or consist in the indemnification of the expenses incurred in restoring or reacquiring the cargo or replacing it with an equivalent one. The type of indemnification is determined by PZU. If the currencies of the sum insured and the indemnity are different, the indemnity is based on the daily exchange rate of the European Central Bank on the day of the occurrence of the damage, or, if such day is unknown, on the day of becoming aware of the damage.

## 11. Indemnification procedure

- 11.1.** In the case of an insured event, PZU indemnifies the insured cargo or the value of any part thereof which is damaged, destroyed or lost as the result of the insured event and other necessary and justified additional expenses agreed upon in the insurance contract. The amount of the insurance indemnity is calculated on the basis of the insurable value of the cargo damaged, destroyed or lost as the result of the insured event according to the invoices of goods or other documents specified in clause 5.3.
- 11.2.** The necessary and justified additional expenses include:
  - 11.2.1. reasonable expenses incurred in preventing or minimising damage in the case of an insured event, even if the desired result is not achieved;
  - 11.2.2. expenses incurred due to night work or overtime, work on public holidays, expenses related to express deliveries (including air carriages);
  - 11.2.3. travel and accommodation costs of the representatives of the manufacturer, importer or distributor repairing the insured cargo;
  - 11.2.4. expenses incurred in salvaging the insured cargo;
  - 11.2.5. expenses incurred in transporting the damaged cargo from the accident site to the storage facility.
- 11.3.** If the restoration of the insured cargo is not technically or economically justified, the insured cargo is deemed to have been completely destroyed (total loss).
- 11.4.** Upon total loss of the insured cargo, the value of the insured cargo (up to the sum insured), less the residual value of the cargo and deductible, is indemnified.
- 11.5.** In the case of underinsurance, PZU indemnifies the damage in accordance with the ratio of the sum insured indicated in the policy and the insurable value. If the sum insured does not differ from the insurable value by more than 10%, underinsurance provisions do not apply.
- 11.6.** Upon overinsurance, PZU indemnifies the damage up to the insurable value, unless otherwise agreed upon in the insurance



contract.

- 11.7.** PZU is entitled to use the services of third parties when handling insurance claims.
- 11.8.** The outstanding insurance premiums that have become due, the indemnity reductions and the taxes to be refunded to the policyholder on the basis of law (such as VAT) will be deducted from the amount to be indemnified when determining the insurance indemnity, unless otherwise specified in the policy.
- 11.9.** If the policyholder or a beneficiary recovers the property stolen or robbed after the insurance indemnity has been paid out, the property must be transferred to PZU or the insurance indemnity must be refunded.
- 11.10.** The value added tax or other taxes refundable to the policyholder under the Value Added Tax Act or other legislation and the damage to be compensated for by the state, local government or a legal person in public law under the law or an administrative ruling will not be indemnified.
- 11.11.** The cargo is deemed lost if no information has been received of the cargo and/or the means of transportation 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. Upon any loss covered by the Institute War and Strike Clauses, the respective term is six months as of the expected date of arrival of the cargo.
- 11.12.** After the disbursement of the indemnification, the right of claim of the policyholder or beneficiary against the person responsible for the damage is fully transferred to PZU. At PZU's request, the policyholder is obligated to enter into a written agreement on the assignment of the right of ownership of the cargo and assignment of the claim.
- 11.13.** PZU indemnifies any reasonable and unavoidable expenses incurred in removing the remains of the cargo from the place where the damage was caused and the expenses incurred in removing the cargo from the means of air or maritime transport, except for expenses relating to pollution or other environmental damage or related to causing damage to the environment. The indemnity payable under this clause may not exceed 20% of the insurable value of the damaged goods.
- 11.14.** If the damaged part of the cargo can be replaced, the expenses incurred in replacing this part (including transportation costs) are indemnified provided that the expenses do not exceed the insurable value of the cargo.

## 12. Refund of insurance indemnity

The policyholder is required to immediately refund the insurance indemnity to PZU if, after indemnification, any circumstances excluding indemnification have become evident or if the damage has been indemnified by a third party.

## 13. Processing of customer complaints

- 13.1.** If the policyholder or any other person concerned is not satisfied with the activities of the insurer, they are entitled to submit a complaint to PZU.
- 13.2.** The complaints are processed according to PZU's procedure for processing of customer complaints, the principles of which are published on the website of PZU.
- 13.3.** Dissatisfaction of customers stated either in writing or in a format which can be reproduced in writing is registered as a complaint.
- 13.4.** PZU registers customers' complaints as soon as possible but not later than within one working day as of the receipt of the complaint. The customer is informed of the registration of their complaint and the deadline for replying to it.
- 13.5.** Complaints are responded to as soon as possible but no later than within seven working days of filing 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.

## 14. Settlement of disagreements

- 14.1.** The policyholder is entitled to address the insurance conciliation body acting at the Estonian Insurance Association in order to settle any disagreements with PZU. The insurance

conciliation body is contacted and the dispute is settled therein in accordance with the procedure of the insurance conciliation body (see the website of the Estonian Insurance Association at [www.eksl.ee](http://www.eksl.ee)).

- 14.2.** Any disputes arising from the insurance contract, including disputes which the insurance conciliation body failed to resolve, are settled in court.

## 15. Procedure for delivery of notices

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

## 16. Terms and definitions

- 16.1.** General Average procedure – the rules referred to in the Institute Cargo Clauses and described in international legal practice (Marine Insurance Act) regarding the interests of the owners of cargoes and vessels as to the salvage costs thereof.
- 16.2.** ISM Code, i.e. International Safety Management Code – rules regarding requirements for vessels and their owners and operators.
- 16.3.** Goods handling equipment – pallets, frames, boxes, lifting and supporting structures, cables, belts and other means for fastening goods, partitions for separating goods, containers, temperature or humidity regulators, and other equipment used for the safe loading of goods, the fastening of goods in the means of transportation or for securing the cargo in any other manner for safe carriage thereof.
- 16.4.** Insurable interest – the policyholder must be the person interested in the insured cargo. A person interested in the cargo is the owner or legal possessor of the cargo, seller, purchaser of the cargo, trader of the cargo, consignor, consignee of the cargo, the provider of the carriage services or any other person who has a proprietary interest in the insured cargo.
- 16.5.** Insurance certificate – a certificate issued by or to the policyholder and evidencing the existence of an insurance contract. The cargo indicated on the certificate is covered in accordance with the terms and conditions of the insurance contract. The certificate is meant to be presented to the purchaser of the cargo, the consignee or the company financing the sales and purchase transaction of the cargo. The certificate is freely assignable pursuant to the transfer of the ownership of the cargo described in the terms and conditions of the sales contract.
- 16.6.** Institute Classification Clause – a special condition setting out the requirements and restrictions for vessels carrying the cargo.
- 16.7.** 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 thereof.
- 16.8.** Minimum insurance premium – minimum premium payable for the insurance period which is not reduced even if the actual volume of cargoes falls below the estimated volume.
- 16.9.** Open cover cargo insurance contract – a cargo insurance contract which covers several carriages with the agreed characteristics.
- 16.10.** Water damage – damage caused to the cargo by water as a result of the bursting of a water, sewerage or stormwater pipeline within a building or a blockage on the premises used by third parties.
- 16.11.** Fire – damage caused to the cargo by fire, soot, smoke, a direct lightning strike or an explosion.
- 16.12.** Vandalism – unlawful and intentional damage to the cargo by third parties.
- 16.13.** Storm – damage caused by wind with a minimum speed of 18 m/s.
- 16.14.** Burglary – theft of the cargo from its storage facility or means of transportation by way of breaking into the facility or means of transportation by removing the barriers (locks, fences, trailer tarpaulins, etc.).
- 16.15.** Packaging – cardboard boxes, wrapping or frame made of film, paper, plastic or any other material which is prescribed by the manufacturer for the carriage or realisation of the goods. Containers and other goods handling equipment are not deemed to be packaging.

- 16.16.** Estimated volume of cargoes – a prognosis of the values of cargoes within the insurance period presented by the policyholder to PZU, which forms the basis for the risk assessment and calculation of the insurance premium by PZU.
- 16.17.** Beneficiary – a person who is entitled to receive the insurance indemnity, i.e. the policyholder or a third party to whom the policyholder has assigned the right pursuant to the cargo sales or financing contract or any other lawful transfer transaction. The person providing carriage services or any other person providing goods handling services is not a beneficiary.
- 16.18.** Delivery terms – Incoterms, the international rules which stipulate the obligations of the purchaser and seller under a sales contract and the transfer of the risk of accidental loss or destruction of cargo upon delivery thereof.
- 16.19.** Actual volume of cargoes – the actual value of cargoes declared by the policyholder to PZU in the insurance period which may form a basis for the recalculation of the insurance premium.
- 16.20.** Contract of carriage – a contract entered into by the consignor or consignee of the cargo for the carriage thereof via the agreed route. For the purposes of these terms and conditions, a contract of carriage also means a contract entered into in order to organise the carriage, or any other goods handling contract entered into in connection with the carriage of the insured cargo.
- 16.21.** Legislation applicable to contracts of carriage – 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 contract of carriage.
- 16.22.** Institute Cargo Clauses – International Underwriters Association's Institute Cargo Clauses, the international terms and conditions of cargo insurance, and the Institute Cargo Clauses indicated in the insurance policy.
- 16.23.** Provider of carriage services – a person organising or performing the carriage of the insured cargo or a person participating in the carriage, i.e. a forwarding agent, carrier, stevedore, terminal or warehouse operator and other similar companies which have been issued a respective activity licence and whose activities comply with international and national legislation.
- 16.24.** Insurance of single cargo – a cargo insurance contract covering the carriage of a single cargo on the terms and conditions of the insurance contract.

## SPECIAL TERMS AND CONDITIONS OF CARGO INSURANCE

### Used or damaged cargoes or cargoes without packages C210/2023

Effective as of 1 September 2023

If PZU and the policyholder have entered into a respective separate agreement, the insurance also covers any goods which have been used and which are not in their original packages or are damaged.

All the terms and conditions of the insurance contract apply to the cargoes mentioned in these special terms and conditions, except for damage resulting from the following (i.e. damage not subject to indemnification):

- rust, oxidation, corrosion, discoloration;
- scratches, bruising, denting, chipping etc.;
- twisting, bending and distortion;

unless the damage resulted from the fact that the means of transportation was involved in a marine casualty or traffic accident or occurred upon loading and unloading of the insured cargo.

### Tools, equipment and samples of policyholder's staff C220/2023

Effective as of 1 September 2023

If PZU and the policyholder have entered into a respective separate

agreement, the cargo insurance also covers the tools, equipment and samples of the policyholder's staff which belong to the policyholder or are in the policyholder's possession and for the carriage of which the policyholder is responsible. The specified cargoes are covered pursuant to the terms and conditions of cargo insurance, except for any damage resulting from the demonstration, use or testing of such tools, equipment and samples (i.e. damage not subject to indemnification).

For the purposes of these special terms and conditions, the following high-tech equipment or their components are not covered by the insurance:

- laptop, tablet and pocket computers, mobile phones, digital diaries, digital cameras or other portable data and audio 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 high-tech equipment.

### Exhibitions C230/2023

Effective as of 1 September 2023

If it is agreed upon in the insurance contract that the insurance cover also extends to the exhibition period, the following terms and conditions shall apply:

- the cargo constituting the exhibit of an exhibition, including a tripod or other foundation of the exhibit, fastening and assembly mechanisms and other equipment directly related to the exhibition are covered if so indicated in the policy. The insurance cover extends to the carriage and loading of the exhibits and the accompanying equipment. The insurance cover does not apply to cargo during the exhibition period except for the following risks: fire, storm, water damage, vandalism, burglary;
- in addition to the insurable value of the exhibit and the accompanying equipment, the sum insured also includes expenses directly related to the exhibition, i.e. the rent of the exhibition facility or territory, transportation and installation costs and the rent of the equipment used in connection with the exhibition if such costs are indicated in the policy;
- the exhibition period covered is limited to 30 days, unless otherwise agreed upon in the insurance contract;
- if the exhibit is transferred during the exhibition period, the insurance cover expires as of the moment the carriage of the exhibit from the place of exhibition starts (beginning of loading at the place of exhibition);
- all the fire safety rules must be complied with at the place of exhibition, including the place of exhibition must be equipped with basic fire extinguishing devices in accordance with the legislation applicable in the country of the exhibition;
- if the place of storage or exhibition is outdoors, the territory where the insured cargo is located must be surrounded with a fence and guarded by a security company.

All the terms and conditions of the insurance contract apply to the cargoes mentioned in these special terms and conditions, except for damage resulting from the following (i.e. damage not subject to indemnification):

- indirect expenses, i.e. loss of market share, fines, loss of profit, etc.;
- exhibition, use or testing of the exhibit;
- return carriage of the exhibits if the exhibits are not packed in compliance with the standards applicable to the initial route and nature of the cargo;
- theft or loss of the cargo if the exhibits were left unguarded. When the exhibition facility or territory is closed to visitors, the guarding obligation is deemed performed if security workers are present or if it is guarded by a security company.

For the purposes of these special terms and conditions, the following high-performance equipment or their components are not covered by

the insurance, unless specifically agreed upon in the insurance contract:

- laptop, tablet and pocket computers, mobile phones, digital diaries, digital cameras or other portable data and audio 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 high-tech equipment.

### **Storage C240/2023**

Effective as of 1 September 2023

If it is agreed upon in the insurance contract that interim storage of the cargo before and after its carriage or in a place outside the usual route of the cargo is also covered, the following special terms and conditions are applicable to such storage. Unless otherwise agreed upon in the insurance contract, a storage period of up to 30 days is covered by the insurance.

All the terms and conditions of the insurance contract apply with respect to the insured cargoes during the period of storage thereof in the places specified in the insurance contract, except for any damage resulting from 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 (if the territory is not surrounded with a fence and it is not under the control of a security company);
- theft of the cargo from a building or a territory which is surrounded with a fence and is under the control of a security company is only indemnified in the case of a burglary.

The building where the insured cargo is stored must be equipped with all basic fire extinguishing devices required by the legislation applicable in the respective country, and with fire and security alarm systems and

- the policyholder must have entered into a valid maintenance and security contract with respect to the alarm system;
- the storage place may 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 entered into between the policyholder and a security company expires or is amended, PZU must be immediately informed thereof and PZU's instructions have to be followed.

The policyholder must comply with the user manuals of the fire extinguishing devices and alarms and adhere to their inspection or testing terms. PZU must be informed of any replacement of or changes to the fire extinguishing devices and alarm systems. PZU is entitled to suspend the insurance cover during 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.

### **Contingent insurable interest of purchaser or seller of cargo C250/2023**

Effective as of 1 September 2023

If PZU and the policyholder have entered into a respective separate agreement, the following special terms and conditions apply to indemnification:

The insurance also covers those cargoes which are purchased or

sold by the policyholder during the entire route of the cargoes, with respect to which the policyholder is not responsible for the accidental loss or destruction of or damage to cargo or does not have the obligation to insure such cargo under the delivery terms or other provisions of the sales contract during a part of or the entire route.

All the terms and conditions of the insurance contract apply to the goods specified in these special terms and conditions if the policyholder does not receive compensation for the goods from the seller or purchaser of the goods or their insurers for some reason provided that:

- the existence of such additional condition is not disclosed to any other persons interested in the insured cargo;
- PZU has to be notified of all the insured events and increases in risks, or other obligations arising from the insurance terms and conditions with regard to the cargoes which may be affected by this special provision have to be performed;
- the policyholder must take all reasonable measures in order to receive compensation for the damaged cargo from the purchaser or seller of the goods under the sales contract or their insurers or other persons dealing with the carriage;
- upon indemnification under these special terms and conditions, the policyholder's claims against the sellers or purchasers of the goods or against their insurers or transportation companies are assigned to PZU.

Application of these special terms and conditions to the insurance contract does not create an open cover insurance.