



CONSTRUCTION AND ERECTION ALL RISKS INSURANCE

Terms and conditions No 1.1
Effective as of 01.10.2017

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bta
VIENNA INSURANCE GROUP

AAS BTA Baltic Insurance Company Eesti filiaal and the Policyholder shall enter into a Conditions of Construction and erection all risks insurance contract in accordance with these terms and conditions and BTA General terms and conditions.

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1. TERMINOLOGY USED IN THESE TERMS AND CONDITIONS

Construction plant and equipment – site accommodation, modular buildings, sheds, storing equipment, fences, gates, construction lights and other relevant objects, except scaffolding.

Subcontractor – a person with whom the policyholder as the principal has entered into a contract for services with for the performance of works.

Construction period – a continuous and dated period during which the construction works stated in the policy are performed.

Limit of indemnity (first risk insurance) – the sum indicated on the policy in the extent of which damages due to an insured event are compensated for, without regard to under-insurance. The limit of indemnity is reduced by the indemnity paid out.

Construction site – the enclosed, marked, guarded and organised area where the works are executed.

Construction works – entail the construction of a building specified in the insurance contract or the installation of equipment and/or the performance of other works stated in the contract.

Maintenance period – the continuous period after the construction period which is dated on the policy and during which warranty obligations such as repairs, improvements or replacements are performed to works stated on the policy.

Scope of insurance coverage – a set of conditions in the insurance contract which obligate BTA to pay insurance indemnity or perform some other act prescribed in the insurance contract in the case of an insured event.

Insured sum – the maximum payable amount of indemnity indicated on the policy. The insured sum may be set for an insured event or the entire insurance period altogether.

Extended maintenance period – the continuous period after the construction period which is dated on the policy and during which warranty obligations such as repairs, improvements or replacements are performed for works stated on the policy and the scope of insurance coverage of which extends to the works that were properly constructed during the construction period.

Pain and suffering – damage that occurs when physical or moral pain and suffering have been caused to the injured person.

Main constructor – a legal person who has entered into a contract with the contracting entity and is responsible for the timely completion and quality of the object.

Pure financial loss – damage to property, which is not directly related to personal or property damage.

Existing property – a building, structure or any other object at the construction site which is noted on the policy but is not considered construction works but which is affected by building, furnishing, altering, improving or complementing.

Loss of profit – the profit which the injured person would have received in the future, based on circumstances, primarily because of the preparations made by him or her, if unlawful damage would not have been caused to him or her.

Reinstatement value:

- a) in the case of a building – reinstatement value, meaning the cost of reconstructing a building with the same purpose, design, measurements and value by using the same or equivalent materials, location-specific methods and similar equipment.
- b) in the case of detachable devices and other property – replacement value, meaning the costs related to the purchase or construction of property, which is new but has the same value, purpose, type, sort, quality, capacity and other similar parameters (including the costs of transport and/or installation and other necessary expenses). If it is not possible to obtain equipment with similar parameters or the costs of purchasing are unreasonably high, then the replacement value is the costs of purchasing and constructing devices as similar as possible to the insured devices, including the costs of transport and/or installation and other necessary expenses from which the value of added capacity and improvements has been reduced;
- c) In the case of construction materials – the costs of repurchasing or constructing property which are not higher than the average market price for purchasing or selling similar property on the over-the-counter market.

Construction machinery – motorised devices used for insured construction works. Construction machinery refers to mobile or tower cranes, lifts, hoists, motor vehicles, engine-powered machines, mechanisms or equipment towed by them. Construction machinery is insured by special agreements.

Extra expenses due to overtime work – the resource spent on restoring a damaged building or on the restructuring or timely completion of works outside of contractual working time, at night or on public holidays, when working is not set out by the contract for services.

Negotiorum gestio- the management of or interference with the business or affairs of another without authority.

2. PURPOSE AND APPLICATION

- 2.1. The terms and conditions of construction and erection all risks insurance (hereinafter terms and conditions) apply to the insurance contracts concluded for construction and erection works with the Estonian branch of AAS BTA Baltic Insurance Company (hereinafter BTA).
- 2.2. These terms and conditions apply together with the general provisions of the insurance contracts concluded with BTA (hereinafter general provisions). In the case of divergence between the terms of conditions and the general provisions, the terms and conditions always prevail.
- 2.3. In the case of questions unregulated by the terms and conditions, the Law of Obligations Act and other legislation governing the areas are applied.
- 2.4. In case of disputes, the Estonian version of the insurance contract will prevail.
- 2.5. Construction and erection all risks insurance provides insurance coverage to loss events of property and liability sections of CAR insurance occurred at the object of construction or erection works.

- 2.6.** The scope of insurance coverage of liability section of CAR insurance applies only together with the scope of insurance coverage of property section of CAR insurance, unless agreed otherwise in the insurance contract. The application of different insurance coverages is specified on the insurance policy.

3. GENERAL PROVISIONS

Parties to the insurance contract

- 3.1.** The insurer is BTA.
- 3.2.** The policyholder is the person who has concluded an insurance contract with BTA.
- 3.3.** The policyholder can only be the person who has an insurable interest.
- 3.4.** The person who has an insurable interest may be a building contractor (principal or subcontractor), the owner of a building, the legal possessor of a building or the contracting entity of the works.
- 3.5.** The insured person is the policyholder and/or an authorised legal or natural person who, if necessary, has an activity licence and is noted on the policy.
- 3.6.** The policyholder is obligated to introduce the terms and conditions of the insurance contract to all insured persons.

Conclusion of the insurance contract

- 3.7.** To conclude an insurance contract, the policyholder has to submit a request and information by filling in the risk assessment form provided by BTA; if a request is made for an insurance broker, the information provided in the request submitted to BTA must be sufficient for conducting the risk assessment. If necessary, the insured person has to give BTA access to documents containing technical information about the construction (such as the project, timetable for construction works, etc.).
- 3.8.** Upon the conclusion of the insurance contract, the policyholder is obligated to submit the correct and complete data of circumstances affecting the insured risk to BTA and notify BTA of all circumstances affecting the insured risk known to him or her.

Circumstances affecting the insured risk

- 3.9.** The circumstances affecting the insured risk include information about the type, location, construction methods and deadlines of the insured object as well as the related activities, materials, mechanisms and persons.
- 3.10.** The circumstances affecting the insured risk also include what is provided for in the insurance contract or its documents, such as the additional and special conditions regarding the insured risk and whether these conditions are met or not.
- 3.11.** In addition to what is provided for in clause 3.9, the circumstances affecting the insured risk include the following aspects which affect the probability of the insured risk being realised:
- 3.11.1.** Description of works (including methods, technologies, proceedings, work practices, etc.) and materials;
 - 3.11.2.** The start and completion date of works;
 - 3.11.3.** The final cost of the object or works upon completion;
 - 3.11.4.** The exact address or location of the object and/or performance of works;
 - 3.11.5.** The circumstances related to the surveillance of the location of the object or the performance of works;
 - 3.11.6.** The data concerning the ownership of the land, building or devices;
 - 3.11.7.** The existence of a building permit and/or necessary registration or permit for the performance of works;
 - 3.11.8.** The existence or non-existence of a permit or licence by the insured person;
 - 3.11.9.** Other information affecting the probability of the insured risk being realised, such as the use, surveillance or alteration of a building during the performance of works, information related to the wrong use of the building or a device, the order of works, the suspension of works, etc.

Insurance period

3.12. The insurance period may be:

- 3.12.1.** the construction period;
- 3.12.2.** the construction period and the following maintenance period.
- 3.12.3.** the insurance period is specified in the insurance contract.

3.13. The insurance period begins and ends on the dates noted in the insurance contract, not with the commencement or completion of works.

Reduction of indemnity

3.14. If the insured person or person whom the insured person is responsible for has violated the insurance contract (including safety requirements), the insurer has the right to reduce or refuse to pay the insurance indemnity, unless otherwise stated in the legislation or terms and conditions of the insurance contract.

PROPERTY DAMAGE INSURANCE OF THE CONSTRUCTION ALL RISKS INSURANCE

4. EXTENT OF THE PROPERTY SECTION OF CAR INSURANCE.

4.1. The insured object is:

- 4.1.1.** the performance of works specified in the policy;
- 4.1.2.** the construction materials and detachable devices used for the performance of works at the construction site;

4.2. Special agreements may be used to insure the following:

- 4.2.1.** existing property;
- 4.2.2.** construction machines, cranes, construction tools and other equipment used for the performance of works at the construction site;
- 4.2.3.** limit of indemnity can be used to insure construction plants and equipment and/or structures located at the construction site;
- 4.2.4.** office appliances and furniture located in construction plants;
- 4.2.5.** devices that are being repaired, restored or altered during installation works or into which other devices are installed or the parts of which are taken apart;
- 4.2.6.** scaffolding, work platforms, hand tools, portable scaffolding and formwork;
- 4.2.7.** packaging material (containers, boxes, pallets, etc.);
- 4.2.8.** insured persons' and third persons' personal effects, such as documents, money and other valuable property;
- 4.2.9.** plans, designs, delivery notes, money, contracts, legal instruments, securities, cheques and other
- 4.2.10.** pontoons, air or water crafts and the constructions or equipment located on them;
- 4.2.11.** extra expenses due to overtime work;
- 4.2.12.** cleaning costs incurred as a result of an insured event of property section of CAR insurance. Cleaning costs are deemed to be the costs that are reasonable and unavoidable. Such costs are compensated for to the extent noted in the policy. Cleaning costs are not compensated for if works are being performed only for the purpose of demolishing a built object.
- 4.2.13.** other objects which are given a specific description, value, scope of insurance coverage and indemnity principle in the policy.

5. WITHOUT A SPECIAL AGREEMENT, THE FOLLOWING WORKS ARE NOT INSURED:

- 5.1.** bridge works;
- 5.2.** engineering works (design);

- 5.3.** hydraulic engineering or the construction, installation or alteration of works on top of bodies of water, such as berths, shore protections, dams and other off-shore constructions;
- 5.4.** railway works;
- 5.5.** cliff works;
- 5.6.** tunnel works;
- 5.7.** construction of hydropower plants or other hydro-technical structures;
- 5.8.** construction of port equipment and facilities;
- 5.9.** works on landfills and waste treatment plants;
- 5.10.** works performed for demolition purposes only;
- 5.11.** works on buildings or structures associated with the processing oil or oil shale;
- 5.12.** erecting of overhead lines.

6. EXTRA EXPENSES DUE TO OVERTIME WORK INSURED BY SPECIAL AGREEMENTS

The reasoned extra expenses due to overtime work, which arise directly and unavoidably from the insured event due to working outside of working time and on public holidays, are compensated for. The costs of working outside of working time, at night, or on public holidays are the extra expenses prescribed in the legislation for overtime work, night work and working on public holidays. The differences between the cost of materials as well as the usual transport of equipment and the express transport of equipment are compensated for. The scope of insurance coverage of extra costs does not include the costs incurred for the project, the materials used or intended to be used or the amendment or improvement of the design. The extra costs are compensated for to the extent noted for extra costs in the policy.

7. THE SCOPE OF INSURANCE COVERAGE OF THE INSURANCE CONTRACT FOR THE VOLUME OF ANNUAL CONSTRUCTION WORKS

- 7.1.** The works that are performed at various construction sites and declared to BTA during the insurance period are insured according to the insurance contract concluded for the volume of annual construction works.
- 7.2.** The insurance contract concluded for the volume of annual construction works includes general terms and conditions which apply to all of the objects insured by that contract.
- 7.3.** The insured objects are the works performed on objects that are declared to BTA on a declaration form provided by BTA during the insurance period under the following circumstances:
 - 7.3.1.** The performance of the works starts during the insurance period;
 - 7.3.2.** The final cost of the works performed for each insured object does not exceed the maximum cost set for each object in the insurance contract;
 - 7.3.3.** The duration of the works does not exceed 12 calendar months;
 - 7.3.4.** BTA has sent the confirmation of the declaration to the policyholder in a format that can be reproduced in writing;
 - 7.3.5.** The insured sum of the insurance contract concluded for the volume of annual construction works is the total of the insured sums of all of the declared insured objects;
 - 7.3.6.** BTA is not obligated to compensate for the damages if the damages arose from an object or an uninsured object which BTA has not confirmed in a format that can be reproduced in writing.

8. INSURED EVENT OF THE PROPERTY SECTION OF CAR INSURANCE

- 8.1.** The insured event of the property section of CAR insurance is the sudden and unforeseen damage to, destruction or loss of the insured object on the insured site and during the term of insurance coverage due to perils that are not excluded from these terms and conditions;
- 8.2.** During the insurance or maintenance period, an insured event is not deemed to be the following:
 - 8.2.1. Pour workmanship.** BTA does not compensate for the damage due to the alteration or repair works of unsuitable and substandard works. The exclusion in the previous sentence does not apply to properly constructed parts of the insured object. The costs incurred due to restructuring or

repairing damages caused to properly constructed parts of the insured object by improper or substandard works are compensated for;

- 8.2.2. Faulty part or material.** Any damage or cost resulting from a faulty product or from replacing a substandard material with a quality material is not compensated for. The exclusion mentioned in the previous sentence does not apply to properly constructed parts of the insured object. The costs incurred due to restructuring and repairing damages caused to a properly constructed object by a faulty product or usage of improper or substandard material are compensated for;
- 8.2.3. Project error or faulty design.** Any damage or cost due to alteration or repair works caused by a defective or unsuitable project, soil survey, plan, design, calculation or specification, is not compensated for. The cost of alteration or repair works of the insured object mentioned in the previous sentence is not compensated for. The named exclusion does not apply to an insured and properly constructed part of the object. The costs of altering or repairing damages caused to a properly constructed part of the object by a project error or faulty design are compensated for;
- 8.2.4. Long-term process.** The damage arising from deterioration, rusting, corrosion, spoilage, decaying, moulding, fungi, oxidation, material's fatigue, rotting, humidity, change in the colour or smell of the material, drying of the material and changes in the structure or finishing works of the material or other similar long-term process is not indemnified. The damage caused to another part of the built object or to another insured property, which is not due to any of the reasons mentioned, is indemnified;
- 8.2.5. Maintenance costs.** The costs arising from the maintenance and adjustment works of the machine or equipment or from the replacement or repair of details and accessories are not indemnified;
- 8.2.6. Offence.** The damage arising from an offence committed by a third person, except theft, robbery or deliberate damaging or destruction of an object, is not indemnified. The base for interpreting and conceptualising the definitions included in this clause comes from the meaning given to these concepts in the Penal Code;
- 8.2.7. Loss.** The damage caused by the loss of an insured object or part(s) of it is not compensated for, except in the case of theft or robbery;
- 8.2.8. Machinery break down.** The costs of repairs or replacement of tools or parts of them, which arise directly from a mechanical or electrical failure or disturbance, internal explosion or the wrong maintenance, are not compensated for;
- 8.2.9. Blasting operations.** The damage arising from blasting operations or related excavation works or from an explosion from handling explosives is not compensated for;
- 8.2.10. Flood.** The damage caused by floods, including the rising of the surface of a body of water, waves emerging as a result of a strong wind, movement or accumulation of ice, spring high water upon snow melting or downpour, is not compensated for. A flood is a temporary rising of the water surface and spread of water to the land that is usually dry, as well as temporary accumulation of objects or substances carried by the water to the land that is usually dry;
- 8.2.11. Indirect loss, financial loss / fines and interest on arrears.** Damages resulting from a breach of a contractual obligation or those that do not constitute a direct pecuniary damage, including loss of profit, contractual penalties, interest on arrears, interest and taxes, are not compensated for.

9. INSURED SUM OF THE PROPERTY SECTION OF CAR INSURANCE

- 9.1.** The insured sum of construction and erection is the contractual cost of construction which is noted in the policy.
- 9.2.** The insured sum of objects insured by special agreements and the insured sum of extra expenses are noted in the policy.
- 9.3.** Both the maximum limit of indemnity of an insured event of property damage and the limit of indemnity of the entire insurance period may be noted in the insurance contract.
- 9.4.** The insured sum and the limits of indemnity noted in the contract concluded for the volume of annual construction works apply to all insured works and the objects and extra expenses insured by special agreements during the insurance period.

- 9.5.** The insurable value of works, construction machines, tools, construction plants and equipment, office appliances, furniture and other insured objects for which there is no limit of indemnity (first risk insurance) noted in the policy remains always at their reinstatement value.
- 9.6.** The insured sum is reduced by the insurance indemnity paid out during the insurance period.
- 9.7.** The policyholder is obligated to submit correct and relevant insured sums.
- 9.8.** If BTA pays the insured sum in full during the insurance period, the insurance contract is considered completed from the moment of the insurance indemnity payment was made and the contract is terminated.

10. UNDER-INSURANCE AND OVER-INSURANCE

- 10.1.** In case the sum insured stated in the insurance contract is smaller than the actual reinstatement value of the insured object at the time of the insured event, the condition of under-insurance applies: the sum of damages is multiplied by the quotient of the insured sum and the insurable value of the insured object.
- 10.2.** Under-insurance is not used in the application of first risk insurance (limit of indemnity) and the application of under-insurance may be restricted with a special agreement.
- 10.3.** In case the sum insured stated in the insurance contract is larger than the actual reinstatement value (over-insurance), the insurance indemnity does not exceed the actual reinstatement value of the insured property.
- 10.4.** In case the insured person is compensated for the same damage on the basis of several insurance contracts (double insurance), then every insurer pays compensation depending on their share of liability, taking into account that the total amount of insurance indemnities cannot exceed the monetary value of the caused damage.

11. SCOPE OF INSURANCE COVERAGE OF THE MAINTENANCE PERIOD OF INSURED WORKS

- 11.1.** The scope of insurance contract may include the insurance coverage of the maintenance period of insured works and the scope of insurance coverage of the extended maintenance period.
- 11.2.** The scope of insurance coverage of the maintenance period of insured works extends to damage caused to an object or any part of it built or erected as required due to the performance of maintenance works on insured works during the maintenance period. The scope of insurance coverage does not extend to inadequate or substandard works and inappropriate or substandard material which needs replacement, repair, alteration or elimination.
- 11.3.** The scope of insurance coverage of the maintenance period of insured works is valid only if the following conditions are met:
 - 11.3.1.** damage due to maintenance works, including the repair or alteration of inappropriate materials or the elimination of defects of works during the maintenance period;
 - 11.3.2.** damage has been caused after the acceptance of works;
 - 11.3.3.** damage has been caused to an object or any part of it built as required.

12. SCOPE OF INSURANCE COVERAGE OF THE EXTENDED MAINTENANCE PERIOD

- 12.1.** The scope of insurance coverage of extended maintenance period extends to damage that has been caused in the performance of works during the maintenance period and the construction period but not due to inadequate workmanship, improper materials or defective products.
- 12.2.** The scope of insurance coverage of the extended maintenance period applies only when the following conditions are met:
 - 12.2.1.** damage is caused due to inadequate performance of works or the use of inappropriate materials during the construction period;
 - 12.2.2.** damage has been caused after the acceptance of works;
 - 12.2.3.** there is a causal relationship between the performance of maintenance works or inadequate construction works or the use of inappropriate materials and the caused damage;
 - 12.2.4.** damage has been caused to an object or any part of it built as required.

13. DURATION OF THE MAINTENANCE PERIOD

- 13.1.** If not stated otherwise in the insurance contract, the scope of insurance coverage of the maintenance period is valid for 24 subsequent months.
- 13.2.** The scope of insurance coverage begins on the starting date of the maintenance period noted in the policy or prematurely if the of construction works are handed over to the principal.
- 13.3.** The scope of insurance coverage matures on the ending date of the maintenance period noted in the policy or with the expiry of the maintenance period.
- 13.4.** If the works are terminated, suspended or the object is not handed over on time and the insurance contract includes a section on the scope of insurance coverage of the extended maintenance period, then the scope of insurance coverage of the extended maintenance period does not become effective without a special agreement.

14. EXCLUSIONS

- 14.1.** If not stated otherwise in the policy, BTA does not compensate for damages arising from:
- 14.1.1.** the destruction of, damage to or loss of property of a third person (excluding the contracting entity) during a time when it was in the possession of the insured person (to be managed, kept, transported, leased, rented, loaned, used or processed), regardless of whether the possession by the insured person was legal or illegal;
 - 14.1.2.** the subsidence, collapse, cracking, breaking, vibration, lack of or the inadequate removal of a supporting frame arising from the performance of works;
 - 14.1.3.** damage caused by the insured persons to each other, except in the cases of cross-liability;
 - 14.1.4.** inadequate or inappropriate project, soil survey, plan, design, calculation or specification;
 - 14.1.5.** damage arising in the maintenance period or later that was caused to the third person during the insurance period due to bad workmanship;
 - 14.1.6.** construction and/or repair works of water or aircrafts.

15. EXCLUSIONS THAT ARE NOT SUBJECT TO COMPENSATION:

- 15.1.** loss or damage that is not related to the insured event;
- 15.2.** loss or damage that has been intentionally caused to the injured person by the insured person;
- 15.3.** loss or damage which is based on events that the insured person was or should have been aware of before the conclusion of the insurance contract
- 15.4.** loss or damage which is subject to indemnification on the basis of motor third party liability insurance or compulsory liability insurance;
- 15.5.** loss or damage caused by the use of a vehicle which is not subject to insurance on the basis of the Motor Third Party Liability Insurance Act, except if such a vehicle has caused damage at the work site;
- 15.6.** loss or damage caused by the possession or use of any water or aircraft;
- 15.7.** loss or damage resulting from the insured person's breach of a contractual obligation, including interest, interest on arrears and contractual penalties and other indirect and pure financial loss;
- 15.8.** loss or damage for which the insured person is liable to the injured person under a contractual warranty or warranty pursuant to law;
- 15.9.** loss or damage which is caused to a third person at or near the work site and which is not related to the insured works;
- 15.10.** loss or damage caused by an outdated claim against the insured person;
- 15.11.** loss or damage due to bankruptcy or insolvency of the insured person;
- 15.12.** loss or damage which the insured person is responsible for under the provisions of unjustified enrichment;
- 15.13.** loss or damage which the insured person is responsible for by the provisions of *negotiorum gestio*;

15.14. loss or damage which the insured person as the owner of the dangerous structure or property is responsible for.

16. DEDUCTIBLE OF PROPERTY DAMAGE INSURANCE

16.1. Deductible is the part of the damage specified in the insurance contract (sum of money or percentage of the sum of damages) that is deducted from BTA's obligations in the case of each and every insured event.

16.2. The insurance contract may include several deductibles and different deductibles may be applied to different insurance risks.

16.3. If loss or damage has been caused as a result of an insured event to more than one object, to which different deductibles are applied under the same insurance contract, then only one the highest deductible is applied.

LIABILITY SECTION OF CAR INSURANCE

17. SCOPE OF THE LIABILITY SECTION OF CAR INSURANCE COVERAGE

17.1. The scope of insurance coverage of liability section of CAR insurance applies only together with the scope of insurance coverage of property section of CAR insurance.

17.2. The insured event of liability section of CAR insurance is the infliction of unlawful damage to the third person by the insured person, provided that the following conditions have been met:

17.2.1. the loss or damage has been caused as a result of the insured person's unlawful conduct in relation to the performance of works indicated in the policy;

17.2.2. the insured event has taken place at the location where the works are performed, which is indicated in the policy;

17.2.3. the insured person is liable for causing the damage pursuant to the law;

17.2.4. there is a causal relationship between the insured person's unlawful act and the damage caused;

17.2.5. the claim was filed during the insurance period or the period for filing claims indicated in the policy;

17.2.6. the claim and the damage serving as the basis for the claim have been proved.

17.3. All loss events arising from the same insured event of the liability section of CAR insurance are deemed to be a single insured event to which the insurance amount of an individual event is applied. Pursuant to the present terms and conditions, the time of the insured event is deemed to be the time the unlawful act was committed by the insured person.

17.4. Employees and legal representatives of the insured person are considered insured on the basis of the present terms and conditions.

17.5. An employee is a natural person with whom the insured person has concluded an employment contract and who undertakes to perform works under the management and orders of the insured person.

17.6. The legal representatives of the insured person include the members of the management board of the insured person or the members of the body substituting them.

17.7. If the policyholder insures the risk related to the third person, the insured person and the policyholder are deemed to be the parties to the insurance contract and the damage caused by them to each other is not compensated for on the basis of the liability section of CAR insurance, except in the case of cross-liability.

17.8. Those legal and natural persons whom the insured person uses when performing the works and for the damage caused by whom the insured person is liable in the same manner as for the damage caused by itself (for example the subcontractors), are not deemed to be automatically insured by the insurance contract, except when insured by a special agreement.

17.9. The third person (injured person) is neither the policyholder nor the insured person.

17.10. The insured event of the liability section of CAR insurance is also an incident in which the insured person causes damage due to gross negligence, provided that the insured person did not cause the incident by violating the safety requirements set out in the present terms and conditions.

17.11. The liability section of CAR insurance will compensate for the following damages only:

- a)** Personal injury, which is the infliction of damage due to health damage, bodily injuries or death of the third person;

- b)** Loss of or damage to Property, which is the infliction of damage due to the damage, destruction or loss of an object of the third person.

18. PERIOD OF LIABILITY SECTION OF CAR INSURANCE

- 18.1.** If not stated otherwise in the policy, the insurance period of liability section of CAR insurance is the construction period of the insured works.
- 18.2.** The time of causing unlawful damage is deemed to be the moment when the injured person's claim for compensation of damage arose pursuant to law as a result of an unlawful act committed by the insured person.
- 18.3.** The injured person's claim for compensation of damage against the insured person must have arisen during the construction period or, in cases agreed upon otherwise, the maintenance period or extended maintenance period. The time of arising of the damage is not equivalent to the filing of a claim by the injured person to the insured person during the insurance period.

19. SCOPE OF COVERAGE OF LIABILITY SECTION OF CAR INSURANCE BY SPECIAL AGREEMENTS

- 19.1.** Cross-liability. If a special agreement of cross liability has been made, all insured persons are deemed to be third persons to each other and the property damages to each other caused by construction works are indemnified in the extent provided for in the present terms and conditions.
- 19.2.** Liability section of CAR insurance of the maintenance period. The insured event of the liability section of CAR insurance of the maintenance period is the unlawful act caused by carrying out maintenance, adjustment or repair works, which the insured person is liable for pursuant to law. Damage caused to a third person during the maintenance period or later due to inappropriate or substandard construction works shall not be deemed to be an insured event of the liability section of CAR insurance of the maintenance period.
- 19.3.** The insured event of the liability section of CAR insurance of the extended maintenance period is the personal or property damage caused to a third person by the insured person during the performance of works, which the insured person is liable for pursuant to law.
- 19.4.** The costs to the third person arising from the elimination of a sudden and unexpected accidental environmental pollution lasting up to 72 hours, will also be compensated.

20. LIABILITY SECTION OF CAR INSURANCE OF THE MAIN CONSTRUCTOR

- 20.1.** In the event of the liability section of CAR insurance of the main constructor, the insurance event shall be deemed to be the property damage or personal injury caused to a third person (injured person) during the insurance period of the performance of construction works by the subcontractors used on the site, which the insured person as the main constructor is responsible for.
- 20.2.** In addition to the liability section of CAR insurance claims, the following preconditions have to be met for the insurance indemnity to be paid out in the occurrence of an insured event of the liability section of CAR insurance of the main constructor:
- 20.2.1.** the injured person demands the damages to be indemnified by the policyholder;
 - 20.2.2.** the policyholder uses their legal or contractual right to demand full compensation for the damage caused by the subcontractor;
 - 20.2.3.** the policyholder waives its right for compensation of claim to BTA.

21. EXCLUSIONS TO THE LIABILITY SECTION OF CAR INSURANCE

- 21.1.** If not stated otherwise in the insurance policy, no compensation is paid for:
- 21.1.1.** damage resulting from the destruction of, damage to or loss of property of a third person during a time when it was in the possession of the insured person (to be managed, kept, transported, leased, rented, loaned, used or processed) regardless of whether the possession was legal or illegal;
 - 21.1.2.** damage that has been caused to a third person due to the subsidence, collapse, cracking, breakage, vibration, lack of or the inadequate removal of a supporting structure arising from the performance of the insured works;
 - 21.1.3.** damage caused by the insured persons to each other, except in the cases of special agreements of cross liability;

- 21.1.4.** damage arising from inadequate or inappropriate project, soil survey, plan, design, calculation or specification;
- 21.1.5.** damage arising in the maintenance period or later that was caused by the insured person to the third person during the insurance period due to substandard or inappropriate works;
- 21.1.6.** damage caused by the lack of or inappropriate advice, supervision, rules or instructions;
- 21.1.7.** damage related to the construction or repair works of water crafts.

22. THE FOLLOWING ARE NOT SUBJECT TO COMPENSATION IN ANY CASE:

- 22.1.** intentionally caused damage to the injured person by the insured person;
- 22.2.** damage which is caused by events that the insured person was or should have been aware of before the conclusion of the insurance contract;
- 22.3.** damage which is subject to indemnification on the basis of motor third party liability insurance or compulsory liability insurance;
- 22.4.** damage caused by the use of a vehicle which is not subject to insurance on the basis of the Motor Third Party Liability Insurance Act, except if such vehicle has caused damage at the work site;
- 22.5.** damage caused by the possession or use of any water or aircraft;
- 22.6.** damage resulting from the insured person's breach of a contractual obligation, including interest, interest on arrears and contractual penalties;
- 22.7.** damage for which the insured person is liable to the injured person under a contract or warranty pursuant to law or social security;
- 22.8.** injury caused to a third person at or near the work site that is not related to the insured construction and erection works;
- 22.9.** damage caused by an outdated claim against the insured person;
- 22.10.** damage due to bankruptcy or insolvency of the insured person;
- 22.11.** damage which the insured person is responsible for under the provisions of unjustified enrichment;
- 22.12.** damage which the insured person is responsible for under the provisions of *negotiorum gestio*;
- 22.13.** damage which the insured person as the owner of the dangerous structure or property is responsible for;
- 22.14.** damage which the insured person as the owner of the structure or land is responsible for;
- 22.15.** damage which the insured person is responsible for under the provisions of the product liability;
- 22.16.** pain and suffering;
- 22.17.** pure financial loss.

23. LEGAL EXPENSES

- 23.1.** Liability section of CAR insurance covers, inter alia, the judicial and extrajudicial expenses on legal assistance incurred by the insured person, against whom a claim has been filed, if the expenses were justified and necessary for protecting the insured person against the liability section of CAR insurance claims. The costs of legal assistance are limited, if not stated otherwise in the policy, by 10% of the sum insured for liability section.
- 23.2.** Legal expenses necessary for combating the claims filed against the insured person are compensated for, if the following conditions co-appear:
 - 23.2.1.** the insured person needs legal aid for combating the claims against the third person which arose from unlawful actions in the course of the works;
 - 23.2.2.** there are no limitations named in the present terms and conditions which exclude the performance of the obligation to compensate by BTA;
 - 23.2.3.** the person providing legal aid to the insured person has been previously agreed upon with BTA in a format which can be reproduced in writing.

- 23.3.** Both judicial and extrajudicial legal expenses shall be compensated for, which are borne in order to protect the insured person, even if the claim filed against the insured person turns out to be unfounded later on.
- 23.4.** Expenses borne for the protection of the interests of the insured person in criminal and administrative proceedings shall also be compensated, if the circumstances established in the proceedings may become the basis for the insured person's civil liability before the injured person arising from unlawful action.

24. EXPERT ASSESSMENT COSTS

- 24.1.** Expert assessment costs shall be compensated for, if the following conditions co-appear:
- 24.1.1.** the injured person requires an expert assessment for combating the claims filed against the third person which arose from an unlawful action in the course of construction works;
 - 24.1.2.** the performance of an expert assessment is necessary with respect to circumstances related to the causing of damage, its extent or amount;
 - 24.1.3.** there are no limitations named in the present terms and conditions which exclude the performance of the obligation to compensate by BTA.
- 24.2.** BTA undertakes to compensate expert assessment costs incurred by the insured person within the period agreed upon during the coordination of costs.

25. THE RIGHT OF CLAIM FOR AND THE PERIOD FOR FILING CLAIMS FOR INDEMNITY

- 25.1.** If the insured risk related to the third person has been insured, the third person does not have the right to file a claim to BTA without the policyholder's or the insured person's consent.
- 25.2.** The period for reporting claims for the liability section of CAR insurance.
- 25.3.** If not agreed upon otherwise, the damages under the liability section of CAR insurance of construction and equipment erection works shall be reported no later than three months after the end of the insurance period of liability section of CAR insurance.

26. DEDUCTIBLE OF LIABILITY INSURANCE

- 26.1.** Deductible for the liability section of CAR insurance is specified in the policy.
- 26.2.** Deductible is an agreed part of the loss or damage that is deducted from the insurance indemnity. There may be several deductibles in a contract and different deductibles may apply to different risks.
- 26.3.** Deductible is applied to every insured event.
- 26.4.** In the event of claims arising from the same damage of liability section of CAR insurance, only one (the largest) deductible is applied to all of them.

27. IN CASE AN INSURANCE EVENT OCCURRED THE POLICYHOLDER IS OBLIGED TO:

- 27.1.** take measures to reduce the loss and prevent further damage;
- 27.2.** to act in accordance with the procedure set out in legislation and, depending on the nature of the event, immediately notify the police, rescue service agency or some other appropriate authority conducting rescue services or investigation into the circumstances of the event;
- 27.3.** take measures to clarify the circumstances of the event (among other things, help to identify the possible cause of the damage, details of the person who caused the damage and those of witnesses); to notify the Insurer about an insurance event as soon as possible, but no later than 5 business days after becoming aware of the event and to provide the insurer with documents and details on the cause of the damage and the amount of damage;
- 27.4.** to leave the site of event as intact as possible and to notify the insured immediately in order to coordinate the time of arrival for insured's representative to inspect the damaged insured thing and assess the damage and verify the occurrence of a possible insured event and to specify its circumstances; store the good parts of the damaged thing and, at the request of BTA, provide them to BTA for inspection;
- 27.5.** to present to the insured all documents, evidences and all the information about the occurrence in order to determine the reasons for, the amount of loss and to cooperate for reclaiming the guilty party. In case of a liability claim, the policyholder is entitled to provide information on the claimant, the circumstances of the

claim, the evidence and the expected amount of the loss. A policyholder has the burden of proof for the occurrence of an insured event and the policyholder must complete the insurer's instructions for this.

28. SAFETY REGULATIONS FOR CAR INSURANCE

- 28.1.** Works are to be performed pursuant to legislation, building norms and the project by following construction drawings, instructions for installation, instructions given by the designer and good construction practices.
- 28.2.** A building permit prescribed by legislation or written authorisation by the local government is required to perform works.
- 28.3.** The performance of works must be documented.
- 28.4.** The construction site has to be marked and enclosed in such a manner that third persons cannot access the construction site.
- 28.5.** During the performance of works, measures to ensure the safety of the road users in the surroundings of the construction site have to be implemented.
- 28.6.** Upon the emergence of a threat of damage, protection and rescue operations have to be initiated (e.g. property should be relocated if it is threatened by rising water levels, storms, landslides, etc.).
- 28.7.** The openings of the building (open roof, window opening, etc.) have to be covered with a temporary cover to prevent damage from precipitation. The cover has to be waterproof, firmly secured and grant the drainage of rainwater.
- 28.8.** Upon designing the insured object and planning and performing construction works, the frequency and extent of weather conditions, such as floods, storms, etc., at the insured site must be taken into account.
- 28.9.** Fire safety and works involving an open flame (hot works):
- 28.9.1.** There must be a person assigned to be responsible for fire safety at every construction site.
 - 28.9.2.** A written action plan used in the event of a fire must be created and introduced to all employees. The action plan must include instructions for the rescue of people, reporting of a fire, use of fire extinguishing appliances and performance of other operations in the case of fire.
 - 28.9.3.** The insured site must be equipped with basic fire extinguishing appliances pursuant to the legislation in force. The basic fire extinguishing appliances must be in working order at all times. The locations of the basic fire extinguishing appliances must be clearly identifiable and easily accessible.
 - 28.9.4.** Works involving an open flame. The performance of works involving an open flame must comply with legislation. To perform works involving an open flame in a temporary place of work, a permit is issued for works involving an open flame. Upon the performance of works involving an open flame, the surrounding area must be cleaned of flammable waste and objects and the flammable construction located near the place of work must be covered with a cover or partition wall or sprayed with water. The place of work must be equipped with basic fire extinguishing appliances. During the performance of works and after their completion, surveillance must be provided at the place of works involving an open flame and the surrounding area. The mentioned safety precautions apply to such works involving an open flame as welding, flame cutting, polymer coating with an open flame, metalworking, using a hot air gun and other works during which the temperature exceeds 200 °C or sparks are generated.
 - 28.9.5.** Blasting operations must comply with various special requirements.
 - 28.9.6.** The handling of highly flammable substances or explosive substances must comply with the requirements for handling such substances.
 - 28.9.7.** The sources of fire water must be clearly indicated and accessible throughout the year.
- 28.10.** Cleanliness and maintenance:
- 28.10.1.** To ensure fire safety, the rooms and territory of the insured site must be cleaned of flammable waste and other unnecessary objects.
 - 28.10.2.** Flammable waste must be stored at a safe distance or in fireproof containers.
 - 28.10.3.** Upon the performance of works, methods preventing the spread of dust must be used. The area of the building where the works are performed must be separated from the rest of the building to

prevent the spread of damaging nuisances (dust, splatter, sparks, fire, etc.).

28.11. Smoking. Smoking is only allowed in areas equipped with respective signs. Pursuant to safety requirements, the areas where smoking is allowed must be equipped with ashtrays that are regularly emptied. Smoking is prohibited in areas where flammable or explosive substances are stored.

28.12. Storage:

28.12.1. The notion of flammability and the potential of fire spreading have to be taken into account when storing building materials.

28.12.2. Flammable and highly flammable materials have to be stored separately from other materials.

28.12.3. Flammable substances, materials, vehicles or equipment must not be stored in the proximity of the walls of the building. The granted clearance must comply with the requirements provided for in the legislation of the Republic of Estonia.

28.12.4. Access must be granted to the location where building material is stored.

28.12.5. Building materials have to be stored in a manner that protects them from weather conditions and soil moisture. Building materials that are sensitive to weather conditions must be protected (covered, provided ventilation, etc.).

28.12.6. Flammable liquids and highly flammable substances must be stored at the place of work in the smallest amount necessary for the performance of works, which does not exceed the amount necessary for one day.

28.12.7. Flammable liquids and highly flammable substances must be stored in hermetically sealed packages.

28.13. Use of electrical equipment and temporary heating equipment:

28.13.1. Upon the use of temporary heating equipment, the instruction manual of the equipment must be followed. Temporary heating equipment must not be left unsupervised. Upon the installation of heating equipment, the compulsory safety distance must be taken into account. Temporary heating devices must be firmly attached and they cannot be covered.

28.13.2. Electrical equipment failures must be resolved immediately. Electrical equipment that is not used outside of working time must be switched off.

28.13.3. Electrical equipment and motors must be dry and regularly cleaned. Motor covers must be cleaned of dust and dirt to ensure that ventilation is not impeded. Cooling louvres cannot be covered.

28.13.4. Temporary electrical wiring must be protected against mechanical damages.

28.13.5. In the case of fire or emergency, it must be possible to quickly switch off electricity. The switching equipment must be placed in an easily accessible location and the master switch must be marked.

28.14. Construction machinery and equipment:

28.14.1. Construction machinery and equipment (hereinafter machinery) must be used pursuant to the requirements of the manufacturer, instruction manual, valid legislation and administrative safety requirements.

28.14.2. Upon installing, handling and maintaining machinery (maintenance intervals, materials, oils, etc.), the requirements provided for in the technical documents of the manufacturer of the machinery must be followed. The machinery is oiled and the conditions of transmission belts and conveyor belts are checked. Hydraulic tubes and hoses must be protected and they may not be subjected to excessive mechanical or thermal strains.

28.14.3. Defects detectable on machinery, such as oil leaks, excessive vibration, sparking wiring, damaged wiring isolation and other similar faults must be eliminated immediately.

28.14.4. The use of machinery is prohibited in circumstances which do not comply with the technical requirements of the machinery or the requirements of the manufacturer, e.g. exceeding the permitted lifting capacity.

28.14.5. The use of machinery for purposes they are not intended for is prohibited.

28.15. Excavation works:

28.15.1. Upon the performance of works, the risk of ground collapse must be taken into account. The

changing of levels of groundwater and surface water must also be taken into account and it must be seen to that the building trench does not fill with water and/or that the sides do not collapse.

28.15.2. Upon performing excavation works, all relevant safety requirements, legislation and administrative safety rules must be followed. Machinery, such as an excavator, may not be used for parts requiring manual excavation.

28.15.3. Before starting the excavation and ground works, the location of the underground cables, pipes and other communications at the construction site must be ascertained. All the necessary maps, permits and excavation licences have to be collected from the possessors of cables, pipes and communication zones.

28.16. Vibration:

28.16.1. To perform works which cause vibration (e.g. pile-driving) or shock waves, such work techniques which do not harm the object or other property have to be chosen.

28.16.2. Upon planning works, all measures concerning the prevention of damages to or destruction of endangered buildings must be taken into account – endangered buildings must be protected, the structures must be supported, etc.

28.16.3. If special protection is requested for a building endangered by vibration against damages arising from vibration, then the insured or the person authorised by him or her must take photographs of all the rooms in the building to approve that the damages to the building are caused only due to conducted works.

28.17. Demolition works:

28.17.1. Before starting the demolition works, it must be ensured that the demolished object is disconnected from all possible electrical, gas, water and other connections.

28.17.2. The demolition of buildings containing asbestos must comply with the effective special requirements.

28.18. Protection against burglary and vandalism:

28.18.1. The construction site must be guarded according to the circumstances. The external border of the construction site must be clearly and comprehensibly marked or distinguished in any other sufficient manner. The fence must be sturdy enough to make sure that third persons are not be able to open the gates or remove the property from the fenced territory without the use of tools. The gates have to be closed, locked outside of working time. All site accommodation, warehouses, containers, storage units, etc. located on the construction site must be securely locked.

28.18.2. Outside of working time, the machinery has to be stored at the guarded construction site or, if this is not possible (e.g. in the case of road construction), in another guarded territory which is under surveillance.

28.18.3. Outside of working time, all small tools have to be placed in a room, site accommodation or container that is locked and equipped with a security alarm system, the activation of which will be notified to the security company or the security guard on the construction site.

28.18.4. Upon exiting the building or rooms, all doors, windows, shutters and other openings in the building and rooms are closed and locked in such a manner that entry to the insured site is not possible without breaking the locks or the barrier preventing access to the insured location. Upon exiting the building or rooms, the alarm system specified in the insurance contract will be activated.

28.18.5. Upon activating the alarm system and receiving the alarm signal, the policyholder must ensure that an employee of the security company or the representative of the insured person checks the building or rooms on the insured site from the inside and the outside.

28.18.6. Third persons may not take the keys or alarm system codes into their possession. Upon the loss of a key or code or third persons gaining illegal access to a key or code, the insured person must immediately change the lock or code.

28.18.7. The footage of surveillance cameras is stored for a minimum of 7 days.

28.19. Water, sewage, heating and cooling systems:

28.19.1. The locations of hidden pipes and storage tanks in the building and on the construction site must be ascertained to prevent them from being damaged or congested and to offer protection against

freezing.

28.19.2. Sufficient surveillance and immediate action must be granted during the filling of pipes and pressure works in case leaks occur. Parts of the building, tools, equipment and materials that may be subject to damage from liquids must be protected against possible leaks.

28.19.3. In the buildings or rooms that are kept empty, the water pipes, heating system, ventilation or conditioning system, and sewage pipes have to be emptied. Defrosting frozen pipes with an open flame is prohibited.