



RAILWAY ROLLING STOCK INSURANCE

Terms and Conditions No. 04.1
Effective as of 01.09.2020

AAS "BTA Baltic Insurance Company", Sporta iela 11, Rīga, LV-1013, Latvija.
Telephone +371 26 12 12 12, website bta.lv, e-mail bta@bta.lv

BTA and Policyholders enter into Railway Rolling Stock Insurance Contracts in accordance with these Terms and Conditions and the General Terms and Conditions in effect at the moment of conclusion of the Insurance Contract.

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DEFINITIONS OF TERMS, USED IN THESE TERMS AND CONDITIONS

Policyholder – a natural person or legal entity, who enters into insurance contract in favour of itself or another person.

Insurance Contract – agreement between BTA and the Policyholder, whereby the Policyholder commits to pay insurance premium in the manner, terms and amount defined in the Insurance Contract, as well as to fulfil all the other obligations under the Insurance Contract, while BTA commits, upon occurrence of insured event, to pay insurance indemnity according to the Insurance Contract terms, as well as to fulfil all the other obligations under the Insurance Contract. The constituent parts of the insurance contract are these terms and conditions, the insurance policy, annexes and amendments to the insurance contract.

BTA – BTA Baltic Insurance Company AAS, insurer for the purposes of the Insurance Contract Law.

Railway Vehicle – rolling stock, i.e. traction devices, railway wagons, open wagons, cisterns, motor trains, controlled self-propelled wagons, road maintenance machinery, cranes, ballast cleaning machines, handcars, other machinery and mechanisms that move or are able to move on rails due to their technical characteristics.

Lease, sublease – handing over a Railway Vehicle for use for a certain fee.

Traction Unit – locomotives, motor wagons and similar rolling stock by which the source energy (electrical, mechanical or liquid flow) is converted into mechanical energy of train movement.

2. INSURANCE OBJECT

- 2.1.** The object insured is the Railway Vehicle specified in the Insurance Contract. The insured covers the standard equipment of a Railway Vehicle, as well as such additional equipment, which is specified in the insured Railway Vehicle's documentation.

3. INSURANCE PROTECTION

- 3.1.** Railway Vehicle shall be insured against the following risks that have been marked as insured in the concluded Insurance Contract.

3.2. Risks of damages:

- 3.2.1.** Railway traffic accident risk – a railway traffic collision with another railway vehicle, stationary object or an object that is temporarily placed on tracks or near tracks; a collision on a rail crossing with a vehicle or a pedestrian crossing the tracks, or an object temporarily situated on the tracks or near them; derailment; rollover;
- 3.2.2.** Risk of fire – the direct effect on Railway Vehicle of a fire that has broken out due to external forces. Insurance also covers damages resulting from soot, smoke and fire-fighting, if caused by a fire that has broken out due to external forces;
- 3.2.3.** Risk of natural disasters – storms, lightning, hail, flood, as well as falling of various objects on the Railway Vehicle that was caused by natural disaster.

3.3. Risks of theft:

- 3.3.1.** Theft of the Railway Vehicle – a secret or open theft or attempted theft of the Railway Vehicle, if the Railway Vehicle is displaced – removed from its place of parking;

- 3.3.2.** Robbery of the Railway Vehicle – robbery or attempted robbery of the Railway Vehicle involving violence or threats of violence;
- 3.3.3.** Risk of illegal acts by third parties – unlawful destruction, damaging of the Railway Vehicle or theft of additional equipment of the Railway Vehicle by third parties.
- 3.4.** The insurance protection under the Insurance Contract shall be valid in the territory specified in the Insurance Contract.
- 3.5.** The insurance coverage under the Insurance Contract shall be valid during a lease or sub-lease of the Railway Vehicle, provided that BTA has been duly informed before releasing the Railway Vehicle for such lease or sub-lease.

4. EXCEPTIONS

- 4.1.** BTA shall not pay Insurance Indemnity for the risks of damage, if:
 - 4.1.1.** at the time of the accident, the Railway Vehicle is located on a floating device at sea, unless the Insurance Contract provides otherwise;
 - 4.1.2.** at the time of the accident, the Railway Vehicle is located in a country, in which the insurance coverage under the Insurance Contract is not valid, unless it was caused by occurrence of an insured risk;
 - 4.1.3.** due to gross negligence or malicious intent, the driver of the Traction Unit has violated the Traction Unit driving instructions and rules for operation as specified in the effective regulatory enactments, if such violations have resulted in damages or destruction of the Railway Vehicle, and the Traction Unit driver has failed to act with the required diligence and done everything possible to avoid the accident;
 - 4.1.4.** the accident has occurred while the Traction Unit has been driven by the Traction Unit driver, when the Traction Unit driver's breath or blood test shows traces of alcohol, drugs, psychotropic substances or other intoxicants, medicines that reduce the reaction speed or attention, or metabolites resulting from the decomposition of the above named substances;
 - 4.1.5.** after receiving an order from the lawful user of the Railway Vehicle or the railway infrastructure manager, the Traction Unit driver or another worker involved in the railway accident has not immediately performed a medical test to determine the concentration of alcohol or the presence of drugs or other intoxicants in the body;
 - 4.1.6.** the Traction Unit driver or another worker involved in the railway accident has used alcohol, narcotic substances or other intoxicants after the accident before the order of the lawful user of the Railway Vehicle or the railway infrastructure to take the test to determine the concentration of alcohol or the presence of narcotic or other intoxicating substances in the body, or release from such an examination in accordance with the procedures set forth in regulatory enactments;
 - 4.1.7.** at the time of the accident, the Traction Unit was driven by a person not holding a valid Traction Unit driver's (machinist's) licence;
 - 4.1.8.** at the time of the accident, the Railway Vehicle was technically damaged;
 - 4.1.9.** the damages have occurred directly or indirectly due to any type of internal damage or internal short circuit of the Railway Vehicle.
- 4.2.** With respect to the risk of theft:
 - 4.2.1.** BTA shall not pay insurance indemnity for the risks of theft, if the Railway Vehicle has been left unattended.

It shall be deemed that the Railway Vehicle has been left unattended if the Railway Vehicle has been left unlocked, anti-theft devices have not been switched on, or anti-theft devices have not been in working condition, or if the Vehicle was left in a place that is freely accessible to third parties, i.e. a place that is not locked or monitored by overnight security guards;
 - 4.2.2.** With respect to the risk of illegal activities by third parties, as a third party shall not be regarded the Policyholder, the Insured, the Railway Vehicle lessee, the Railway Vehicle sub-lessee or any employees or authorised persons of all the accounted persons.
- 4.3.** BTA shall not indemnify for losses:
 - 4.3.1.** when incurred directly or indirectly due to malicious intent or gross negligence of the Policyholder, the Insured, the Railway Vehicle lessee, the Railway Vehicle sub-lessee or their employees;

- 4.3.2.** when incurred directly or indirectly due to the Railway Vehicle design or manufacture defect; due to corrosion or abrasion; due to such phenomena that are progressive or accumulative in nature; in relation to wear and tear or aging; in relation to damages, defects or failure as a result of the effects of temperature, precipitation or humidity; due to insufficient technical maintenance of the Railway Vehicle;
- 4.3.3.** when incurred directly or indirectly due to damages of the Railway Vehicle's computer hardware or software caused by attacks of hackers or computer viruses;
- 4.3.4.** which are indirect or in the form of lost profits, loss of revenue or losses due to moral damages, neither shall BTA compensate any punitive sanctions or contractual penalties, statutory or contractual.
- 4.4.** It shall not be regarded an insured event and no such expenses will be indemnified when incurred directly or indirectly in connection with:
 - 4.4.1.** state-issued regulatory enactments; declared emergency situation or state of exception, neither shall be reimbursed any losses or expenses that have arisen directly or indirectly in connection with any measures to eliminate the emergency situation or the state of exception;
 - 4.4.2.** epidemic or pandemic.

5. SUM INSURED

- 5.1.** The Sum Insured to be stated in the Insurance Contract shall be specified by the Policyholder. Upon entering into the Insurance Contract, the Policyholder assumes full responsibility for specifying the Sum Insured and its correspondence with the actual value of the Railway Vehicle at the time of entering into the Insurance Contract.
In determining the actual value of the Railway Vehicle, one must take into account the Railway Vehicle's initial value, revaluation and reconstruction costs, as well as its wear and tear.

6. OBLIGATIONS UPON OCCURRENCE OF A POTENTIAL INSURED EVENT

- 6.1.** In addition to the provisions of the General Insurance Terms and Conditions, upon establishing an occurrence of a potential insurance event, the Policyholder and the Insured shall have the following obligations as a prerequisite for receiving the insurance indemnity:
 - 6.1.1.** not to take any actions that may cause losses or harm the interests of BTA, not to assume any liabilities, not to accept any proposals except for organizing rescue operations, measures of reduction of losses and prevention of further damage;
 - 6.1.2.** to ensure sending the Traction Unit driver and other workers involved in the accident for medical testing for alcohol, drugs, toxic or psychotropic substances in the body immediately, as soon as possible after the railway traffic accident.
- 6.2.** Instructions regarding the activities to be carried out by the Policyholder and the Insured upon occurrence of an insured event may be received by calling the BTA Customer Support Service hotline at (+371) 26121212. Precisely following these instructions shall be considered the fulfilment of the obligations imposed on the Policyholder and the Insured.
- 6.3.** If the Railway vehicle is leased or sub-leased, all obligations imposed on the Policyholder and the Insured upon the occurrence of a potential insured event will also be binding on the Railway vehicle lessee or sub-lessee.

7. INSURANCE INDEMNITY

- 7.1.** All damages incurred due to the same cause or due to continuous or repeated occurrence of circumstances shall be considered to be one insurance event.
- 7.2.** The Railway Vehicle shall be deemed as perished, when the costs of its repairs exceed the difference of the Railway Vehicle's value before and after the insured event, or when its repair is technically not feasible.
- 7.3.** The amount of Insurance indemnity shall be the amount of the actual damage, less the deductible. The amount of actual damage is the required amount of money, equal to the lowest cost to purchase the same type and quality Railway Vehicle, or the lowest necessary costs to repair the damaged insured Railway Vehicle to the same quality that it had exactly before the occurrence of the insured event, minus such portion of the overhaul amount of any repaired or exchanged unit* that is proportional to the relation between its actual operating period and the resources of interim repairs, as well as the value of salvage remains, when the Insured keeps the salvage remains.

Estimating the losses shall be conducted in accordance with the actual repair works cost estimate, in accordance with the costs and prices as they have been on the market no later than 6 months after the occurrence of the insurance event. Overtime or weekend work costs and other such related costs shall not be taken into account.

*A unit is a component or an assembly of components (including smaller parts), which, as an independent part of an assembly, has operational life specified by its manufacturer. The Traction Unit engine, together with all its components, which usually are located on it and removed together with it, in the case of the engine repair or replacement, form a single unit.

8. CONCLUSION OF INSURANCE CONTRACT BY MEANS OF DISTANCE COMMUNICATION

- 8.1.** Insurance contract can be concluded by means of distance communication, i.e., by means of post, internet, electronic mail, telephone or other means of information exchange.
- 8.2.** When the Insurance Contract is concluded by a Policyholder, who is a consumer, then such Insurance Contract shall be subject to the Distance Contract Terms, which are publicly available on BTA's website www.bta.lv. The Distance Contract Terms, inter alia, describe the procedure of exercising the withdrawal rights, i.e., the rights to withdraw from the concluded Insurance Contract, including an available application form that can be used for exercising the withdrawal rights.
- Consumer is a natural person, concluding Insurance Contract for a purpose unrelated to its business or professional activity.

9. PROCESSING OF PERSONAL DATA

- 9.1.** BTA, as the personal data controller, processes personal data of natural persons in compliance with personal data processing requirements defined in the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and other regulatory enactments.
- 9.2.** The personal data processing principles of BTA as well as these Terms and Conditions are published on BTA's website www.bta.lv.

10. SUBROGATION RIGHTS

- 10.1.** If BTA has disbursed Insurance Indemnity, BTA obtains subrogation rights to claim indemnity amounting to the disbursed Insurance Indemnity from the person, from which the Insurer may claim complete or partial indemnification for losses by pursuant to regulatory enactments, concluded contracts or any other agreement.
- 10.2.** If the Insured has not informed BTA in writing about any other procedure, then, also in cases when Insurance Indemnity disbursed by BTA covers only part of loss of the Insured, BTA is entitled to exercise its subrogation rights regardless of whether the Insured does or does not exercise its rights to bring a claim against the guilty person. BTA and the Policyholder or the Insured may agree in writing upon cooperation in recovery of losses, including bringing the case before the court and pursuing it together.

11. OTHER PROVISIONS

- 11.1.** Procedure how BTA handles a complaint for being dissatisfied with insurance contract or insurance services submitted by the submitter of insurance application, the Policyholder, the Insured, the Beneficiary and another person entitled to claim insurance indemnity, is publicly available on BTA's website www.bta.lv.
- 11.2.** All matters that are not resolved in these Terms and Conditions shall be settled in accordance with the General Terms and Conditions and the effective laws and regulations.
- 11.3.** All disputes arising between the parties to the Insurance Contract shall be settled by means of negotiation. If no mutual agreement is thus reached, the dispute shall be finally resolved in a court of the Republic of Latvia according to the effective regulatory enactments of the Republic of Latvia.
- 11.4.** Notifications, requests and information related to the Insurance Contract, BTA, as well as the Policyholder and the Insured shall provide in writing or upon the use of durable medium or means of distant communication, upon the use of which the parties have agreed in the Insurance Contract.
- 11.5.** Upon request by the Policyholder, the Insured or another person, entitled to claim the Insurance Indemnity, BTA shall provide the claimant with its notifications, requests and the information, provided upon the use of website, durable medium or any other means of distant communication, in writing and free of charge.

11.6. BTA is not entitled to provide insurance and BTA is not obliged to pay the Insurance Indemnity or provide benefits in accordance with the Insurance Contract, as long as provision of such insurance, Insurance Indemnity disbursement or provision of benefits:

11.6.1. subjects BTA to sanctions, restrictions or limitations, established by the resolutions of the United Nations or trade or economic sanctions, regulatory enactments of the European Union, the Republic of Latvia, the United Kingdom or the United States of America (upon condition that it does not violate any regulations or regulatory enactments, applicable to BTA);

11.6.2. subjects a reinsurance company, the whom the Insurance Contract is submitted for reinsurance, to sanctions, restrictions or limitations, established in accordance with the regulatory enactments of the reinsurance company's state of registration.

11.7. The General Terms and Conditions are published on BTA's website www.bta.lv.