



APPROVED

**By "BTA" Joint Stock Insurance Company
Board Decision No.2 of 12.01.2010.**

**CARGO INSURANCE TERMS
(UNOFFICIAL TRANSLATION FROM
ESTONIAN)¹**

The present terms comprise part of the insurance contract concluded with BTA Insurance², registry code 11223507 (hereinafter referred to as "BTA"), the object of insurance in which is a movable (hereinafter referred to as "Cargo") transported, stored or handled in any other way according to the terms agreed in the insurance contract and/or policyholder's proprietary interests connected with the cargo. In case of unregulated issues in the given terms, the Parties shall take guidance from the insurance policy (hereinafter referred to as the "Policy"), the Law of Obligations Act and other legislation.

1. OBJECT OF INSURANCE

1.1. An object of insurance is cargo specified in the insurance contract, transported with means of transport by land, sea, inland waterway or air or which is transported, stored or handled in any other way upon the conditions agreed in the insurance contract.

1.2. An object of insurance can also be proprietary interests of the policyholder connected with cargo such as transport and insurance cost connected with the carriage of cargo, salvage, forwarding or utilization cost of cargo and other monetary claims, the payment of which is the policyholder's liability if it has been agreed in the insurance contract separately or results from the conditions specified in the policy.

1.3. An object of insurance is not cargo, the location of which has not changed starting from the commencement of insurance cover until the occurrence of an insured event. Transport of cargo in the initial place of storage before the start of loading on the first means of transport is not deemed to be change of the location of cargo.

1.4. An object of insurance is not cash, securities, debentures, documents, excise labels, marks; people, animals, plants, donor organs, deceased persons; works of art, antique objects, precious

¹ In case of contradictions between the Estonian and English version of cargo insurance terms, the Estonian version shall prevail.

² Business name: BTA apdrošināšanas akciju sabiedrība Eesti filiaal (Estonian branch of BTA apdrošināšanas akciju sabiedrība)

metals and stones and products made thereof; bank and telephone cards and other means of payment; weapons, illicit goods; cargo in the ownership or possession of the policyholder without any legal basis; cargo, the ownership or possession of which is prohibited for the policyholder with the legislation of the country of consignment, transit or destination; cargo for the transfer of which the policyholder has no necessary permits and licences; cargo towards which the policyholder has no insurable interest at the time of entry into insurance contract.

2. POLICYHOLDER AND INSURED PERSON

2.1. Policyholder is a person who concludes an insurance contract with BTA and who bears the payment obligation of insurance premiums to BTA.

2.2. An insured person is the policyholder or a third party, whether identified by name in the insurance contract or not, whose insured risk is insured. It is presumed that the insured risk against which insurance is provided relates to the policyholder.

2.3. If upon occurrence of an insured event, the policyholder has no insurable interest with regard to the insured cargo, the insurance contract has been concluded for the benefit of a third person (insured person) who has an insurable interest with regard to the insured cargo at the time of occurrence of an insured event.

2.4. The rights and obligations of a policyholder specified in these terms and other documents of the insurance contract as well as the exclusions apply simultaneously with regard to the insured person also if the insured person is a third party identified by name or not except the rights and obligations which are attributable only to the policyholder (e.g. payment of insurance premium, presentation of true and complete information in the application for entry into insurance contract, declaration of actual number and value of cargos upon the termination of period of insurance). Non-performance of any policyholder's obligation specified in the insurance contract or inadequate performance brings along the same legal consequences to the insured person which would accompany for the policyholder if at the time an insured event occurs, the policyholder has an insurable interest towards the cargo.

2.5. In cargo insurance clauses (*Institute Cargo Clauses*) and other similar terms and conditions in the meaning of cargo insurance contract, an „Assured" is a person who has an insurable interest with regard to the cargo at the time of occurrence of an insured event and who simultaneously undertakes to perform the obligations of policyholder specified in the insurance contract.

3. FORMS OF INSURANCE CONTRACT

3.1. Single cargo insurance contract is an insurance contract concluded for insuring a single cargo specified in the policy. In case of single cargo insurance contract, the insurance period commences on the date specified in the policy and ends with the

termination of insurance cover specified in terms of insurance and cargo insurance clauses (*Institute Cargo Clauses*) or termination of BTA's insurance liability or upon terms specified in the policy, whichever shall first occur. Insurance cover of cargo commences upon the conditions specified in cargo insurance clauses, insurance contract or policy but not earlier than on the date specified in the policy.

3.2. Multiple cargo insurance contract is an insurance contract concluded for insuring more than one simultaneously or successively transported cargos specified in one policy. In case of multiple cargo insurance contract, all cargos specified in the insurance contract are insured with regard to which the insurance cover starts to apply to the cargos within the insurance period upon the conditions specified in cargo insurance clauses, insurance contract or policy. Insurance cover in respect to each cargo terminates upon the expiration of insurance cover specified in the terms of insurance and cargo insurance clauses (*Institute Cargo Clauses*) or termination of BTA's insurance liability or upon the conditions specified in the policy, whichever shall first occur.

3.3. Single and multiple cargo insurance contract can be concluded as **all risks insurance contract, specified risks insurance contract or mixed risks insurance contract.**

3.3.1. In case of **all risks insurance** agreement (e.g. *Institute Cargo Clauses A*), cargo is insured against any unexpected and unforeseen damage, loss or destruction except for cases excluded in Cal 4.3 of this insurance terms, cargo insurance clauses (including *Institute Cargo Clauses A*) or elsewhere in the insurance contract (excluded cases are not insured events and in these cases the insurer never has the compensation obligation).

3.3.2. In case of **specified risks insurance** agreement (e.g. *Institute Cargo Clauses C*), cargo is insured against any unexpected and unforeseen damage, loss or destruction directly caused by one or several insured risks except for cases excluded in Cl 4.3 of this insurance terms, cargo insurance clauses (e.g. *Institute Cargo Clauses C*) or elsewhere in the insurance contract (excluded cases are not insured events and in these cases the insurer never has the compensation obligation). Insurance of cargo against additional risks (e.g. *Theft, Pilferage and Non Delivery Clauses*) can be agreed in the policy. Moreover, the exclusion of one or several insurance risks agreed in the insurance contract can be agreed in the policy in part or total, for a certain term or upon certain conditions.

3.3.3. In case of **mixed risks insurance** agreement (e.g. *Timber Trade Federation Clauses*), part of the cargo is insured with all risks insurance and part of the cargo with specified risks insurance agreement. The

respective part cargo is subject to all risks and specified risks insurance agreement principles.

4. INSURED EVENT

4.1. An insured event is unexpected and unforeseen damage, loss or destruction of cargo on the insurance territory during the validity of the insurance cover directly caused by an insured risk accompanied by proprietary damage to the insured person specified in the insurance contract.

4.2. In case of all risks insurance agreement, the insured person does not have to establish the risk having caused the loss, damage or destruction of cargo. In case of specified risks insurance agreement, the insured person has to prove that the loss, damage or destruction of cargo was caused by a risk specified in the insurance contract.

4.3. The following are not considered as insured events of cargo insurance and shall not be compensated:

4.3.1. loss, damage or expense directly or indirectly attributable to wilful misconduct or gross negligence of the policyholder or his/her representatives;

4.3.2. ordinary leakage, ordinary loss in weight or volume or ordinary wear and tear of cargo;

4.3.3. loss, damage or expense caused by insufficiency or unsuitability of packaging or preparation of the cargo for transportation (e.g. faults upon installation/mounting of cargo on pallets, upon loading of cargo, compilation of load, fastening and tying of cargo) if such packaging or preparation was:

4.3.3.1. carried out by the policyholder or his representatives, or

4.3.3.2. implemented before the commencement of the insurance cover; "packing" shall be deemed to include stowage and fixing of goods in a container or space for goods to withstand transport;

4.3.4. loss, damage or expense caused by inherent vice or defect or inherent nature of cargo (e.g. decrease of quality of highly perishable goods);

4.3.5. loss, damage or expense caused by delay. Loss, damage or expense caused by delay shall not be compensated even if the delay was caused by a risk insured against;

4.3.6. loss, damage or expense caused by insolvency or financial default of the forwarders, carriers, warehousekeepers; owners, managers, charterers or operators of the vessel;

4.3.7. intentional damaging or destruction of cargo or part thereof (act of vandalism) by any person or persons. The given exclusion is not applied to all risks insurance contract.

4.3.8. loss, damage or expense arising from unseaworthiness of vessel or craft or unfitness of vessel or craft if the policyholder

or his employees and representatives were aware or should have been aware of such unseaworthiness or unfitness at the time of loading the cargo;

4.3.9. loss, damage or expense arising from unfitness of container or means conveyance for the safe carriage of cargo where loading therein or thereon is carried out:

4.3.9.1. prior to the commencement of cargo insurance cover or

4.3.9.2. by the policyholder or his representatives and they were or should have been aware of such unfitness of container or means of conveyance;

4.3.10. loss, damage or expense caused by war, civil war, revolution, armed rebellion, overturn, state of emergency, civil strife and other such events; also expropriation, occupation, seizure, pledging, arrest, restraint or detainment (except for piracy in case of all risks insurance), and the consequences thereof or any attempt thereat; also derelict mines, torpedoes, bombs or other weapons of war;

4.3.11. loss, damage or expense caused by or resulting from strikers or locked-out workmen or persons taking part in labour disturbances, riots or civil commotions; also caused by any act of terrorism being an act of any person acting on behalf of, or in connection with, any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of any country or government; also caused by any person acting from political, ideological or religious motive;

4.3.12. loss, damage or expense directly or indirectly caused by or arising from any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;

4.3.13. loss, damage or expense having occurred before the commencement of insurance cover or after the termination of insurance cover or after the termination of BTA liability or outside the insurance territory specified in the policy;

4.3.14. loss, damage or expense caused by vermins or rodents;

4.3.15. loss, damage or expense caused by inexplicable deficit or loss of cargo. Inexplicable deficit or loss of cargo is when deficit or loss occurs in case of closed and intact packaging and/or seals or in case the cargo, vehicle, container, warehouse building or other storage room has no signs of theft of cargo; also in other cases in which the loss of cargo is inexplicable;

4.3.16. loss, damage or expense caused by a circumstance which the policyholder or his representative was aware of or should have been aware of before entry into insurance

contract or commencement of insurance cover;

4.3.17. such monetary claims as contractual penalty, interest, interest on arrears, loss of market share, non-patrimonial damage, damage due to failure of business plan, claims arising from cancellation of contract and other claims not connected with direct patrimonial damage;

4.3.18. mutual claims of persons covered with the same insurance contract; also damage subject to compensation on the basis of compulsory or mandatory insurance or if damage has been compensated by a third person;

4.3.19. loss, damage or expense caused by temperature, air humidity or change thereof except if the transportation or maintenance of cargo was implemented with thermo-trailer or equipment and change of temperature or air humidity was caused by stoppage of thermo equipment or device by any reason for no less than 24 consecutive hours during the insurance cover;

4.3.20. loss, damage or expense connected with environmental damage or elimination thereof;

4.3.21. damage connected with or caused by failure of the electronic system of cargo or electricity or computer system or failure or disturbance of software if there are no traces of mechanical injury of the packaging of cargo or container within insurance cover, unless the policyholder submits evidence as to collision of the vessel or other vehicle or container with an external object during the insurance cover and it is obvious that the given injury or collision caused the specified failure or disturbance;

4.3.22. damage resulting from fraud (e.g. deceiving of cargo from policyholder by third persons) except if the fraud was committed with regard to the carrier, forwarder, transport organizer, warehouse keeper or other person providing cargo handling service who is not equal to the policyholder.

5. RELEASE OF BTA FROM THE INSURANCE CONTRACT PERFORMANCE OBLIGATION

5.1. BTA is released totally or in part from the insurance contract performance obligation if:

5.1.1. the policyholder caused damage intentionally or by gross negligence;

5.1.2. the policyholder has substantially violated the notification obligation of risk circumstances;

5.1.3. the policyholder presents knowingly false information to BTA concerning the circumstances of damage and/or amount of damage;

5.1.4. the policyholder violated intentionally or due to gross negligence at least one of the

obligation specified in the insurance contract and the violation of obligation affected the infliction of damage or amount of damage or establishing the extent of BTA performance obligation;

5.1.5. the policyholder or his representative caused damage under the influence of alcohol, drugs or psychotropic substances or refused the establishment of intoxication immediately after the infliction of damage.

5.1.6. the policyholder committed a misdemeanour or criminal offence with the dispose, transfer, possession, handling, transport of cargo or other activity or inactivity or in connection with the previous or violated the order established with legislation in any other way and such activity, inactivity or violation affected the infliction of damage or the amount of damage or establishing the extent of BTA performance obligation.

6. INSURANCE CONTRACT

6.1. Insurance contract is concluded between the insurer and policyholder in written form or in a format which can be reproduced in writing.

6.2. The conclusion of insurance contract is evidenced by a policy. On the basis of the policyholder's application, the insurer may issue an insurance certificate in Estonian or English to certify the existence of an insurance contract in case of multiple cargo insurance contract.

6.3. The documents of an insurance contract include the application for entry into insurance contract, cargo insurance terms, insurance offer (if compiled), policy, insurance certificate (if compiled), cargo insurance clauses specified on the policy, special clauses and special conditions.

6.4. Cargo insurance clauses can be Institute Cargo Clauses A, B ja C, Institute War and Strikes Clauses, Institute Timber Trade Federation Clause, Institute Bulk Oil Clause and other clauses specifying the extent of insured risk and insurance cover. Special clauses can be Institute Classification Clause, Institute Cyber Attack Exclusion Clause and other clauses restricting the extent of insured risk and insurance cover.

6.5. In case of contradictions between the cargo insurance terms and cargo insurance clauses or special clauses, the original text of clauses in English shall prevail. In case of contradictions between cargo insurance clauses and special clauses or special terms, special terms specified in the policy and insurance offer shall apply first, then special clauses and cargo insurance clauses. Regardless of what is specified in the cargo insurance terms, clauses or special clauses or terms, the law and jurisdiction of the Republic of Estonia shall apply to the entire insurance contract.

6.6. With the insurance contract, the insurer undertakes to pay the agreed amount as a single payment or in instalments upon the occurrence of an insured event or perform the contract in any

other way agreed (performance obligation of the insurer). The policyholder undertakes to pay insurance premiums to the insurer.

6.7. The amount and order of payment of an insurance premium is specified on the insurance policy. The policyholder shall pay the insurance premium by the date specified on the policy regardless whether an invoice has been presented to him or not.

6.8. The basis for calculating the amount of insurance premium is an agreed percentage (%) (rate) of the sum insured of the insured cargo or cargos. Minimum insurance premium specified in the insurance contract is deemed to be an insurance premium not returned to the policyholder if the actual sum insured turns out to be smaller than forecast during the period of insurance.

6.9. If the policyholder has paid a smaller insurance premium than agreed, the insurance premium has not been paid, the result of which is non-entry into force of the contract, termination and lack of insurance cover.

6.10. In case of loss or destruction of the policy, the policyholder is entitled to request the issuing of duplicate policy at his own expense.

6.11. Policy issued the last repeals all other policies certifying the insurance contract that have been issued previously.

6.12. If the policyholder pays an insurance premium on the basis of a policy issued for current insurance period, the parties deem that the policyholder has accepted the policy. If the policy differs from the insurance offer, the data and agreements in the policy shall be deemed to be valid and correct.

6.13. In case of single insurance contract, BTA is entitled to withdraw from the contract immediately and in case of multiple insurance contract to recind the contract with 7 (seven) days advance notice if it appears that the policyholder has presented false or insufficient information concerning the insured object or other circumstances upon the conclusion of the insurance contract which would have affected the insurer's decision to conclude the insurance contract.

6.14. BTA is entitled to recind the insurance contract or withdraw from contract without a term of advance notice if it appears that the insured risk has increased and BTA has not been notified of it appropriately or BTA has not agreed to continue the insurance contract with an increased risk or BTA and the policyholder have not agreed on the terms of amending the contract with an increased risk and the amount of an additional insurance premium.

6.15. If the insurance premium or the first payment has not been transferred to the insurer's bank account by the term specified in the insurance contract, the insurance cover of the insurance contract stops at the moment the insurance premium or the first instalment was due. Events having occurred during the suspension of insurance contract are not deemed to be insured events. If the insurance premium or its first instalment has not been paid within 14 (fourteen) days starting from

the date of entry into insurance contract, the contract shall be deemed to be as terminated after the aforementioned term.

6.16. Upon rescinding the insurance contract, the policyholder undertakes to declare within 10 days the actual sum insured of the insured cargos during the validity of the insurance contract. The amount of the insurance premium to be returned or to be paid in addition shall be calculated on the basis of the actual insured amount of the insured cargos during the term of validity of the insurance contract and the agreed rate (% of the insured amount of the insured cargos). In case of return of the insurance premium, the insurer is entitled to calculate 15% of the total insurance premium specified on the policy as the insurer's administration costs. If the insurance contract is rescinded after the occurrence of an insured event, the insurer is entitled to set off the outstanding insurance premium of the policyholder with his performance obligation of the insurance contract.

6.17. In case of withdrawal from the insurance contract, the insurer shall return the paid insurance premium to the policyholder of which 15% of the annual insurance premium has been deducted as the insurer's administration costs.

7. INSURANCE PERIOD AND INSURANCE COVER

7.1. An insurance period is a period of time that commences and ends with the term and upon the conditions agreed in the insurance contract. An insurance cover with regard to insured cargo commences and ends pursuant to the procedure specified in cargo insurance clauses (*Institute Cargo Clauses*). BTA and the policyholder may extend or limit the term of insurance cover upon agreement in the insurance contract by marking the respective procedure for handling of cargo or event or date on the policy since when or upon the termination of which the insurance cover commences or ends with regard to the insured cargo.

7.2. In case of single cargo insurance contract, the insurance period commences on the date specified in the policy and ends with the termination of insurance cover specified in terms of insurance or in cargo insurance clauses (*Institute Cargo Clauses*) or termination of BTA's insurance liability or upon terms specified in the policy, whichever shall first occur. Insurance cover of cargo commences upon the conditions specified in cargo insurance clauses, insurance contract or policy but not earlier than on the date specified in the policy.

7.3. In case of multiple cargo insurance contract, all cargos specified in the insurance contract are insured with regard to which the insurance cover starts to apply to the cargos within the insurance period upon the conditions specified in cargo insurance clauses, insurance contract or policy. Insurance cover in respect to each cargo terminates upon the expiration of insurance cover specified in the terms of insurance and in cargo insurance

clauses (*Institute Cargo Clauses*) or termination of BTA's insurance liability or upon terms specified in the policy, whichever shall first occur.

7.4. In case of an insurance contract including war and strike risks clauses (*Institute War and Strikes Clauses*), the insurance cover terminates after 7 (seven) days and strike risk cover 48 (forty-eight) hours after BTA has presented the respective notice to the policyholder.

7.5. Insurance cover extends to storage of insured cargo in the point of departure or destination or intermediate storage different from the usual route of cargo only if it has been agreed separately in the policy, the storage period does not exceed 30 calendar days and the policyholder ensures the performance of technical and safety requirements presented to the place of storage with the insurance contract.

8. INSURANCE TERRITORY

8.1. BTA has a compensation obligation only in case of an insured event having occurred in the place, route, states or region specified in the policy.

8.2. The insurance cover does not apply in any case to the insured cargo in the following countries: Afghanistan, Armenia, Azerbaijan, Bangladesh, Bhutan, Burma, Georgia (including Abkhazia and North Ossetia), Cambodia, Kosovo, Cuba, Iran, Iraq, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Mongolia, Nepal, North Korea, Pakistan, Israel; Chechenia, Dagestan and North Caucasian regions of Russia, Tajikistan, Tibet, Turkmenistan, Uzbekistan, Yemen, Zimbabwe or any other country towards which a ban on trade has been applied by the UN. The aforementioned exclusion also applies if the insurance territory in the policy has been marked „worldwide“ or a region in which an aforementioned country is located.

9. INSURABLE VALUE, SUM INSURED AND LIMIT OF INDEMNITY

9.1. The insurable value of cargo is deemed to be its usual value (market price) in the point of departure at the beginning of insurance cover.

9.2. If the insured cargo is the object of sales contract, the insurable value of cargo can also include transport and insurance costs (e.g. CIF) depending on the incoterms (e.g. Incoterms 2000) agreed in the sales contract. If fixed incoterm has not been marked in the insurance contract, the insurable value of cargo shall be deemed to be incoterm "EXW-point of departure" sales price (usual value in the point of departure in the beginning of the term of insurance cover).

9.3. Upon the policyholder's application the insurable value of cargo can be increased by transport and insurance costs if transport and insurance costs are not included in the sales price of cargo (e.g. EXW, FCA). Upon the policyholder's application, the insurable value of cargo can be increased additionally by 10% in addition to

transport and insurance costs for covering conditional share of profit. Agreement concerning the increase of insurable value must be marked in the policy.

9.4. The maximum insurable value of cargo is the usual value of cargo (market price) in the point of departure in the beginning of the term of insurance cover to which transport and insurance costs shall be added and 10% for the cover of conditional share of profit if it has been agreed in the policy but not more than the sales price of cargo with transport and insurance costs according to the documents of the sales contract to which 10% of the amount of conditional share of profit shall be added upon insurance agreement.

9.5. The insurable value of cargo delivered from the seller to the buyer on the basis of a sales contract is the price specified in the sales contract of cargo, invoice and other documents, which can be increased pursuant to the procedure specified in Clause 9.3 on the basis of the policyholder's application. If the price specified in the sales contract, invoice and other documents without transport and insurance costs differs from the usual value (market price) of cargo in the point of departure at the beginning of the term of insurance cover, the principles of over and under insurance shall be applied.

9.6. The sum insured of cargo is the amount agreed in the insurance contract which is the maximum performance obligation of BTA pursuant to the contract per one insured cargo. The sum insured of cargo should equal to the insurable value of cargo. In case of multiple cargo insurance contract, the sum insured per insurance period is the amount agreed in the insurance contract for the period of insurance which is the maximum performance obligation of BTA pursuant to the contract for all cargos insured in the period of insurance. BTA is also entitled to determine the sum insured concerning the insured event, means of transport or place of storage in the insurance contract.

9.7. The limit of indemnity is the maximum insurance indemnity agreed in the insurance contract. This is the largest amount paid for an insured event, cargo, vehicle, storage or period depending on the agreement in the insurance contract whereas the terms concerning underinsurance shall apply. Insurance with limit of indemnity has been agreed if a respective note has been made in the insurance contract.

10. OWN LIABILITY (DEDUCTIBLE)

10.1. Own liability is part of the damage in case of each insured event specified in the insurance contract which is not compensated by BTA. Several damages caused at the same time, same place and due to the same reason are deemed to be one insured event.

10.2. The application of own liability in different amounts can be agreed in the insurance contract concerning the carriage of cargo with different

means of transport, storage or handling of cargo in any other way.

11. INSURED RISK AND INCREASE IN PROBABILITY OF INSURED EVENT

11.1. An insured risk is the risk of unexpected and unforeseen loss, damage or destruction of cargo in which regard the insurance contract has been concluded. Risks specified in Clause 4.3 of this terms, events excluded in cargo insurance clauses (*including Institute Cargo Clauses A*) or elsewhere in the insurance contract are not insured risks or insured events and in this case the insurer never has the compensation obligation.

11.2. After entry into contract, the policyholder shall not increase the probability of the insured risk without the consent of BTA or allow the risk to be increased by persons for whom the policyholder is responsible. A circumstance increasing the probability of occurrence of an insured event or the amount of inflicted damage is a circumstance that increases the insured risk.

11.3. The policyholder shall inform BTA immediately of the increase of insured risk.

11.4. Circumstances increasing insured risk are among others the following: change of cargo or packaging information (e.g. number of pallets, packages, labelling, technical data, full load, partial load); dispose of cargo to a person other than noted in the application for entry into insurance contract; change of the terms of cargo sales contract (e.g. incoterms); change of point of departure, destination, route of cargo, means of transport or type of means of transport, intermediate or re-storage place, duration of storage in the point of departure or destination or other agreed rules for handling of goods; change of carrier, forwarder or other provider of goods handling service or decrease of insurance cover of their liability insurance contract; weakening of surveillance or security measures; failure to perform technical or safety requirements specified in the insurance contract; appearance of solvency problems of transport or forwarding company; non-conformity of means of transport to the insurance terms.

11.5. If the policyholder violates the notification obligation of risk circumstances or obligation not to increase risk, BTA shall be released from the insurance contract performance obligation whether in full or partially depending on the influence of the increase of insured risk on the occurrence of an insured event.

11.6. In case of increased insured risk, BTA is entitled to rescind or withdraw the insurance contract immediately or request the application of additional security measures from the policyholder and/or increase the insurance premium for continuation of insurance cover.

12. OBLIGATIONS OF THE POLICYHOLDER

12.1. Upon the conclusion of an insurance contract, the policyholder undertakes to:

12.1.1. submit complete and truthful information to BTA for the evaluation of insured risk by answering all questions in BTA application for entry into insurance contract and adding other circumstances according to his knowledge owing importance in terms of evaluation of an insured risk;

12.1.2. enable the inspection of insured cargo upon BTA's request and submit necessary transport documents.

12.2. During the period of insurance, the policyholder undertakes to:

12.2.1. explain the rights and obligations arising from the insurance contract to persons who are equivalent to the policyholder, who have or to whom the insurable interest of insured cargo transfers to, also to persons providing transport, forwarding, storage or other services with regard to the insured cargo in part owing importance in respect to the performance of technical requirements specified in the insurance contract or that is in any other way useful and necessary to notify the service provider of in the interests of safety of cargo and safety measures;

12.2.2. package and prepare the cargo in such a manner and to such extent that ensures the safe transport, lifting, storage of cargo and performance of any other goods handling procedure; secure and fasten the cargo pursuant to the procedure specified in legislation and instructions (e.g. Regulation No 81 of the Minister of Transport and Communications as of 28 September 2000 Rules for Loading and Securing of Cargo by Road Transport);

12.2.3. conclude a contract of carriage, forwarding or storage or other similar contract with regard to the insured cargo only with a professional company having an economically stable and good reputation and which has the respective activity licence or permit; request the presence of contractual civil liability insurance from the given company accompanying the provision of service or implementation of work connected with the insured cargo; make reasonable efforts to inspect the presence and validity of the given liability insurance contract (e.g. demand the policy, send enquiries to liability insurance company etc);

12.2.4. take care that upon carriage of cargo with water craft, the vessel corresponds to:

12.2.4.1. requirements presented in the wording of Institute Classification Clause specified in the policy and

12.2.4.2. requirements of ISM (International Safety Management) Code or the vessel owners or operators have been issued the

certificate of ISM Code Document of Compliance.

12.2.5. take care that in case of road transport of cargo, the cargo would be under the driver's supervision during the entire carriage or in guarded parking lot and that during the night time rest of the driver the carrier would use guarded parking lot or parking lots recommended by IRU (International Road Transport Union);

12.2.6. take care that during the storage of cargo, the cargo is under continuous surveillance of a security company/paid guard, all fire safety requirements have been followed in the place of storage and upon storage of cargo outside the warehouse, the place of storage is enclosed with a fence and equipped with security alarm system and camera having an output in a security company;

12.2.7. give necessary information in a format which can be reproduced in writing to the carrier, forwarder, warehouse keeper and other respective persons for the safe transportation, storage and handling of cargo (e.g. carriage requirement with a thermo trailer, necessary temperature and humidity level, load compilation requirement ensuring the movement of air in thermo trailer, necessity of securing cargo or additional securing, prohibition on carriage as partial load, prohibition on loading other goods on cargo, prohibition on reloading or intermediate storage, instructions for safe lifting of cargo or other goods handling procedure etc);

12.2.8. demand the use of means of transport with metal space for goods from the forwarder and carrier in case of cargos with higher risk of theft and robbery (including alcoholic beverages, tobacco products, electronic equipment, domestic appliances, domestic electronics, computation technology and software, valuable clothing and footwear and other valuable goods an/or easily marketable goods);

12.2.9. inspect the correctness of entries regarding the number of places for goods, marking and numbering in the accompanying documents upon handing over of cargo to the first carrier of cargo, forwarder, storer or other provider of goods handling service, inspect the presence of the right of representation of the person having received the goods, note the information enabling the identification of the person having received the goods on the consignor's copy of the accompanying document of cargo; take a written confirmation about the acceptance of goods from the person having received the goods;

12.2.10. inspect immediately the condition of seals or customs seals of the container or other space for goods upon taking delivery of cargo from the carrier, forwarder, storer or other provider of goods handling service and correspondence of numbers to accompanying documents of cargo as well as the apparent condition of cargo and its packaging and correctness of entries regarding the number of places for goods, marking and numbering; make a respective notice in the accompanying documents of cargo upon damage of cargo or packaging or discovering loss or damage of cargo;

12.2.11. implement the requirements specified in the legislation of all countries (country of departure, transit and destination) connected with the insurance contract as well as international conventions and other agreements (including international commercial usage and practice): e.g. supply the carrier with valid documents accompanying goods and licences, ensure the loading, fastening, unloading of goods and taking delivery from the carrier, submit a notice of damage or claim to the carrier or organizer of transport pursuant to the prescribed procedure and order, notify the police or rescue board of the event, register a traffic accident as required etc;

12.2.12. ensure in every way the enforcement of the right of recourse of BTA against the person having caused the damage or who is liable for the occurrence of damage (carrier, forwarder, warehouse keeper etc), including the sufficient documentation of transport, forwarding or similar contractual relationship (e-mail correspondence, fax), documentation of delivery and receipt of cargo, presentation of appropriate notice of damage to the person having caused damage or person liable for damage in a timely manner, proving the existence of damage, size and time of occurrence, inspection of valid and sufficient liability insurance contract of the person responsible for cargo, assignment of the right of claim to BTA, prohibition on assignment of the right of claim to third persons.

12.3. Upon the occurrence of an insured event the policyholder undertakes to:

12.3.1. apply measures immediately in order to salvage the insured cargo, avoid or decrease damage;

12.3.2. formalise an event in conformity with the requirements of legal acts in case of a traffic accident; theft, stealing of a vehicle, robbery, vandalism, fire and other unlawful acts shall be notified immediately to the competent authority (police, rescue board etc);

12.3.3. notify BTA immediately of the occurrence of an insured event and follow the instructions received from BTA accurately;

12.3.4. document the circumstances of an insured event and its causes in the presence of witnesses and the data enabling the establishment of the extent of damage independently if it has not been able to notify BTA of the event immediately and if failure to document the event may cause the lack of necessary evidence in loss adjustment or damage BTA's right of recourse or unless BTA has ordered to keep the place of occurrence of an insured event intact until the arrival of BTA representatives. The policyholder may order the documentation of an insured event from internationally recognized and evaluated experts if it is purposeful considering the nature and extent of damage and the expenditures made are necessary.

12.3.5. enable BTA to inspect the damaged cargo in the state after the insured event. The policyholder is prohibited to transfere, repair, replace or utilize the damaged cargo without BTA's consent or transfer the possession to a third person.

12.3.6. submit to BTA all information and documents in its possession concerning the extent and causes of damage. The burden of proof of the occurrence of an insured event lies on the policyholder.

12.3.7. submit to BTA all documents and information necessary for the adjustment of an insured event, performance of insurance contract obligations of BTA and ensuring of the right of recourse of BTA upon first opportunity or by the term specified by BTA but no later than within one year. The given documents and information include among other things the following:

12.3.7.1. insurance policy with appendices;

12.3.7.2. notice of damage and short description of the event;

12.3.7.3. cargo sales contract documents (order, offer, sales contract, sales invoice, bank's letter of credit or collection, payment order, packing list, declarations, permits and licences etc);

12.3.7.4. cargo transport organization documents (order, offer, contract, accompanying documents of cargo (CMR, BL, AWB etc), carriage invoice, bank's payment order etc);

12.3.7.5. evidence of the occurrence of an insured event (certificate of police, rescue or customs board or any other authority, reservations in cargo accompanying documents, pictures, driver's letter of explanation, notice of damage of transport organizer or warehouse keeper, damage or expert's report drawn on the spot etc);

12.3.7.6. documents certifying the extent of damage (reservations in cargo accompanying document, pictures, acceptance of the transport organizer, invoice, packing lists, damage or expert's report etc);

12.3.7.7. expense receipts for decreasing or avoiding damage;

12.3.7.8. evidence of activities made to ensure BTA's right of recourse (see Cal 12.2.12);

12.3.7.9. evidence of performance of obligations arising from the insurance contract by the policyholder;

12.3.7.10. filled in application for compensation of damage accompanied by specific description of circumstances of the event;

12.3.7.11. other documents and information required by BTA.

12.3.8. notify BTA immediately if the damage is partially or fully compensated by a third person;

12.3.9. present accurate and true information concerning the circumstances of occurrence of an insured event and extent of damage and person liable for damage; notify BTA immediately if BTA's performance obligation arising from the insurance contract could cause unjustified enrichment of the policyholder or a third person;

12.3.10. implement accurately the requirements and instructions presented by BTA in the course of loss adjustment.

12.4. After the payment of insurance indemnity, the policyholder undertakes to:

12.4.1. notify BTA immediately in written form or in format which can be reproduced in writing of finding a lost, stolen or robbed cargo or part thereof;

12.4.2. upon finding the cargo or part thereof and gaining possession over it, immediately but no later than within 10 days:

12.4.2.1. return the received insurance indemnity or share corresponding to the found part of cargo to BTA or

12.4.2.2. deliver the found cargo or part thereof to BTA.

If the value of found cargo or part thereof has decreased due to damage or loss, the policyholder shall be entitled to decrease the indemnity returned to BTA by the amount accepted by BTA.

12.4.3. notify BTA immediately of compensation of damage by a third person, including the carrier or forwarder or their insurance liability insurer or motor third party liability insurance insurer;

12.4.4. return the share of indemnity to BTA in the extent of which the policyholder received unjustified gain (unjustified enrichment) due to the occurrence of an

insured event and performance of BTA's contractual obligation.

12.5. Upon termination of the period of insurance, the policyholder undertakes to:

12.5.1. submit a report to BTA in case of multiple cargo insurance contract no later than within 30 (thirty) days concerning the number, insurable value and sum insured of cargo under insurance cover;

12.5.2. pay an additional payment of insurance premium resulting from the increase of insurable value and sum insured of cargos under insurance cover compared to what was declared in the insurance application and policy within 30 (thirty) days.

13. RIGHTS AND OBLIGATIONS OF BTA UPON ENTRY INTO INSURANCE CONTRACT AND LOSS ADJUSTMENT

13.1. In the course of entry into insurance contract BTA is obligated to introduce the policyholder the terms and clauses noted in the insurance contract and explain their content upon the policyholder's request. Upon signing the policy by the policyholder, payment of insurance premium or making other expression of will from which the policyholder's wish to be bound by the contract is evident, the policyholder affirms that he is aware of the content of all terms and clauses noted in the policy.

13.2. Upon occurrence of an insured event, BTA is obligated to register the notice of damage and give accurate instructions to the policyholder concerning the adjustment of loss and necessary documents. BTA is obligated to notify the policyholder immediately if it does not take part in the inspection of cargo and documentation of damage and give instructions to the policyholder for performing necessary loss adjustment activities.

13.3. Upon occurrence of an insured event, BTA shall be entitled to request the implementation of expert analysis concerning the causes and extent of damage and establishment of other circumstances necessary for loss adjustment. Upon the assignment of an expert, BTA shall be obligated to consider the policyholder's opinion regarding the organiser of expert analysis. If BTA and the policyholder request the implementation of expert analysis by different persons, BTA shall be obligated to bear only the fees of expert appointed by BTA.

13.4. BTA shall be obligated to make a decision concerning the declaration of an event as an insured event or not upon the first opportunity.

13.5. BTA shall be obligated to make the decision on establishment of the extent of damage if the event has been declared to be an insured event within 5 (five) business days starting from the receipt of information and documents necessary for the establishment of circumstances and extent of an insured event and payment of insurance indemnity. BTA shall be obligated to pay the insurance

indemnity within 5 (five) business days after declaring the event as an insured event and adopting the decision on establishing the extent of damage.

13.6. BTA shall be obligated to reason the decision on admit or non-admit of an event as an insured event, establishing the extent of damage, payment or refusal to pay the indemnity in a way that reasonable and competent person receives information of the evidence and circumstances being the bases of the decision and making the decision and their interpretation by BTA.

13.7. BTA shall be entitled to process the policyholder's personal data according to the valid legislation. BTA shall also be entitled to receive information concerning the policyholder from state authorities processing personal data and other registers if BTA considers it necessary.

13.8. BTA shall be entitled to forward information connected with the insurance contract to experts, reinsurers and maintain it on BTA data carriers.

14. MANNER AND PROCEDURE OF COMPENSATION

14.1. Insurance indemnity shall be paid to the person specified in the insurance contract or not (insured person) who had an insurable interest with regard to the insured cargo at the time an insured event occurs.

14.2. Insurance indemnity is an amount of money which is used to cover patrimonial damage caused as a result of an insured event or expenses pursuant to the procedure specified in the terms of insurance, including cargo insurance clauses.

14.3. If the insurable value specified in the policy of cargo includes also the transport costs in addition to the usual value (market price) of cargo at the time and place the insurance cover enters into force, these shall be compensated by BTA proportionally with the damage only in case the transport costs have been paid to the carrier before an insured event occurs. The same also applies to insurance costs if the insurable value of cargo has been increased thereby.

14.4. If the insurable value of cargo specified in the policy includes also 10% for covering conditional share of profit in addition to the usual value (market price) of cargo at the time and place the insurance cover enters into force, the part shall only be compensated upon total destruction or loss of the insured cargo or part thereof. Depending on whether the insurable value of cargo has been increased upon agreement in the policy by transport costs and whether the carrier has been paid for transport costs before an insured event occurs, the given 10% share of profit shall be calculated from the usual value (market price) of cargo at the time and place the insurance cover enters into force or from the insurable value of cargo increased by transport costs. The same also applies to insurance costs if the insurable value of cargo has been increased thereby.

14.5. Upon damage of the insured cargo or part thereof, the restoration costs of cargo or part thereof shall be compensated from which the share of own liability (deductible) specified in the policy shall be deducted. Instead of compensating the restoration costs of damaged cargo or part thereof, BTA shall be entitled to compensate decrease in the value of the damaged cargo or part thereof from which the share of own liability specified in the policy shall be deducted.

14.6. Upon loss or damage of insured cargo or part thereof, the value of cargo or part thereof shall be compensated in conformity with the present conditions from which the own liability specified in the policy shall be deducted as well as the residual value of cargo if the policyholder keeps the remaining cargo. In case of constructive total loss, the value of remaining cargo shall not be calculated. If BTA and the policyholder cannot reach an agreement concerning the amount of residual value of remaining cargo, the residual value shall be determined by expert analysis.

14.7. Insured cargo has been destroyed if the restoration thereof is not technically or economically justified. Insured cargo shall be deemed to be lost if it can be regarded as lost according to the law applicable to the transport contract concluded for the transport of cargo and the policyholder is entitled to claim the compensation of damage for the lost cargo from the organizer of transport or if the cargo is deemed to be lost according to the conditions of cargo insurance clauses (*Institute Cargo Clauses*) specified in the insurance contract, whichever shall last occur.

14.8. In addition to the damage of cargo, BTA shall also compensate any other reasonable and justified expenditures made to avoid or decrease damage, including the expenditures specified in cargo insurance clauses (*Institute Cargo Clauses*) as well as any other payments and expenditures due to be compensated on the basis of cargo insurance clauses (e.g. General Average damage). BTA shall not compensate the costs of clearing, destruction or utilization of cargo or remaining cargo nor the costs connected with pollution or environmental damage of the place of damage.

14.9. Any taxes (value added tax, excise duty and other taxes) shall be compensated together with the compensation of damage of insured cargo or part thereof only if:

14.9.1. the insurable value of cargo includes the given taxes and

14.9.2. the policyholder undertakes to transfer the given taxes to a tax administrator without the right of settlement of accounts provided by law.

14.10. Maximum compensation for damage of an insured cargo is the sum insured of cargo specified in the policy. Reasonable and justified expenditures made to avoid or decrease damage are limited with 10% (ten per cent) of the sum insured of insured cargo specified in the policy. Maximum compensation for all damage and expenditures

resulting from one insured event is the sum insured specified in the policy per one insured event.

14.11. The limit of indemnity is the maximum insurance indemnity agreed in the insurance contract. This is the largest payable amount for an insured event, cargo, vehicle, storage or period depending on the agreement in the insurance contract whereas the terms concerning under insurance shall apply. Insurance with limit of indemnity has been agreed if a respective note has been made in the insurance contract.

15. RETURN OF INSURANCE INDEMNITY

15.1. The policyholder shall be obligated to return the insurance indemnity immediately to BTA if circumstances precluding compensation should occur after compensation or if damage has been compensated by a third person.

16. SETTLEMENT OF DISPUTES, JURISDICTION, LIMITATION PERIOD AND INSURANCE SUPERVISORY BODY

16.1. Disputes arising from the insurance contract shall be attempted to be resolved upon agreement. In case an agreement cannot be reached, disputes arising from the insurance contract shall be settled first in Harju County Court according to the legislation of the Republic of Estonia.

16.2. Upon the conclusion of a written agreement between BTA and the policyholder, disputes shall be resolved in the court of arbitration of Estonian Chamber of Commerce and Industry according to the laws of the Republic of Estonia.

16.3. Limitation period shall be applied to the claims arising from an insurance contract according to the legislation of the Republic of Estonia.

16.4. The policyholder shall be entitled to file claims concerning the insurer's activity to Financial Supervision Authority at the address Sakala 4, 15030 Tallinn. Financial Supervision Authority exercises supervision with regard to conformity of the insurer's activity with legislation. Financial Supervision Authority shall not resolve disputes arising from the contract between the insurer and policyholder.

17. DELIVERY OF NOTICES

17.1. Notices delivered upon the performance of insurance contract shall be delivered to the e-mail address specified in the policy in a format which can be reproduced in writing. Urgent notices can be forwarded exceptionally via telephone to the telephone number of BTA specified in the policy.

17.2. The insurer delivers notices to the last known postal address of the policyholder. If the policyholder has changed its postal address without informing BTA thereof, notices shall be deemed to be received at the time they would have reached the policyholder with regular delivery in case its postal address would not have changed.

18. OTHER TERMS AND CONDITIONS

18.1. BTA shall be entitled to record telephone calls connected with the performance of the insurance contract.

Effective as of: 12.01.2010