



Suretyship of contractual obligations insurance regulations No. 036

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Suretyship insurance terms for the performance of contractual obligations

APPROVED by:

ADB Gjensidige

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1. Special definitions

- 1.1. **A suretyship insurance letter** means the Insurer's written commitment to the Contracting Authority, issued on the basis of the suretyship insurance contract. In the suretyship insurance letter the Insurer undertakes to indemnify the Contracting Authority for direct losses (unless differently provided for in the suretyship insurance contract), within the amount indicated in the suretyship insurance, should the Insured fail to fulfil all or part of its commitments for which the Insurer has guaranteed via the suretyship insurance contract. The Insurer shall be obliged with respect to the Contracting Authority only and therefore the surety insurance letter may not be transferred or pledged. The first demand surety insurance letters and non-first demand (conventional) surety insurance letters may be issued according to these Rules. The first demand surety insurance letter is only the surety letter stating that this is the first demand insurance surety letter.
- 1.2. **Application (form) to conclude the insurance Contract** (hereinafter referred to as the „Application“) is a document of a specified form and content to be completed by the Insured providing the Insurer with the information necessary for the assessment of insurance risk and for the conclusion of the suretyship insurance contract.
- 1.3. **Public procurement** means the procurement of goods, services or works carried out by the Contracting Authority and regulated according to the Law on Public Procurement of the Republic of Lithuania with a view to concluding a public purchase-sale contract.
- 1.4. **Contract documents** are the documents provided by the Contracting Authority to the Insured in writing and by electronic means, describing the object of procurement and the procurement terms: notice, call for tenders, documents of tendering procedures or other methods of procurement, their terms and conditions, explanations (adjustments) of these documents as well as instructions or public authorities.
- 1.5. **Contract** means a written agreement on the purchase-sale of goods, the contracting or provision of services concluded between the Insured and the Contracting Authority specifying the obligations of the Insured with respect to the Contracting Authority in respect of which the Insurer provides surety under the surety insurance contract save for the exceptions provided in the insurance contract/the Rules.
- 1.6. **Offer** – a body of written documents submitted for tender by the Insured in order to supply goods, to provide services or to perform works under the rules established by the tender organiser (the Client).
- 1.7. **Damage** means the costs incurred by the Contracting Authority (i.e. direct loss as defined in the Civil Code of the Republic of Lithuania) due to the insured events specified in the Insurance contract.
- 1.8. **Consequential damage** means damage arising as an indirect consequence of the failure of the Insured to fulfil or to properly fulfil its obligations under the contract, i.e. subsequent/consequential damage arising due to works not being performed or being performed inadequately (e.g. the flooding or mildewing of the premises).
- 1.9. **Right of recourse** (the Insurer's right to regression claim) means the right of the Insurer, upon compensating for the loss caused by the Insured, to demand the return of payment from the Policyholder.
- 1.10. **Deposit** means the amount of funds indicated in the suretyship insurance contract which shall be transferred by the Insured to the account of the Insurer, as per the agreement between the Parties



to the suretyship insurance contract and which shall ensure the performance of the obligations of the Insured with respect to the Insurer according to the suretyship insurance contract.

- 1.11. **Counter warrantor** means a person who shall, at no charge, guarantee to the Insurer with respect to the appropriate discharge of the obligation by the Insured to refund the insurance benefit paid to the Contracting Authority of the Insurer, where such insurance benefit has been paid to the Contracting Authority on the basis of the suretyship insurance contract.
- 1.12. **Contracting Authority** means the person specified in the insurance contract entitled to be paid an insurance benefit as a result of the failure of the Insured to fulfil or partly fulfil the obligations assumed thereby according to the terms of the public procurement documents or a written agreement.
- 1.13. **Persons related with the Insured means employees of the Insured**, its partners acting on the basis of a joint activities (partnership) agreement, as well as persons who were commissioned or instructed by the Insured or otherwise legally entrusted to protect the subject matter of the insurance and to take care of it, as well as persons contracted by the Insured for the performance of the Contract concluded by the Insured and the Contracting Authority (sub-contractors etc.), and other representatives authorized according to the laws.
- 1.14. **Third person** means a person not related with the contractual insurance relationship with the Insurer and the Insured according to the suretyship insurance contract concluded on the basis of these Rules. Third persons do not include persons related with labour or civil contractual relations to the Insured or the Insurer.

2. Subject matter insured

- 2.1. Subject matter insured means the property interests related to the failure to perform (in part or in full) the Insured's obligations for which the Insurer has guaranteed with the suretyship insurance contract, namely:
 - according to the suretyship insurance contract of the bid – the Insured's obligation to fulfil its commitments under the terms and conditions of the documents of tendering procedures carried out by the Contracting Authority;
 - according to the suretyship insurance contracts of performance, prepayment and warranty period – the Insured's obligation to fulfil its obligations to the Contracting Authority according to the Contract with the Contracting Authority;
- 2.2. Within the terms of these Rules, the subject matter insured does not include:
 - 2.2.1. property interests on failure to perform according to liabilities in part or in full according to any type of factoring, lease, credit or loan Contracts;
 - 2.2.2. property interests on default interest (fines, penalties), established in the Contracts concluded between the Insured and the Contracting Authority or in the law, unless otherwise provided for in the suretyship insurance contract;
 - 2.2.3. property interests related to the failure of the Insured to perform his obligations to pay for the goods or services;
 - 2.2.4. property interests related to the Insured's liabilities the performance of which was not guaranteed by the Insurer in the insurance surety letter issued to the Contracting Authority;
 - 2.2.5. property interests in relation to any costs (losses) not covered by the loss as defined in these Rules.

3. Events insured

- 3.1. Unless otherwise provided for in the suretyship insurance contract, the event insured according to the suretyship insurance contract of the bid is when the contractual civil liability of the Insured is established and proven for the failure to perform according to the commitments assumed by the Insured, according to the terms and conditions of the procurement organized by the Contracting Authority and/or the Contract awarded to the Insured:
 - 3.1.1. if the Insured withdraws its bid during the validity period specified in the invitation to tender and/or the bid;
 - 3.1.2. if the Insured is offered to sign the Contract on becoming the successful bidder, and/or according to his bid and the Insured refuses in writing to sign the Contract or fails to sign it within the terms specified by the Contracting Authority;



- 3.1.3. if the Insured is offered to sign the Contract on becoming the successful bidder, and/or according to his bid and the Insured fails to provide the Contract performance guarantee, if it was the requirement of the tendering procedure documents;
- 3.1.4. if the Insured, when the Contracting Authority has accepted his bid, during the bid validity period disagrees with the adjustment of the bid price, as specified in the tendering procedure documents.
- 3.2. Unless otherwise provided for in the suretyship insurance contract, the event insured according to the performance of the suretyship insurance contract is when the Insured's contractual civil liability is established and proven regarding his failure to perform the assumed commitments under the terms and conditions of the Contract signed with the Contracting Authority:
 - 3.2.1. work performed, services rendered or goods delivered by the Insured do not meet the requirements laid down in the Contract and the Insured refuses to remedy the defects;
 - 3.2.2. the Insured at their own fault does not meet the deadlines of commitments specified in the Contract;
 - 3.2.3. the Insured illegally refuses to continue the performance of contractual obligations.
- 3.3. Unless otherwise provided for in the suretyship insurance contract, the event insured according to the prepayment suretyship insurance contract is when the Insured's contractual civil liability is established and proven on the unpaid prepayment by the Insured to the Contracting Authority (which has been received under the Contract concluded with the Contracting Authority), when it was used not according to the purpose intended in the Contract.
- 3.4. Unless otherwise provided for in the suretyship insurance contract, the event insured according to the suretyship insurance contract of the warranty period is when the Insured's contractual civil liability is established and proven for the Insured's outstanding commitments to the Contracting Authority during the warranty period indicated in the suretyship insurance contract for which the Insured is responsible according to the Contract signed.
- 3.5. In addition to the terms and conditions indicated in paragraphs 3.1 to 3.4 (inclusively), a mandatory prerequisite for the recognition of the event insured is the submission of the Contracting Authority's demand to pay the insurance indemnity to the Insurer during the validity period of the corresponding suretyship insurance contract.

4. Events excluded

Events excluded shall include:

- 4.1. Events excluded are the events when the Insured is not subject to civil liability or is exempt from civil liability according to the procedure specified to the Contracting Authority in the legislation of the Republic of Lithuania (Art. 6.253 of the Civil Code).
- 4.2. Events excluded are the cases where no civil liability arises and/or is established to the Insured and not proven, for the Insured's failure to perform according to its commitments assumed in the terms and conditions of tendering procedure announced by the Contracting Authority and/or where the Insured was a successful participant, or the terms and conditions of Contract concluded with the Contracting Authority for which the Insurer has guaranteed with the suretyship insurance contract.
- 4.3. Events excluded are all cases for which the Insurer is not liable to the Contracting Authority, as well as other events excluded discussed by the Insurer and the Insured and provided for in the suretyship insurance contract.
- 4.4. Events excluded are claims for payment of contractual delay interest (fines, penalties) provided for in the Contract signed by the Insured with the Contracting Authority, interest on the Insured's failure to perform his commitments in part or in full, unless differently provided for in the suretyship insurance contract.
- 4.5. Events excluded are all events insured listed in Section 3 of these Rules if they were caused or intentionally effected by the Insured and/or persons related with the Insured through criminal acts.
- 4.6. Events excluded are any cases that do not meet the definition of the corresponding event insured and/or the condition(s) specified in paragraph 3.5 of these Rules.
- 4.7. Arising from the civil liability of the Insured related to the amendments or supplement of the public procurement contract or the contract concluded with the Contracting authority in respect of which the Insurer has guaranteed under the insurance contract and made after the conclusion of the insurance contract.
- 4.8. Any events related to the consequential damage incurred due to the failure of the Insured to fulfil or to properly fulfil its obligations;



- 4.9. Events excluded are also the events when the Insured fails to perform in part or in full his obligations according to the Contract concluded with the Contracting Authority due to:
- war (published, unpublished), civil war or civil (mass) unrest, establishment of emergency situation or state of war, armed assault, revolution, sabotage, terrorism;
 - nuclear reaction, radiation exposure or radioactive contamination;
 - property confiscation, arrest or destruction according to the instructions of public authorities;
- 4.10. Events excluded are also the events listed in paragraph 4.9 of Section II of these Rules that occur in the territory of a third country through which the goods are transported and events taking place outside the territory of the Republic of Lithuania.

5. Sum insured

- 5.1. The sum insured is determined by the mutual agreement of the Insurer and the Insured according to the Contracting Authority's requirements.
- 5.2. The sum insured is specified in the insurance policy and in the insurance surety letter.
- 5.3. The sum insured may be specified in the suretyship insurance contract in a foreign currency, but all payments must be made in euro according to the official exchange rate announced by the Bank of Lithuania on the insurance indemnity payment date, unless otherwise stated.

6. Insurance contract conclusion procedure

- 6.1. The suretyship insurance contract is concluded when the Insured pays the insurance premium and deposit (if the Insured has to pay under the surety insurance policy). Conclusion of the suretyship insurance contract is confirmed by the insurance policy issued by the Insurer.
- 6.2. The Insured must submit the documents required by the Insurer to assess the insurable risks and to conclude the insurance Contract.
- 6.3. In concluding the insurance Contract, the Insurer issues insurance policy which is given to Insured and the insurance surety letter which is given to the Contracting Authority.
- 6.4. The insurance surety letter is an integral part of the insurance Contract.
- 6.5. The insurance surety letter is an integral part of the insurance Contract. If an amendment of the suretyship insurance contract changes the contents of the Insurer's and/or their nature to the Contracting Authority or if the insurance surety letter issued to the Contracting Authority is amended, the amendments of the suretyship insurance contract between the Insurer and the Insured can only be made when the Insured submits the written consent of the Contracting Authority to the Insurer.
- 6.6. If the Insured requests the Insurer to issue copies of the suretyship insurance policy (its appendices and/or agreements), the Insurer must issue to the Insured the copies of the requested documents at a fee established by the Insurer.
- 6.7. No copy of the insurance surety letter shall be issued.
- 6.8. If the insurance terms and conditions specified in the Rules are different from those in the suretyship insurance contract (in the insurance policy and its appendices, in the insurance surety letter), the conditions of the suretyship insurance contract shall be followed.

7. Validity of the suretyship insurance contract.

Conditions for termination of insurance contract.

- 7.1. The beginning and the end of the validity period of insurance Contract specified as a calendar date in the insurance policy and in the insurance surety letter.
- 7.2. Unless it is otherwise provided in the insurance policy and/or suretyship insurance letter, the surety insurance contract comes into force and insurance coverage starts from the date specified in the insurance policy, provided that the insurance premium and/or deposit is paid in full (if the Insured has to pay under the surety insurance policy). If the Insured fails to pay the insurance premium, the payment of which is associated with the entry into force of the surety insurance contract on the date specified in the insurance contract, the contract shall not enter into force on the date specified in the surety insurance contract.
- 7.3. When the Insured is late in paying the insurance premium and/or deposit (if the Insured has to pay under the surety insurance policy), the suretyship insurance contract shall take effect from the



moment of payment of the insurance premium or deposit and the insurance coverage applies only for the events insured occurring after the effective date of the insurance Contract. Paragraph 4.2 of the General Conditions of the Rules defines the cases in which the insurance premium is considered as being paid.

- 7.4. The suretyship insurance contract expires according to General Conditions of the Rules, and:
 - 7.4.1. after the expiry of the suretyship insurance policy and the validity of the insurance surety letter;
 - 7.4.2. upon the maturity date of the suretyship insurance contract, if the suretyship insurance contract has secured a future obligation, and it did not come into force until the end of this term.
 - 7.4.3. When the Insured fulfils all obligations for which the Insurer guaranteed with the suretyship insurance contract, and the Contracting Authority returns the original surety letter, or certifies in writing that all the obligations of the Insured for which the surety has been provided have been fulfilled;
 - 7.4.4. upon the agreement of the parties to the suretyship insurance contract and after the Contracting Authority returns the original surety letter, or certifies in writing that all the obligations of the Insured for which the surety has been provided have been fulfilled;
- 7.5. In addition to the cases referred to in paragraph 7.4, the suretyship insurance contract on the bid is considered as being expired after the end of the public tendering procedure on the grounds specified in the Law on Public Procurement of the Republic of Lithuania.
- 7.6. the suretyship insurance contract may be terminated prior to its maturity in accordance with paragraphs 3.7.3, 3.7.5 and 5.1.2 of the of the General Conditions of the Rules only with the consent of the Contracting Authority who shall inform the Insurer in writing that he has not and shall not have claims to the Insurer, in accordance with the insurance surety letter issued by him, or returns the insurance surety letter to the Insurer. Upon the request of the Insurer the Insured, in connection with the returned original copy of the insurance surety letter shall submit a written representation by the Contracting Authority on the waiver of its rights according to the surety insurance letter issued.
- 7.7. Unless otherwise provided for in the suretyship insurance contract, the insurance premium will not be repaid to the Insured if the suretyship insurance contract ends it before the deadline on the grounds provided in paragraphs 7.4 and 7.5 of the Rules.
- 7.8. Unless otherwise provided for in the suretyship insurance contract, termination of the suretyship insurance contract is performed according to the settlement procedure specified in the General Conditions of these Rules, and:
 - 7.8.1. If the insurance contract is terminated at the initiative of the Insured, or according to points 3.7.2 b) – d), 5.1.2 of the General Insurance Contract Rules, then the Insurer shall exclude from the amount returnable to the Insured costs of the contract conclusion and execution (30% of the fee for the unused insurance term but not less than EUR 14 and not more than the unused insurance fee calculated).

8. Terms of payment of the insurance premium and deposit

- 8.1. Unless otherwise provided for in the suretyship insurance contract, the insurance premium shall be paid in full for the entire period of insurance, by the date specified in the insurance Contract.
- 8.2. According to the agreement between the Insurer and the Insured, a deposit may be provided in the surety insurance contract and the Insured must pay it into the Insurer's account by bank transfer only on the same terms as the insurance premium. The deposit shall be transferred based on the financial collateral agreement. Under the financial collateral agreement, the parties agree to the implementation of possible recourse claims of the Insurer against the Insured. The recourse claim hereunder shall be deemed the Insurer's request to return to the Insured the insurance benefit if such benefit would have been paid to a third party for an insured event under the surety insurance agreement.
- 8.3. The Insurer undertakes to return the deposit to the Insured within 10 calendar days of receipt of the Insured's request to return the deposit, subject to the fulfilment of the following conditions:
 - the suretyship insurance contract is terminated prior to maturity; or
 - the validity period of the suretyship insurance contract has expired and the Contracting Authority notifies the Insurer in writing that all obligations of the Insured for which the suretyship insurance letter was given are satisfied; or
 - the Contracting Authority returns the original suretyship insurance letter to the Insurer, and the Insurer has not received any claim to pay an insurance benefit according to the suretyship insurance letter; At the Insurer's request, the Insured must submit a written confirmation of the Contracting Authority on the waiver of rights according to the suretyship insurance letter; or



- the period of the suretyship insurance contract has expired and within three months from the date on which the suretyship period was due, the Contracting Authority does not submit a demand/claim for payment to the Insurer and the written confirmation of the Policyholder has been received that all obligations of the Policyholder for which the suretyship was provided, have been fulfilled and there are no circumstances for claiming damages. The Insured must submit justifying documents for the discharge of liabilities for which the guarantee was provided according to the suretyship insurance contract.
- 8.4. Should the Contracting Authority submit the payment requirement to the Insurer according to the suretyship insurance letter and if the Insurer recognises the event as not insured, the deposit/part of deposit may be returned upon receipt by the Insured of the Contracting Authority's written confirmation of its waiver of rights according to the suretyship insurance letter. Should the Contracting Authority submit no written waiver of rights according to the suretyship insurance letter, the deposit may be returned in the event of limitation of the claim applied for requirements arising from the legal relations of insurance.
 - 8.5. If, pursuant to the requirement of the Contracting Authority, he was paid the insurance indemnity or the Contracting Authority's demand to pay the insurance indemnity was received, the Insurer has the right to retain the deposit or the part thereof which corresponds to the insurance indemnity paid, without returning it to the Insured. If the amount of the Contracting Authority's demand is less than the deposit, the Insured shall be returned the difference between the deposit and the required amount upon deducting the losses suffered by the Insurer.
 - 8.6. If the deposit is not paid or is paid late, the conditions of non-payment or late payment of the premium indicated in paragraph 7.2 and 7.3 of the Rules shall apply.
 - 8.7. On the agreement of the Insurer and the Insured the conditions of the deposit, payment and repayment can be specified in the suretyship insurance contract in accordance with the agreed written individual conditions.

9. Rights and obligations of the insured, insurer and contract authority during the effective period of suretyship insurance contract

- 9.1. During the validity of the suretyship insurance contract the Insurer shall have the right:
 - 9.1.1. to check the correctness of the data provided by the Insured;
 - 9.1.2. to use the Insurer's data from the state registers, banks and law enforcement authorities; to obtain the additional information necessary for examination of the application to execute the insurance contract according to the procedure established by legislation; to evaluate previous events when setting insurance premium rates.
 - 9.1.3. to access to Contract documents, if the Contracting Authority's demand to compensate loss has been received;
 - 9.1.4. to instruct the Insured regarding loss reduction or avoidance, if the Contracting Authority's demand to compensate loss has been received;
 - 9.1.5. to investigate the circumstances of the event insured independently if the Contracting Authority's demand to compensate loss has been received;
 - 9.1.6. to hire valuers, experts and other persons for the investigation of the circumstances of the event insured if the Contracting Authority's demand to compensate loss has been received;
 - 9.1.7. If the action is brought before a court against the Insured, not later than 5 days from the receipt of notification of the Insured about the action against them, to require the Insurer to authorize the persons appointed by the Insured persons to represent the interests of the Insured in the court;
- 9.2. During the validity of the suretyship insurance contract the Insurer shall have not have the right:
 - 9.2.1. to pay the insurance indemnity or refuse to pay it, without ascertaining the presence of the event insured;
 - 9.2.2. to refuse to pay the insurance indemnity, without checking all the information available to him.
- 9.3. During the validity of the suretyship insurance contract the Insured shall:
 - 9.3.1. properly perform the obligations secured by the suretyship insurance and the terms and conditions of the insurance Contract;
 - 9.3.2. to provide the information requested by the Insurer on the performance of the obligation secured by the suretyship insurance, and the Insured's financial condition;



- 9.3.3. in the event of changes in the circumstances that may have and/or have a substantial impact on the enquiries of insurable risks, immediately notify the Insurer in writing, even when the event has occurred through no fault of the Insured. Increase of the insurable risks and other cases where there is a radical change of circumstances of the insurance Contract include:
- changes in the data, information (about the Insured, Insured's activities, as well as the change in legal status of the Insured, financial condition, liabilities secured by the suretyship insurance, etc.) specified in the request;
 - difficulties/problems of the Insured or difficulties/problems in the financial or economic performance of the Insured or matters related to the inability of the Insured or obstacles to perform any of its obligations;
 - other contingency events that may complicate the performance of the Insured's obligations;
- 9.3.4. in the case of the event insured or an event that can be classified as the event insured, to take all reasonable and available steps to mitigate loss;
- 9.3.5. in the case of the event insured or an event that can be classified as the event insured immediately, no later than in 3 working days, notify the Insurer in writing and provide the documents and information related to the event required by the Insurer;
- 9.3.6. at the Insurer's request to mandate the persons appointed by the Insurer to represent the Insured's interests in court.
- 9.4. The Contracting Authority shall have the right:
- 9.4.1. to require the payment of the insurance indemnity in the manner specified in the suretyship insurance contract;
- 9.4.2. to obtain information about the progress of the investigation of the event insured.
- 9.5. The Contracting Authority shall:
- 9.5.1. upon conclusion and validity period of the suretyship insurance contract, provide the Insurer with the required information on the progress and conditions of the Contract implementation, the Contract performance deadlines etc.;
- 9.5.2. when the Insured fulfils its obligations of the Contract or Procurement documents, he must notify the Insurer in writing and upon its request return the original surety insurance letter to him;
- 9.5.3. when the Insurer compensates for the losses caused by the Insured to the Contracting Authority, issue confirmation that the Insurer has complied with their obligation and acquired the right of recourse. The Contracting Authority must also pass all the documents supporting the claim to the Insured;
- 9.5.4. in the case of the event insured or an event that can be classified as the event insured, the Contracting Authority must take all reasonable measures available to him to mitigate the potential loss and elimination of causes which might increase and/or are increasing the loss of action and to carry out the instructions of the Insurer, if any are forthcoming;
- 9.5.5. provide the Insurer with all the available documents and information and/or documents and information that he is entitled to receive, according to the statutory procedure or other legal acts pertaining to the circumstances and consequences of the event insured or an event that can be classified as the event insured that are necessary in determining the facts of the event insured and the amount of the insurance indemnity.
- 9.6. The Contracting Authority shall not:
- 9.6.1. recover the debt initially from the Insured's assets if the Insured fails to perform his obligations according to the Contract.
- 9.7. Other rights and obligations of the Insurer, the Insured and the Contracting Authority during the term of the insurance contract are set out in the General Conditions of these Rules.

10. Terms and conditions of additional insurance, double insurance

- 10.1. The Insured has the right to an additional insurance with the same obligations, by entering into an additional suretyship insurance contract(s) concerning the performance of the same obligations, with the same or another Insurer. The Insured must notify the Insurer in writing of such suretyship insurance contract(s) within 10 calendar days of its inception date or before the conclusion of the suretyship insurance contract under these Rules, if such additional suretyship insurance contract(s) has(have) already been drawn up.



- 10.2. In the case of the event insured, and upon determining that the Insured has entered into suretyship insurance contracts with more than one Insurer with the same risk, the insurance indemnity shall be paid as follows:
 - 10.2.1. if the amount of loss is greater than the total sum insured of effective suretyship insurance contracts concluded on the guarantee of the performance of the same liabilities of the Insured, then the insurance indemnity to be paid by the Insurer is equal to the sum insured;
 - 10.2.2. if the amount of loss is less than the total sum insured of effective suretyship insurance contracts concluded on the guarantee of the performance of the same liabilities of the Insured, the insurance indemnity to be paid by each Insurer shall be calculated in proportion to the risks assumed by each Insurer (sum insured).

11. Event notification procedure

- 11.1. The Contracting Authority has the right to require the payment of insurance indemnity. The Insurer shall be entitled to submit any defence against the Contracting Authority's demand, which the Insured could submit unless differently specified in the suretyship insurance contract.
- 11.2. For the insurance indemnity to be paid, the Contracting Authority must provide the Insurer with the following documents or copies thereof:
 - 11.2.1. the requirement to be the insurance indemnity according to the Contract, which shall specify which terms of Contract had been violated by the Insured, and based on which provisions of Contract the insurance indemnity should be justifiably paid to the Contracting Authority according to the Contract;
 - 11.2.2. documents on the circumstances of the failing to perform the guaranteed obligation in part or in full, and the consequences.
 - 11.2.3. other documents supporting the amount of the direct damage incurred by the Contracting Authority.
- 11.3. If the Contracting Authority brings an action against the Insurer, the Insurer shall inform the Insured thereof in writing and require him to participate in the case.

12. Procedure of the determination, calculation and payment of loss and insurance indemnity

- 12.1. The amount of damage is determined and calculated, and the Insurer's benefit is paid on the basis of the procedure specified in the General Conditions of these Rules and according to the documents received from or submitted by the Contracting Authority, the Insured and the Insurer or from other individuals, institutions, companies or organizations about the circumstances and consequences of the event insured, as well as with regard to the legal norms governing the compensation for losses, and the terms and conditions of the suretyship insurance contract.
- 12.2. Maximum insurance indemnity may not exceed the sum insured.
- 12.3. Upon receipt of the demand to pay the insurance indemnity according to the first demand insurance letter issued to the Contracting Authority (if this kind of surety letter has been issued), the Insurer may refuse to pay only if the claim is based on a clear deception. In its demand to pay the Contracting Authority shall specify the terms of Contract/procurement documents violated by the Insured or the terms of Contract/procurement documents which were defaulted in part or in full by the Insured. The Insurer, having paid insurance indemnity according to the first demand surety letter, has the right to request in writing that the Contracting Authority provide documents demonstrating that the Insured has failed to perform his Contractual obligations in part or in full. If it appears that the insurance indemnity has been paid undue according to the Contracting Authority's demand, the Insurer has the right to contact the Contracting Authority and asked the indemnity be returned or apply to the court for legal redress. This paragraph does not apply for the non-first demand (normal) suretyship insurance letters.
- 12.4. If it is found that the Contracting Authority and/or third parties are also guilty for the losses to the Contracting Authority, then the insurance indemnity is reduced in proportion to the fault of the Contracting Authority and/or third parties where the Insured is not liable for the performance of the Contracting Authority's obligations according to the Contract or the provisions of legislation.
- 12.5. The Insurer shall have the right to postpone the decision on the payment or non-payment of insurance indemnity according to General Conditions of the Rules, and:



- 12.5.1. until the Contracting Authority provides the documents supporting the facts of the event insured, its circumstances, consequences, and the amount of loss;
- 12.5.2. until the end of the pre-trial investigation, legal proceedings related to the event insured.
- 12.6. Having paid the insurance indemnity to the Contracting Authority for the outstanding obligation of the Insured, the Insurer takes over the right of recourse on the amounts paid to the Insured. The Contracting Authority must provide the Insurer with all documents necessary to justify the right of recourse (redress).
- 12.7. After the Insurer has paid the insurance indemnity to the Contracting Authority outstanding obligation of the Insured for which the guarantee was given, the Insured undertakes to repay the amount of money equal to the paid insurance indemnity to the Insurer, according to non-contentious procedures, within 5 working days after the date of receipt of the first written demand of the Insurer.
- 12.8. If the Insured is late making payments to the Insurer, it shall pay 0.02% delay interest on the outstanding amount for each day of the delay. Payment of delay interest shall not relieve the insured from the obligation to repay the debt. In the case of the Insured's liquidation or reorganization, its obligations under the suretyship insurance contract shall pass to the successor of the Insured's rights and obligations.
- 12.9. After the Insurer has paid the insurance indemnity outstanding obligation of the Insured, the Insurer shall have the right to demand additional compensation from the Insured for all losses/costs associated with the surety (loss management).
- 12.10. If the event insured occurs and the parties to the suretyship insurance contract and the Contracting Authority disagree about the amount of insurance indemnity, then, at the Contracting Authority's request, the Insurer shall pay the amount equal to the undisputable insurance indemnity amount if the identification of the exact amount of loss lasts for more than 3 months.
- 12.11. In cases one part of the loss is compensated to the Customer by the Insured, the insurance indemnity may not be greater than the difference between the identified loss and the amount reimbursed by the Insured.
- 12.12. In the cases of the Insurer paying the insurance indemnity equal to part of the sum insured, the Insurer's obligation remains in force until the expiry of the suretyship insurance contract for the remaining part of the sum insured.

13. Cases of reduction and non-payment of insurance indemnity

- 13.1. Insurance indemnity may be reduced in the cases listed in the General Conditions of these Rules, and:
 - 13.1.1. if the Insured has partially compensated the Contracting Authority for losses. In this case, indemnity is reduced by the amount of money by which the Insured has reimbursed losses to the Contracting Authority;
 - 13.1.2. if the Insured fails to perform in part or in full at least one of his obligations under paragraphs 9.3.2 – 9.3.5 of the Rules;
 - 13.1.3. if the Insured or persons related to him did not take all reasonable measures to avoid or reduce losses;
 - 13.1.4. if the Contracting Authority fails to perform in part or in full at least one of his obligations under paragraphs 9.5.1, 9.5.4 and 9.5.5 of the Rules.
- 13.2. Insurance indemnity is not paid:
 - 13.2.1. if the Insured or persons related to him deliberately failed to take all reasonable measures to avoid or reduce losses;
 - 13.2.2. if the Contracting Authority has dropped its right of claim against the Insured;
 - 13.2.3. if the suretyship insurance contract was concluded after the event, which can be recognized as the event insured, or after event insured;
 - 13.2.4. if the Insured has fully compensated the Contracting Authority for the losses;
 - 13.2.5. in other cases specified in the suretyship insurance contract or in legislation.



General insurance conditions

Approved:

ADB "Gjensidige" during the meeting of the Board 29 of April, 2021.

Entered into force on 11 of May, 2021.

1. Definitions

- 1.1. **Policyholder** - the person who has approached the insurer for the conclusion of an insurance contract or to whom the insurer has proposed to conclude an insurance contract, or who has concluded an insurance contract with the insurer.
- 1.2. **Insurer** - ADB Gjensidige.
- 1.3. The lists of distributors of ADB Gjensidige insurance products are published at www.gjensidige.lt and www.lb.lt.
- 1.4. **Insured event** - an event defined in the insurance contract, upon the occurrence of which the insurer must pay the insurance indemnity.
- 1.5. **Insurance cover** - the insurer's obligation to pay an insurance indemnity upon the occurrence of an insured event.
- 1.6. **Insurance premium** - the amount of money specified in the insurance contract, which the policyholder shall pay to the insurer for the insurance cover in accordance with the procedure determined in the insurance contract.
- 1.7. **Insurance indemnity** - the amount of money that the insurer must pay the policyholder or another person entitled to the insurance indemnity upon occurrence of an insured event, or another indemnity form specified in the insurance contract.
- 1.8. **Insurance period** - the time period from the beginning to the end of the insurance cover, which does not necessarily coincide with the period of the insurance contract. Unless specified otherwise in the terms and conditions of the insurance contract, the insurance cover is considered to be valid only during the insurance period.
- 1.9. **The period of the insurance contract** - the period of validity of the insurance contract specified in the insurance policy, applicable under the proper and timely performance of the contractual obligations by the parties.
- 1.10. **Insurance policy** - the document issued by the insurer confirming the conclusion of the insurance contract.
- 1.11. **Insurance risk** - the probable danger to the object of insurance.
- 1.12. **Sum insured** - the amount of money specified in the insurance contract or calculated in accordance with the procedure determined in the insurance contract, which the insurance indemnity cannot exceed, except for the cases specified in the insurance contract.
- 1.13. **Insurance contract** - the written agreement between the insurer and the policyholder concluded on the basis of the terms and conditions of insurance type. In keeping with the contract, the policyholder shall undertake to pay the insurance premium specified therein. In keeping with the contract, the insurer shall undertake to pay an insurance indemnity upon the occurrence of an insured event. The insurance contract consists of:
 - insurance policy and its appendices;
 - insurance terms and conditions and (or) other provisions of insurance contract agreed upon in writing between the policyholder and the insurer (individual terms and conditions of the insurance contract);
 - application for the conclusion of an insurance contract if one was submitted.
- 1.14. **Insurance terms and conditions** - standard terms and conditions of the insurance contract prepared by the insurer and consisting of:
 - general insurance conditions;
 - conditions of insurance type;



- additional conditions of insurance type. The insurance contract is subject only to the additional conditions of insurance type specified in the insurance policy.

In case of discrepancies between the general insurance conditions and the conditions of insurance type, the conditions of insurance type shall prevail. In case of discrepancies between the additional conditions of insurance type and the general insurance conditions or the conditions of insurance type, the additional conditions of insurance type shall prevail.

The terms and conditions of the insurance are published on the website of the insurer www.gjensidige.lt. Also, its copy shall be presented to the policyholder upon concluding an insurance contract.

If certain cases are not discussed in these Insurance Terms and Conditions, the laws of the Republic of Lithuania shall apply.

- 1.15. **Insurance value** - the value of the insured property or property risk value.
- 1.16. **Deductible** - a fixed amount of money or an amount expressed in percentage or otherwise specified in the insurance contract, by which the insurance indemnity to be paid upon occurrence of an insured event is reduced (the policyholder shall contribute this amount to the compensation of losses himself).
- 1.17. **Unconditional deductible** - an amount of money by which the insurer reduces the indemnity to be paid upon occurrence of any insured event. Unless specified otherwise in the insurance contract, the deductible shall be deemed to be unconditional.
- 1.18. **Conditional deductible** - the share of the loss expressed in the amount of money that the policyholder shall cover in case the loss incurred does not exceed the amount of deductible. In case the loss exceeds the amount of deductible, the indemnity shall be paid without deducting the deductible.
- 1.19. **Beneficiary** - the person specified in the insurance contract or the person assigned by the policyholder or, in certain cases specified in the insurance contract, by the insured entitled to receive insurance indemnity.
- 1.20. **Non-insured event** - an event defined in the insurance contract or by law upon occurrence of which the insurer shall not pay the insurance indemnity.

2. Concluding the insurance contract

- 2.1. The insurance contract is concluded upon agreement between the insurer and the policyholder.
- 2.2. If the terms and conditions of insurance type do not specify otherwise, the policyholder is entitled to conclude the insurance contract in regard to the financial interests of himself or of another person specified in the insurance policy. Such person becomes the insured. The terms and conditions of the insurance contract that apply to the policyholder also apply to the insured except for the obligation to pay insurance premium.
- 2.3. The policyholder shall submit to the insurer a written application for the conclusion of an insurance contract or shall otherwise express his will to conclude it (on internet, by phone, by e-mail, in customer service office).
- 2.4. The policyholder is responsible for the accuracy of the data provided in the application for the conclusion of the insurance contract.
- 2.5. The conclusion of the insurance contract is confirmed by the insurance policy issued by the insurer. Until the insurance premium or the first instalment of it is paid, the insurance policy shall be considered as insurance proposal, unless the insurance contract provides for the deferment period of the insurance premium or the first instalment of it.
- 2.6. The Insurer processes data of the object of insurance when assessing insurance risk. Depending on the object of insurance such data may be obtained from entities such as the Real Property Register of the State Enterprise Centre of Registers, State Enterprise Regitra or the Motor Insurers' Bureau of the Republic of Lithuania. More information is provided in the Principles of Personal Data Processing that can be found on the website of the insurer www.gjensidige.lt.
- 2.7. A different procedure for conclusion of the insurance contract may be defined by the conditions of insurance type.

3. Validity and amendment of the insurance contract

- 3.1. The insurance contract is made for the period agreed upon by the parties and specified in the insurance policy.
- 3.2. The insurance contract comes into effect from 00:00 (Lithuania time) of the day specified in the insurance policy, unless a different time is specified in the insurance contract, but not before the full insurance premium or the first instalment thereof is paid, unless the insurance contract provides for the deferment period of the insurance premium or the first instalment thereof:



- 3.2.1. If the insurance premium (or the first instalment thereof in case the premium is paid in instalments) is paid prior to the commencement of the insurance contract specified in the insurance contract, the insurance contract comes into effect and the insurance cover applies from the commencement of the insurance contract specified in the insurance contract;
- 3.2.2. If the insurance premium (or the first instalment thereof in case the premium is paid in instalments) is not paid prior to the commencement of the insurance contract specified in the insurance contract but the payment is delayed less than 30 calendar days, the insurance contract comes into effect but the insurance cover applies from 00:00 of the day following the day of the payment; the period of the insurance contract shall not be prolonged in such case;
- 3.2.3. If the insurance premium (or the first instalment thereof in case the premium is paid in instalments) is not paid prior to the commencement of the insurance contract specified in the insurance contract and the payment is delayed 30 calendar days or more, the insurance contract does not come into effect, and the insurance cover does not apply, and the late payment of the insurance premium shall be returned to the policyholder;
- 3.2.4. If the insurance premium (or the first instalment thereof in case the premium is paid in instalments) is paid only partially, the insurance contract does not come into effect and the insurer shall not provide the insurance cover, unless specified otherwise in the written insurance contract.
- 3.2.5. If the insurance contract provides for the deferment period of the insurance premium or the first instalment thereof, the commencement of the insurance contract is not linked to the payment of the premium and the insurance contract comes into effect and the insurance cover applies from the commencement of the insurance contract specified in the insurance contract. If the policyholder fails to pay the deferred insurance premium (or the first instalment thereof in case the premium is paid in instalments) within the time specified in the contract, standard consequences of non-payment of the insurance premium shall apply as specified in clauses 4.6-4.7 of these General Insurance Conditions.
- 3.3. If the insurance contract is concluded by means of communication (clause 7.3.2 of these General Insurance Conditions), the commencement of the contract is set at 14 days from the conclusion except for the cases when the policyholder indicates an earlier date. If the policyholder indicates an earlier date for the commencement of the contract, the insurance cover shall be deemed to apply from the date indicated by the policyholder (before the cancellation term applicable to the contracts made by means of communication expires) but not before the full agreed insurance premium or the first instalment thereof is paid.
- 3.4. The insurance contract may be amended only by a written agreement between the insurer and the policyholder, except for the cases specified therein.

4. Insurance premium and its payment procedure

- 4.1. The amount of the insurance premium is calculated by the insurer, taking into consideration the information provided by the policyholder, the object of insurance, the sum insured, the insurance risk, other conditions specified in the insurance contract and other relevant information.
- 4.2. Insurance premiums may be paid by bank transfer, in cash, using electronic banking or the network of insurer's partners. It is possible to pay insurance premiums in cash or by payment card only in some branches indicated by the insurer. The policyholder is responsible for ensuring that the insurance premium he pays reaches the bank account of the insurer on time and that all details identifying the payer and the insurance contract are provided in the payment documents as requested by the insurer.
- 4.3. The actual date of payment of the insurance premium is the day when the insurance premium is credited to the bank account specified by the insurer or the insurance intermediary authorized by the insurer or paid in cash and meets the requirements of clause 4.2 of these General Insurance Conditions; otherwise it is the day when the insurer identifies the received insurance premium.
- 4.4. Other persons may pay insurance premiums for the policyholder without acquiring any rights to the insurance contract and the insurance premiums paid.
If the policyholder terminates the insurance contract prior to its termination date or a refundable balance of the insurance premium appears on other basis, it shall be refunded to the policyholder in spite of who has paid the insurance premium or the instalment thereof, except for the special cases specified in the insurance contract or separately agreed upon by the policyholder and the insurer in written.
- 4.5. If the insurance premium or the instalment thereof is not paid on time, the insurer is entitled to charge interest at the rate of 0.02% of the unpaid amount for every day delayed.



- 4.6. If the policyholder does not pay the insurance premium or the instalment thereof within the time specified in the insurance contract (except for the cases when commencement of the insurance contract is linked to the payment of the insurance premium or the instalment thereof), the insurer must inform the policyholder about this in written notifying that the insurance contract will be terminated if the policyholder does not pay the insurance premium or the instalment thereof within 30 days from the day when the notification was sent to the policyholder. The procedure for providing information is specified in clause 13 of these General Insurance Conditions.
- 4.7. In case the insurance premium was paid partially and a refundable balance appears when the contract is terminated due to the failure of payment of the premium, the amounts of money specified in clause 8.3 of these General Insurance Conditions shall be deducted from the refundable balance.

5. Rights and responsibilities of the policyholder and the insurer

5.1. Rights of the policyholder:

- 5.1.1. to get acquainted with the insurance terms and conditions and receive the copy thereof;
- 5.1.2. in the event of an insured event, to demand that the insurer pay the insurance indemnity in accordance with the procedure established by law and (or) the insurance contract;
- 5.1.3. to receive information about the investigation of the insured event;
- 5.1.4. to terminate the insurance contract in accordance with the procedure specified therein;
- 5.1.5. to demand the amendment of the terms and conditions of the insurance contract or reduction of the insurance premium if the insurance risk decreases, and, if the insurer refuses to amend the terms and conditions of the insurance contract or to reduce the insurance premium, to go to court for the termination or amendment of the insurance contract due to fundamental changes in the circumstances or to terminate the insurance contract in accordance with the procedure specified therein.

5.2. Responsibilities of the policyholder:

- 5.2.1. to submit the written application for the conclusion of an insurance contract and to provide other documents specified therein before concluding the insurance contract. The written application for the conclusion of an insurance contract must be submitted if it is required by the conditions of insurance type.
- 5.2.2. to provide the insurer with all the information known about circumstances that might have fundamental impact on the probability of occurrence of an insured event or on the extent of probable loss in case of such event (on the insurance risk). Fundamental circumstances about which the policyholder must inform the insurer before concluding the insurance contract:
 - 5.2.2.1. the information provided in the written application for the conclusion of an insurance contract (if such application is required by the terms and conditions of insurance type);
 - 5.2.2.2. the information requested by the insurer in written;
 - 5.2.2.3. the information requested by the insurer when the insurance contract is concluded on internet or by phone;
 - 5.2.2.4. the information about other insurance contracts under which the object of insurance is insured against the same risks;
 - 5.2.2.5. in addition to the circumstances mentioned above, the conditions of insurance type might define other circumstances that might have fundamental impact on risk assessment;
- 5.2.3. to inform the insured, the beneficiary and (or) the payer about the insurance contract to be concluded and (or) the insurance contract concluded; to acquaint the insured and (or) the beneficiary with the terms and conditions of the insurance contract and their amendments; to ensure that the insured and (or) the beneficiaries do not object to their appointment as the insured and (or) beneficiary throughout the period of the insurance contract. to inform the insured, the beneficiary and (or) the payer that their personal data has been provided to the insurer for the purpose of concluding the insurance contract, and to acquaint them with the ADB Gjensidige policies of processing personal data;
- 5.2.4. to pay insurance premiums within the terms specified in the insurance contract; when making the payment, to provide in the payment documents all details identifying the payer and the insurance contract as requested by the insurer;
- 5.2.5. to follow the insurer's instructions in order to reduce the risk and to comply with the security measures specified in the conditions of insurance type, additional conditions or in the insurance contract; also, to follow the insurer's instructions given throughout the period of the insurance contract;



- 5.2.6. to inform the insurer immediately about the increase in risk or other cases when the circumstances specified in the insurance contract changes fundamentally; the increase in risk and other cases that fundamentally change the circumstances specified in the insurance contract are defined in the conditions of insurance type, additional conditions or in the insurance contract;
 - 5.2.7. upon the occurrence of an insured event or upon the occurrence of circumstances that cause actual risk of the occurrence of an insured event, to register the event on the insurer's website www.gjensidige.lt, on self-service or by phone (1626) and to exercise the responsibilities specified in the conditions of insurance type, additional conditions or in the insurance contract; also, to follow the instructions given by the insurer upon the registration of the event.
- 5.3. Rights of the insurer:**
- 5.3.1. before concluding the insurance contract, the insurer is entitled (but is not obliged) to inspect or to assess the object of insurance and, if necessary, to appoint experts to assess the insurance risk at its own expense. Assessments performed by the insurer, any written report thereof, opinion expressed orally or in written shall be considered only insurance risk assessment and may not be used by the policyholder as the proof that the object of insurance is safe, does not cause danger to the environment, complies with the laws and regulations, engineering, industry standards or other requirements;
 - 5.3.2. if the interest of the insurance is linked to the health of a natural person, the insurer is entitled to require the policyholder to provide documents confirming the age, health status, profession of the policyholder (the insured) and other circumstances affecting the insurance risk;
 - 5.3.3. to refuse to conclude the insurance contract without indicating the reason;
 - 5.3.4. to demand the amendment of the terms and conditions of the insurance contract or recalculation of the insurance premium if the insurance risk increases or other fundamental circumstances of the insurance contract changes; and, if the policyholder refuses to amend the terms and conditions of the insurance contract or to pay an increased insurance premium, to go to court for the termination or amendment of the insurance contract due to fundamental changes in the circumstances of the contract;
 - 5.3.5. in case the policyholder fails to inform the insurer about the increase in insurance risk or about the fundamental changes in the circumstances of the insurance contract, the insurer is entitled to demand termination of the contract and compensation of losses to the extent that exceeds the premiums received; the cases of the increase in insurance risk are defined in the conditions of insurance type, additional conditions and other documents constituting insurance contract.
 - 5.3.6. to terminate the insurance contract in accordance with the procedure established by law and terms and conditions of insurance;
 - 5.3.7. to apply fee for issuing a duplicate of the insurance policy.
- 5.4. Responsibilities of the insurer:**
- 5.4.1. to pay insurance indemnity only after assuring that the insured event has actually occurred;
 - 5.4.2. to amend conditions of the insurance contract and to recalculate insurance premium if the insurance risk decreases due to fundamental changes in circumstances during the period of the contract;
 - 5.4.3. if the insurance contract is terminated, to refund the insurance premium paid for the remaining period of the insurance contract, except for the cases specified in the terms and conditions of insurance when unused part of the premium is not refunded.
- 5.5. Additional rights and responsibilities of the parties may be specified in the conditions of insurance type, additional conditions and in the insurance contract.

6. The procedure of paying insurance indemnity

- 6.1. Insurance indemnities for insured events shall be paid within the limits of insurance cover as agreed upon in the conditions of insurance type.
- 6.2. The insurance cover shall apply for all insured events occurred within the period of insurance contract. If the insurance contract provides for the application of insurance cover to the insured events that have occurred before the insurance contract has come into effect, such condition shall apply if the parties of the insurance contract were not aware, were not obliged to be aware and could not be aware of the insured event that occurred before the insurance contract came into effect.



- 6.3. The policyholder, the insured and (or) the injured third party must provide the insurer with all the documents and information on the causes and consequences of the event that may be recognized as insured event necessary to assess the amount of insurance indemnity, as well as all the documents and information confirming certainty of the insured event, persons liable and extent of damage.
- 6.4. The terms of paying insurance indemnity:
 - 6.4.1. insurance indemnity shall be paid within 30 days from the day when the insurer receives all the documented information relevant and essential to assess the fact of the event, its circumstances, consequences and to calculate the amount of insurance indemnity;
 - 6.4.2. if, as a result of the event that may be recognized as insured event, the policyholder, the insured or the beneficiary is sued in civil action, criminal proceedings are instituted, legal proceedings are initiated against him or her, a pre-trial or other mandatory investigation by a state institution is carried out, the insurer is entitled to defer the payment of insurance indemnity until the end of pre-trial investigation or until the end of other mandatory investigation by a state institution and (or) until the court decision comes into effect or until the suspension or termination of the case;
 - 6.4.3. if the insurance indemnity is not paid, the insurer shall inform the policyholder (the beneficiary or the injured third party) in written about the progress of the investigation of the insured event every 30 days from the day when the notification about the insured event was received, except for the cases when documents or information are missing only from the policyholder (the beneficiary or the injured third party) and the policyholder (the beneficiary or the injured third party) is already informed about the documents or information that must be provided for the investigation of the insured event;
 - 6.4.4. if the event is recognized as insured event, but the policyholder and the insurer do not agree on the amount of the insurance indemnity, and the assessment of the exact extent of damage continues for more than 3 months, upon the request of the policyholder, the insurer must pay the amount equal to the undisputed insurance indemnity.
- 6.5. The insurance indemnity shall be paid by bank transfer to the current account.
- 6.6. If the insured is a minor, the insurance indemnity shall be paid:
 - 6.6.1. to his personal bank account, if the minor has it and its number is provided to the insurer;
 - 6.6.2. if the minor is under fourteen years old and does not have a personal bank account, insurance indemnity shall be paid to the bank account of one of his parents or guardians upon receipt of a request of one of the parents or guardians and written agreement of the other parent or guardian;
 - 6.6.3. if the minor is between fourteen and eighteen years old and does not have a personal bank account, insurance indemnity shall be paid to the bank account of one of his parents or guardians upon receipt of the written agreement of the minor.
- 6.7. When paying the insurance indemnity to the policyholders who are entitled to claim for a tax refund in accordance with the procedure determined by law in order to restore the object of insurance to the previous condition, the insurer shall reduce the insurance indemnity by the amount corresponding to the possible tax refund. In such case, when calculating insurance indemnity, the amount of tax is deducted first and then the deductible.
- 6.8. The exemption from paying insurance indemnity:
 - 6.8.1. the insurer shall be exempt from paying the insurance indemnity if the insured event occurred due to the intention of the policyholder, the insured or the beneficiary, except for the cases specified by legal acts;
 - 6.8.2. the insurance indemnity shall not be paid if the claim for payment is based on fraud, i.e. if the policyholder, the persons related to him, the insured or the beneficiary have tried to mislead the insurer by falsifying the facts, providing incorrect data, unlawfully increasing the amount of loss;
 - 6.8.3. legal acts may provide for additional cases for exemption from paying insurance indemnity.
- 6.9. The insurer is entitled to reduce the insurance indemnity or to refuse to pay it if the policyholder, the insured and the beneficiary, or anyone of them:
 - 6.9.1. do not inform the insurer properly, provide incorrect or incomplete information on the insured event;
 - 6.9.2. do not take measures to prevent occurrence of damage or to reduce its extent;
 - 6.9.3. do not comply with the terms and conditions of the insurance contract or with the reasonable requirements of the insurer related to the reduction of insurance risk;
 - 6.9.4. do not provide the insurer with an opportunity to properly assess the amount and (or) causes of losses;
 - 6.9.5. do not take measures to enable the recovery of compensation for the damage from the person who has caused it, or act in a way that impedes the insurer to exercise the right of this claim (subrogation);



- 6.10. If, upon occurrence of the insured event, the policyholder fails to provide information on fundamental circumstances due to negligence, the insurer must pay a part of the insurance indemnity that would be paid to the policyholder under proper performance of his obligations in proportion to the ratio between the agreed insurance premium and the insurance premium that would have been calculated knowing the missing information.
- 6.11. Deduction of insurance premium:
- 6.11.1. the insurer is entitled (but is not obliged) to deduct from the insurance indemnity an unpaid insurance premium corresponding to any insurance contract concluded if the term of the payment has passed; also, other amounts that have not been paid on time; if no deduction is made, the policyholder remains obliged to pay the determined insurance premiums and other arrears;
- 6.11.2. if the insurance contract terminates upon the payment of the insurance indemnity, all the unpaid insurance premiums corresponding to this insurance contract shall be deducted from the insurance indemnity.
- 6.12. If the same object is insured under several insurance contracts with different insurers (double insurance) and the sum insured exceed the insurance value, the insurance indemnity shall be paid in proportion to ratio of the sums insured under all insurance contracts.
- 6.13. If, after paying the insurance indemnity or part thereof, it turns out that according to the conditions established in the insurance contract the indemnity should not have been paid or should have been lower, upon the written request by the insurer, the policyholder must refund him the insurance indemnity or the amount overpaid within 30 calendar days, except for the cases determined by law. The same obligation applies to the insured or the beneficiary.
- 6.14. The insurer shall not provide insurance cover and shall not pay insurance indemnity if the provision of insurance cover and payment of insurance indemnity is subject to United Nations, European Union or other international trade, economic or other sanctions, prohibitions, restrictions and other laws and regulations applicable to the insurer.

7. Termination of the insurance contract

- 7.1. The period of the insurance contract terminates at 24:00 (Lithuania time) of the day indicated in the insurance contract (policy) unless different time is indicated in the insurance contract (policy). Towards the expiration of the insurance contract, within reasonable time limit, the insurer is entitled to remind the policyholder about the expiration of the insurance contract and to propose to prolong the insurance cover by sending an insurance proposal of the same insurance type for a new period. The insurance proposal shall specify the sums insured, premiums and other conditions applicable. It should also specify how the policyholder can express his will in regard to accepting the proposal. The policyholder who does not wish to receive the reminder about the expiring insurance contract may submit his refusal to the insurer by phone 1626.
- 7.2. **The insurance contract shall terminate prior to the expiration date:**
- 7.2.1. if the probability of the insured event or the insurance risk has disappeared due to reasons unrelated to the insured event;
- 7.2.2. if the insurer pays all indemnities corresponding to the sum insured for the entire period of insurance contract as determined by the insurance contract;
- 7.2.3. if the object of insurance is completely destroyed (as specified in the conditions of insurance type);
- 7.2.4. if the policyholder (legal entity) is liquidated and there is no successor of his rights and responsibilities;
- 7.2.5. if the owner of the insured property changes, unless the parties of the insurance contract and the new property owner agree otherwise in writing or when the policyholder becomes the new owner himself (e.g. the policyholder redeems the property by leasing or otherwise). On the basis specified in this section the insurance contract is terminated the next working day after the policyholder is informed about the corresponding changes;
- 7.2.6. if the policyholder does not pay insurance premium or the instalment thereof after the notification from the insurer (clause 4.6 of these General Insurance Conditions);
- 7.2.7. if there are other grounds for termination of the contract or the obligations determined by law or the insurance contract.



- 7.3. Termination or withdrawal of the insurance contract at the initiative of the policyholder:**
- 7.3.1. the policyholder is entitled to terminate the insurance contract for any reason by notifying the insurer in written at least 15 days prior to the desired date of termination;
 - 7.3.2. the policyholder who is a natural person and has concluded insurance contract for purposes that are not related to business, trade, craft, or profession remotely, only by the means of communication (on internet, by phone, by email), or in another way without physically meeting the insurer is entitled to withdraw from such insurance contract within 14 calendar days after concluding the contract, except for:
 - 7.3.2.1. insurance contracts with the period thereof shorter than one month;
 - 7.3.2.2. insurance contracts that, upon the request of the client, have been exercised completely by both parties (i.e. the insurer has provided the insurance cover and the policyholder has paid the insurance premium) before the end of the 14 days term from the date of the conclusion of the insurance contract;
 - 7.3.3. the policyholder is entitled to terminate the insurance contract in other cases and in accordance with the procedure determined by other legal acts, or by the insurance contract.
- 7.4. Termination of the insurance contract at the initiative of the insurer:**
- 7.4.1. if, after concluding the insurance contract, it turns out that the policyholder or the insured has provided the insurer or his representative with the knowingly false information on fundamental circumstances, the insurer is entitled to declare the insurance contract invalid, unless the circumstances concealed disappeared before the occurrence of the insured event or did not affect it;
 - 7.4.2. if the policyholder or the insured have failed to provide information on fundamental circumstances due to negligence, within two months after the revelation of such circumstances the insurer is entitled to propose to the policyholder to amend the insurance contract. If the policyholder refuses to amend the contract or does not respond to the proposal of the insurer within one month, the insurer is entitled to demand termination of the insurance contract;
 - 7.4.3. if the insurer knowing the circumstances, about which the policyholder failed to inform due to negligence, would not have concluded the insurance contract, the insurer is entitled to terminate the insurance contract within two months from the revelation of the fact that the policyholder has failed to provide necessary information due to negligence;
 - 7.4.4. the terms and conditions of insurance type may provide for additional cases when the insurance contract may be terminated at the initiative of the insurer or may expire.

8. Settlement procedure upon termination of the insurance contract

- 8.1. If the insurance contract is terminated or expires before the end of its period, the insurer is entitled to the part of the premium for the term of validity of the insurance contract.
- 8.2. If the insurance contract expires or is terminated in accordance with clauses 7.3.2-7.3.3, 7.5.1 of these General Insurance Conditions, the remained part of insurance premium is not refunded to the policyholder.
- 8.3. If the insurance contract expires or is terminated at the initiative of the policyholder or in accordance with clauses 7.3.4-7.3.7, 5.1.2 or 8.4.2 of these General Insurance Conditions, the insurer shall deduct from the refundable part of the premium the expenses of conclusion and exercise of the contract (20% of the premium for the unused part of insurance period no longer than one year but not less than 14 EUR); if it is impossible to deduct the expenses of conclusion and exercise of the contract from the part of the premium paid by the policyholder (the amount paid is insufficient), such expenses shall be covered by the policyholder. The fees to be paid or refunded are revised not sooner than the next day after the insurer is informed about the circumstances that form the basis for termination or expiration of the insurance contract.
- 8.4. In case the policyholder withdraws from the insurance contract concluded by means of communication (clause 7.3.2 of these General Insurance Conditions) within 14 days from the conclusion of the insurance contract:
 - 8.4.1. if the insurance cover has not been provided, the full paid insurance premium shall be refunded without deducting administrative costs;
 - 8.4.2. if the insurance cover has been provided, the unused premium is refunded after deducting the part of the premium that corresponds to the period when the insurance cover was valid.
- 8.5. If the policyholder had not paid all the insurance premiums agreed before the termination or expiration of the insurance contract, upon the termination or expiration of the insurance contract he must pay the part of insurance premium corresponding to the insurance cover provided until the termination or expiration of the insurance contract.



- 8.6. The refundable insurance premium or the part thereof shall be transferred to the current account indicated by the policyholder within 14 working days from the receipt of written request by the policyholder but not before the termination or expiration of the insurance contract.

9. Terms and conditions for the insurance contract longer than one year

- 9.1. If the period of the insurance contract is longer than one year, at the end of each current insurance year, the insurer is entitled to:
- 9.1.1. determine different sums insured, insurance premiums and deductible for the next year (e.g. in order to avoid incomplete insurance, due to inflation, amendments of law or reinsurance conditions, loss history, etc.);
 - 9.1.2. apply new edition of insurance terms and conditions for the next year.
- 9.2. The new terms and conditions of the insurance contract shall come into effect from the beginning of the next insurance year only if both of the following conditions are met:
- 9.2.1. the insurer has submitted to the policyholder (and, if applicable, to the beneficiary) the written proposal for the amendment of the terms and conditions of the insurance not later than 1 month before the end of the current insurance year, and
 - 9.2.2. the policyholder and (or) the beneficiary have not notified the insurer in written about the disagreement to the amendment of the terms and conditions of the insurance before the end of the current insurance year.
- 9.3. If the policyholder and (or) the beneficiary disagree with the amendments of the terms and conditions of the insurance proposed by the insurer and notify the insurer about this in written before the end of the current insurance year, the insurance contract shall terminate at the end of the current insurance year and all the insurance premium paid for the remaining period of the insurance contract shall be refunded to the policyholder without deducting the expenses of the conclusion and exercise of the insurance contract.
- 9.4. If the insurer does not submit the proposal to amend the terms and conditions of the insurance, the insurance contract remains valid for the next year under the same terms and conditions and the same premium must be paid at the same terms as the previous year.

10. The responsibility of data protection

- 10.1. The insurer shall protect the information received about the policyholder, the insured or the beneficiary and shall not disclose it to third persons, except for the cases specified by legal acts.
- 10.2. Information about the policyholder, the insured and the beneficiary may be revealed:
- 10.2.1. to courts, law enforcement, supervisory, dispute resolution and other institutions in cases specified by law;
 - 10.2.2. to reinsurers and to the companies of the insurer's shareholder group;
 - 10.2.3. to the experts, representatives, consultants and other entities hired by the insurer and providing services to the insurer;
 - 10.2.4. upon receipt of a written request or approval by the policyholder, to the insured or the beneficiary;
 - 10.2.5. in other cases specified by legal acts.

11. Transfer of rights and responsibilities determined by the insurance contract

- 11.1. The insurer is entitled to transfer the rights and responsibilities arising from the insurance contract to other insurers in accordance with the procedure determined by law. The insurer must notify about the intention to transfer the rights and responsibilities arising from the insurance contract in accordance with the procedure determined by law.
- 11.2. The policyholder is not entitled to transfer his rights and responsibilities arising from the insurance contract without written approval of the insurer.



12. Procedure for resolving disputes between the policyholder and the insurer

- 12.1. Complaints regarding the activities of the insurer or the distributor of insurance products can be submitted to ADB Gjensidige by e-mail info@gjensidige.lt or by post to the insurer's registered office address Žalgirio 90, Vilnius.
- 12.2. Detailed information on the procedure for submitting complaints and resolving disputes, including complaints regarding the activities of the distributor of insurance products, is published on the insurer's website www.gjensidige.lt.
- 12.3. Disputes arising from the insurance contract shall be resolved by negotiations. If the parties do not reach an agreement, the dispute shall be resolved out of court at the Bank of Lithuania, Totorių 4, LT-01103 Vilnius (for more information visit www.lb.lt) or in the competent court of the Republic of Lithuania.
- 12.4. Insurance contracts are subject to the law of the Republic of Lithuania, unless the parties have agreed otherwise in the insurance contract (individual insurance contract or insurance policy).

13. Procedure for providing information to the other party of the contract

- 13.1. Any notification that must be submitted by one party of the insurance contract (as well as by the insured and the beneficiary) to the other party must be submitted in written.
- 13.2. Notifications sent to the other party by ordinary mail, by e-mail or by courier to the addresses specified in the insurance contract or submitted on the insurer's self-service website shall be deemed to be presented properly.
- 13.3. It shall be considered that the proper day of presenting the notifications is:
 - 13.3.1. the next working day after sending the notification by e-mail;
 - 13.3.2. if the notification is sent by post:
 - a) the notification sent by ordinary mail shall be considered as submitted after a reasonable time from the day it has been sent;
 - b) the date of the receipt of the notification sent by registered mail is indicated on the official stamp of the post office;
 - c) the date of the receipt of the notification sent by courier is considered to be the day of its delivery to the addressee;
 - 13.3.3. the next working day after submitting the notification on the self-service website of the insurer;
- 13.4. The parties of the insurance contract must inform each other about the changed address or other contact details within 15 days from the day such data has changed. The policyholder may provide the insurer with the information about the changed contact details by telephone (1626), on the self-service website of the insurer, or by other means specified in clause 13.3 of these General Insurance Conditions.

14. Protection of personal data

- 14.1. The insurer in performance of the contract acts as a controller of the data and processes personal data in accordance with the General Data Protection Regulation (hereinafter referred to as GDPR), the Law on Legal Protection of Personal Data of the Republic of Lithuania and other legal acts that regulate protection of personal data.
- 14.2. The insurer shall process personal data only for predefined purposes in order to be able to conclude and exercise insurance contract and to exercise actions related to it: to identify the party of the insurance contract, to acquire information about the property insured, to assess and control insurance risk, to prepare insurance proposal and draw insurance contract, to assess the extent of the damage, to administer insured events, as well as operations of insurance premiums and insurance indemnities (including invoicing and debt recovery), to contact the policyholder in regard to the exercise of the contract or to remind about the ending insurance contract.



- 14.3. The insurer in compliance with the legal acts applicable is entitled to process personal data not only of the policyholder but also of other parties involved. Depending on the specifics of insurance product and particular situation the insurer shall process personal data of the beneficiaries, the insured, the payers and other persons involved in the exercise of the insurance contract.
- 14.4. As a controller of the data, the insurer is entitled to use services of data administrators that process personal data on behalf of the insurer.
- 14.5. The insurer shall process personal data only when: it is necessary for the conclusion of the insurance contract and/or for the exercise of the insurance contract that has already been concluded; the insurer must process personal data as he is obligated so by legal acts; approval to process personal data is granted; personal data has to be processed for legal interests of the insurer or a third party.
- 14.6. Persons whose personal data is processed by the insurer (hereinafter referred to as the data entities) have following rights: to familiarize with the personal data processed by the insurer; to request to correct their data that is incorrect or inaccurate; to delete personal data that is processed illegally; to request the insurer to restrict the processing of the personal data; to request the insurer to transmit the data processed; to object to the processing of personal data; to cancel direct marketing authorizations at any time; to submit a claim to the supervisory authority.
- 14.7. The insurer shall review the request of the data entity and give a response within one month from the receipt of the request. This period may be prolonged by two more months taking into consideration the complexity and number of requests.
- 14.8. The Insurer has appointed a data protection officer, whose contact e-mail address is dpo@gjensidige.lt.
- 14.9. Detailed information on how the insurer processes personal data and on procedure for the exercise of the rights of the data entities is provided in the Principles of Personal Data Processing on Insurer's website www.gjensidige.lt.