

PERFORMANCE BOND INSURANCE

Terms and Conditions No. 15.L1

Effective as of 01.05.2021

BTA Baltic Insurance Company AAS shall conclude Performance Bond Insurance Contracts pursuant to these Terms and Conditions.

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1. DEFINITIONS OF TERMS, USED IN THESE TERMS AND CONDITIONS

Beneficiary – person, indicated in the Insurance Contract and to which Insurance Indemnity or a part of it shall be payable in cases defined in the Insurance Contract.

BTA – BTA Insurance Company AAS, the Insurer in terms of the Insurance Contract Law.

Contract – a contract or agreement, and any amendments thereto, for accomplishment of work, provision of services, supply of goods, or performance of similar commitments, entered into by the Policyholder and the Insured, wherefrom the Policyholder's obligations arising towards the Insured are covered by the Insurance Contract.

Insurable interest – the interest of the Insured not to incur losses upon occurrence of the insured risk.

Insurance Application – a document of a certain form, defined by BTA, or any other information, which the Policyholder submits to BTA in order to indicate the insurance object, facts and circumstances required for signing an Insurance Contract.

The information provided in the Insurance Contract regarding the insurance object, the Policyholder, the Insured and the Beneficiary, shall be considered as submitted by the Policyholder.

Insurance Contract – an agreement between BTA and the Policyholder according to which the Policyholder undertakes to pay Insurance Premium in the manner, time and to the amount specified in the Insurance Contract, as well as to fulfil all the other obligations under the Insurance Contract; in turn, BTA assumes liability to fulfil its obligations upon occurrence of an Insured Event to pay Insurance Indemnity in compliance with the provisions of the Insurance Contract. The constituent parts of the Insurance Contract are these Terms and Conditions, the Insurance Policy, annexes to the Insurance Policy, as well as all confirmations, letters of guarantee and any documents of other form, issued by BTA in accordance with the terms of the Tender documentation or the Contract.

Insurance Indemnity – the amount to be paid for an Insured Event.

Insurance Period – the period of time for which Insurance Premium is paid in accordance with the Insurance Contract and during which insurance is in effect.

Insurance Policy – confirmation of the fact of insurance contract conclusion, which includes the terms and conditions of the insurance contract which the Policyholder and BTA have agreed upon, as well as the information provided by the Policyholder about the insurance object, the Policyholder, the Insured and the Beneficiary. Absence of parties' signatures on the Insurance Policy shall not affect the validity of the Insurance Contract.

Insurance Premium – payment for the insurance specified in the Insurance Contract.

Insured – a person towards whom obligations, insured by the concluded Insurance Contract, of the Policyholder arise under the Tender documentation or Contract.

Insured Event – an event related through causal relationship to the insured risk, upon occurrence of which payment of the Insurance Indemnity is provided for in accordance with the concluded Insurance Contract.

Insured Risk – an event specified in the Insurance Contract, the occurrence of which is possible in the future beyond the will of the Insured.

Policyholder – a bidder in a Tender or a Contractual party that enters into an Insurance Contract regarding insurance of the obligations ensuing from the Tender documentation or Contract.

Sum Insured – limit of BTA's liability in pecuniary terms, defined in the Insurance Contract.

Tender – any procurement procedure provided for by the Public Procurement Law, the Law on Procurement for Public Service Providers, the Law on Procurement for Defence and Security Sector or legislative acts substituting these laws, or a procedure organised by a private person not being a subject to the said laws, according to which he or she as the principal chooses the contractor and grants the right to conclude a contract.

2. INSURANCE OBJECT

2.1. The Insurance Object is performance of the liabilities defined in Policyholder's Tender documentation or the Contract.

3. INSURANCE COVER: TAKING EFFECT AND VALIDITY

3.1. Insurance comes into force at 00.00 hrs. of the first day of the Insurance Period specified in the Insurance Contract provided that the Policyholder has paid Insurance Premium to BTA in full within the term specified in the Insurance Contract.

3.2. Tender bond insurance is valid until 24.00 hrs. of the last day of the term, defined in the Tender documentation or the effective regulatory enactments applicable to the Tender, for conclusion of a procurement contract or for submitting a contract on security (after procurement contract conclusion), but no longer than 24.00 hrs. of the last day of the Insurance Period specified in the Insurance Contract.

3.3. Advance payment bond insurance is valid till 24.00 hrs. of the date specified in the Contract, until which the Policyholder is obliged to perform a certain volume of commitments in the amount of the received advance payment or refund a part of the received advance payment in the scope of the unfulfilled commitments, but no longer than until 24.00 hrs. of the last day of the Insurance Period specified in the Insurance Contract.

3.4. Performance bond insurance is valid till 24.00 hrs. of the date specified in the Contract, by which the Policyholder shall fully complete all commitments stated in the Contract, but no longer than until 24.00 hrs. of the last day of the Insurance Period specified in the Insurance Contract.

3.5. Maintenance bond insurance is valid till 24.00 hrs. of the last day of the maintenance period stated in the Contract, but no longer than until 24.00 hrs. of the last day of the Insurance Period specified in the Insurance Contract.

4. SUM INSURED

4.1. The Sum Insured is determined upon agreement between the Policyholder and BTA, and is specified in the Insurance Contract.

4.2. If Insurance Indemnity has been disbursed under the Insurance Contract, but the Policyholder has not paid to BTA the compensation pursuant to Articles 10.1.6, 10.1.7 and 10.1.8 of these Terms and Conditions, then the Insurance Contract shall be in effect until its expiry date for a Sum Insured, obtained as a difference between the original Sum Insured and the Insurance Indemnities disbursed.

4.3. If the Insurance Contract states that it has been concluded in accordance with the International Chamber of Commerce (ICC) Uniform Rules for Demand Guarantees URDG 758, revision of 1 July 2010, hereinafter referred to as the ICC Rules, then, until the Insurance Premium specified in the Insurance Contract has been paid in full, the scope of BTA's liabilities under the Insurance Contract shall be in the amount of the Insurance Premium specified in the Insurance Contract, whereas, as of the moment the Insurance Premium is paid in full, BTA assumes liabilities in accordance with the Insurance Contract in the amount of the Sum Insured specified therein.

5. INSURED RISKS

5.1. According to the Insurance Contract, insurance shall only cover the insured risks expressly specified therein.

5.2. Tender bond risk – a potential event, when:

5.2.1. the Policyholder revokes or changes its bid made for the Tender Project while the Tender bond insurance is in effect;

5.2.2. the Policyholder, who has been awarded the rights to conclude the procurement contract, has not submitted the security for the procurement contract's performance, as required by the Tender documentation or the concluded procurement contract, within the term specified by the Insured;

5.2.3. the Policyholder, who has been awarded the rights to conclude the procurement contract, does not sign the procurement contract or the framework agreement within the term specified by the Insured.

5.3. Advance payment bond risk – an event when the Policyholder, upon receipt of the advance payment from the Insured, has not performed, within the term specified in the Contract, the commitments defined in

the Contract in the amount of the advance payment received, and not refunded the advance payment to the Insured.

- 5.4. Performance bond risk** – an event, when the Policyholder has not performed, through its own fault, the commitments specified in the Contract within the term specified in the Contract.
- 5.5. Maintenance bond risk** – an event when the Policyholder has not performed the maintenance and service works required by the Contract or to fix the discovered defects, during the warranty period specified in the Contract;

6. EXCEPTIONS

- 6.1.** BTA shall not grant Insurance Indemnity, if there is no Insured risk occurrence, and namely, when:
 - 6.1.1.** in the case of Tender bond risk, the Policyholder has changed its bid in accordance with amendments in the Tender Charter, the Insured has refused to request a security on the procurement contract from the Policyholder or has agreed to conclude the procurement contract with the Policyholder on terms that differ from those specified in the Tender bid submitted by the Policyholder;
 - 6.1.2.** in the case of advance payment bond risk, the Insured and the Policyholder have reached an agreement on the order of performance of the Policyholder's liabilities under the Contract in the amount of the advance payment received;
 - 6.1.3.** in the case of performance bond risk, the Insured and the Policyholder have reached an agreement on the order of performance of the Policyholder's liabilities under the Contract.
- 6.2.** BTA shall not grant insurance indemnity:
 - 6.2.1.** if the Policyholder's default has occurred before the insurance takes effect;
 - 6.2.2.** if, according to the Tender documentation or the Contract, there is no occurrence of default of the Policyholder;
 - 6.2.3.** if the reason for the Policyholder's default on the obligations under the Contract is absence of an appropriate license or any other permits that are required for the fulfilment of the obligations by regulatory enactments;
 - 6.2.4.** if the reason for the Insured's refusal to accept the Policyholder's performance of the Policyholder's liabilities under the Contract is the Policyholder's performance of these obligations without an appropriate license or any other permits that are required for the fulfilment of the obligations by regulatory enactments;
 - 6.2.5.** the Contract has been amended during the period of the Insurance Contract, which increases the probability of BTA incurring liability or the amount of the payable Insurance Indemnity, without prior written coordination with BTA;
 - 6.2.6.** if the Contract cannot be executed as a result of the Insured's actions (incorrect works assignment or the Tender Charter, failure to coordinate any necessary additional works, failure to submit any information or documents, etc.) or due to circumstances beyond the control of the Policyholder;
 - 6.2.7.** if the defects or deficiencies specified in the statement of conveyance (handover and acceptance) of performance of obligations/works, prepared and signed in accordance with the Contract, which were corrected and repeatedly accepted, have caused reappearance/recurrence of defects at a later time, and/or are related to causes of other defects;
 - 6.2.8.** if maintenance bond insurance is provided under the Insurance Contract, then BTA shall not indemnify for losses due to defects that were obvious (objectively detectable) at the time of accepting the commitments performed under the Contract as accomplished;
 - 6.2.9.** if maintenance bond insurance is provided under the Insurance Contract, then insurance shall not apply to equipment installed during the Contract execution;
 - 6.2.10.** if the Policyholder's default on the obligations under the Contract is caused by a decision or actual activity of a national or municipal institution.
- 6.3. BTA shall not indemnify for:**
 - 6.3.1.** indirect losses, loss of expected profit and unearned income, as well as any contract or statutory sanctions, including penalties, fines and delay charges;
 - 6.3.2.** expenses incurred by the Insured while collecting evidence to the fact of non-compliance or improper compliance of the Policyholder with the obligations ensuing from the Tender documentation or the Contract;
 - 6.3.3.** litigation costs.
- 6.4.** BTA shall not grant Insurance Indemnity, if the occurrence of the insured risk is caused by:

- 6.4.1.** an act of terrorism (an act, manifesting as application of power and violence, or threats to use it by any person or group of persons, acting on their own or in relation to any organisation or government, or on its behalf, which is being done on the basis of political, religious, ideological or ethnic reasons and includes the intent to influence the government or keep the public or a part of it in danger), neither are compensated any losses incurred due to the preventive measures against acts of terror;
- 6.4.2.** war, invasion, occupation, annexation, a hostile act by a foreign country (with or without evidence to the involvement of the foreign country in such act), military operations or operations considered as such (with or without declaring war); civil war, rioting, a strike, a revolt, disturbances, a revolution, riots by military or usurped authorities, a state of war or depredations or looting related thereto, violence, vandalism, sabotage; a strike, lockout, public order disturbance to the extent considered as a revolt or riot; property confiscation, nationalisation, dispossession, requisition, destruction or disposal, if it is caused or sanctioned legally or actually authorised by a legally or actually recognized state, or an internationally not recognized foreign force, irrespective of whether it is legal or not; other political risks, as well as all other losses or expenses incurred directly or indirectly due to measures of prevention of the above-mentioned events are not compensated;
- 6.4.3.** Information technologies security incident in the cyberspace, which has occurred or is impending. Cyberspace is an interactive environment that includes users, networks, computing technology, software, processes, information in transit or storage, applications, services, and systems that can be connected directly or indirectly to the Internet, telecommunications and computer networks, and in which its users interact. Cyberspace has no physical borders.
Information technologies are technologies, which, for accomplishing their tasks, perform electronic processing of information, to include its creation, deletion, storage, display or transmission.
Information technologies security incident is a harmful event or offence as a result of which the integrity, accessibility or confidentiality of information technologies is jeopardized.
- 6.4.4.** direct or indirect impact of a nuclear explosion, nuclear energy or radioactive substances, direct or indirect radioactive pollution;
- 6.4.5.** natural disaster or catastrophe, including but not restricted to storm, tsunami, flood, earthquake, landslide, volcano eruption.
- 6.5.** It shall not be regarded an Insured Event and no such losses will be indemnified when incurred directly in connection with a declared, on a national or municipal level:
 - 6.5.1.** emergency situation or state of exception, neither shall be reimbursed any losses or expenses that have arisen directly in connection with any measures to eliminate the emergency situation or the state of exception;
 - 6.5.2.** epidemic or pandemic.
- 6.6.** BTA shall not provide insurance and pay Insurance Indemnity if such activities of BTA:
 - 6.6.1.** subjects BTA to sanctions, restrictions or limitations, established by the resolutions of the United Nations or trade or economic sanctions, regulatory enactments of the European Union, the Republic of Latvia, the United States of America;
 - 6.6.2.** subjects a reinsurance company, the whom the Insurance Contract is submitted for reinsurance, to sanctions, restrictions or limitations, established in accordance with the regulatory enactments of the reinsurance company's state of registration.

7. INSURANCE PREMIUM PAYMENT PROCEDURE

- 7.1.** The Policyholder shall pay the Insurance Premium within the due date and in the amount specified in the Insurance Contract.
- 7.2.** Insurance Premium shall be considered paid:
 - 7.2.1.** when the Insurance Premium is paid in cash – at the moment, when the Policyholder has paid the respective amount of cash to BTA, which is supported by payment documentation;
 - 7.2.2.** when the Insurance Premium is paid by a bank transfer – at the moment, when BTA has received the payment at the account specified by BTA;
 - 7.2.3.** if the Insurance Premium is paid to an insurance intermediary expressly authorised by BTA to collect the Insurance Premium – at the moment the Policyholder has paid the respective amount of cash to the insurance intermediary, which is supported by a payment documentation, or at the moment, when the insurance intermediary has received the payment at the account specified by it.

- 7.3.** If Policyholder fails to pay the Insurance Premium within the due date specified in the Insurance Contract, BTA shall be entitled to demand and Policyholder shall be obliged to pay to BTA a contractual penalty fee of 0.1% of the outstanding amount per each day past due, however, the total amount of the contractual penalty may not exceed 10 % of the outstanding amount of Insurance Premium.
- 7.4.** By making insurance premium payment, the Policyholder confirms having studied, fully understood and consenting with the Insurance Contract terms and conditions, including the individual terms set forth therein, and that the Policyholder undertakes to comply with all the obligations under the Insurance Contract and agrees to enter into the Insurance Contract on such terms.

8. OBLIGATION TO PROVIDE INFORMATION

- 8.1.** The Policyholder shall be obliged:
- 8.1.1.** both prior to conclusion of the Insurance Contract and over the entire effective period of the Insurance Contract, to provide BTA with complete and true information, requested by BTA, including information about the Insurance Object and information necessary to assess the probability of occurrence of the Insured risk, information that is important for assessment of the Policyholder's performance of the obligation referred to in Article 9.2 of these Terms and Conditions, information about all changes and circumstances, which have occurred over the effective period of the Insurance Contract and which can affect the probability of occurrence of the Insured risk or the Policyholder's performance of the obligation referred to in Article 9.2 of these Terms and Conditions.
- Information, which can affect the probability of occurrence of the Insured risk, shall always be regarded, though, not limited to, the following information:
- a)** extension of the Policyholder's Contractual liabilities accomplishment period;
 - b)** changes in the project during the construction process and in other contracts wherein the project has been developed;
 - c)** change of entrepreneurs involved in the performance of Contractual obligations;
 - d)** commencement of insolvency proceedings of entrepreneurs involved in the performance of Contractual obligations;
 - e)** liquidation of the Policyholder based on its shareholders' decision.
- 8.1.2.** to inform the Insured about the terms and provisions of the Insurance Contract, including the obligations of the Insured, the observance and fulfilment of which is a precondition for payment of Insurance Indemnity.
- 8.2.** The Insured is obliged to immediately notify BTA in writing of any circumstances that may endanger the Policyholder's performance of the obligations specified in the Tender documentation or the Contract and cause occurrence of the insured risk, as well as to submit all documents and information describing the above circumstances to BTA.

9. OBLIGATIONS UPON OCCURRENCE OF A POTENTIAL INSURED EVENT

- 9.1.** The Policyholder shall be obliged:
- 9.1.1.** immediately, as soon as possible, to notify BTA of occurrence of the insured risk;
- 9.1.2.** to take all required measures in order to prevent or reduce any negative consequences caused by the insured risk, as well as to follow all BTA instructions given in order to reduce the loss resulting from the occurrence of the insured risk;
- 9.1.3.** The Policyholder may not object to BTA's demand to survey and establish the losses, assess their amount and occurrence circumstances, as well as BTA's demand to submit to BTA any documents describing the occurrence of the insured risk and the losses caused by it. The Policyholder shall also provide any other information at its disposal regarding the potential Insured Event upon BTA's request;
- 9.2.** If BTA has paid the Insurance Indemnity to the Insured, the Policyholder shall be obliged to:
- 9.2.1.** no later than within 10 days after receipt of a respective notification from BTA, to pay a compensation of the amount of the disbursed Insurance Indemnity without any objections to BTA;
- 9.2.2.** to pay to BTA a late payment penalty at the rate of 0.5% of the outstanding amount for each day of delay if the Policyholder fails to pay, without any objections, the compensation to BTA pursuant to Article 9.2.1 of these Terms and Conditions;
- 9.3.** The Policyholder's obligation, specified in Article 9.2, shall also be in effect when BTA has paid Insurance Indemnity to the Insured based on an acknowledgement, letter of guarantee, or document of another form, issued by BTA in compliance with the provisions of the Tender documentation or the Contract.

- 9.4.** Having paid the compensation to BTA as described in Article 9.2, the Policyholder shall become entitled to challenge the Insured's claim of Insurance Indemnity in order to receive from the Insured the amount of money, or a part of it, paid by BTA to the Insured.
- 9.5.** Upon receipt of the Policyholder's demand, BTA will issue an acknowledgement of the amount of money disbursed to the Insured at the latter's demand, as well as other information, if at disposal of BTA, which might contribute to the Policyholder in exercising his rights by recovering the paid amount of money from the Insured.
- 9.6.** The Insured shall be obliged:
- 9.6.1.** immediately, as soon as possible, to notify BTA of occurrence of the insured risk;
 - 9.6.2.** to submit documents, confirming the fact of the Policyholder's default on its liabilities and the amount of loss. The Insured may not object to BTA's demand to survey and establish the losses, assess their amount and occurrence circumstances, as well as BTA's demand to submit to BTA any documents describing the occurrence of the insured risk and the losses caused by it.
 - 9.6.3.** The Insured shall also provide any other information at its disposal regarding the potential Insured Event upon BTA's request;
 - 9.6.4.** to take all possible reasonable measures to reduce losses resulting from the occurrence of the insured risk, including all reasonable measures necessary to recover from the Policyholder the loss incurred by the Insured through the fault of the Policyholder, including but not restricted only to submission of written claims to the Policyholder (or to the Administrator in the case there have been initiated insolvency proceedings), as well as to carry out all necessary activities in order to reach agreement on fulfilment, within a reasonable period of time, of the Policyholder's obligations under the Contract;

10. INSURANCE INDEMNITY

- 10.1.** BTA will disburse the Insurance indemnity only in the case, when all the provisions, listed below, have come true:
- 10.1.1.** in accordance with the Insurance Contract, the Insured Risk has occurred during the Insurance Period;
 - 10.1.2.** both the Insured's notification on the Policyholder's default, and an Insurance Indemnity payment claim in line with the requirements specified in these Terms and Conditions and the Insurance Contract, has been submitted to BTA during the Insurance Period, but no later than on the next business day, when the last day of the Insurance Period falls within weekend or is a holiday.
- 10.2.** If BTA has received evidence that the claims brought against the Policyholder are reasoned, and there are clear and objective circumstances proving the Policyholder unable to cope with his liabilities himself, then BTA will grant Insurance Indemnity to the Insured within term defined herein. When there are no such clear and objective circumstances proving the Policyholder unable to cope with his liabilities himself, BTA will reserve the rights to request the Insured to claim against the Policyholder beforehand.
- 10.3.** When BTA becomes obliged to disburse Insurance Indemnity in a case of Tender bond risk, BTA will disburse Insurance Indemnity within the amount specified in Tender documentation, though, not exceeding the Sum Insured for this insured risk defined in the Insurance Contract, in the case when the Policyholder fails to pay to the Insured, within 7 days since the term defined in Tender documentation or legislative acts effective in Latvia, the amount of money specified in the Tender documentation, which then:
- 10.3.1.** shall be paid by the Policyholder to the Insured in the event the Policyholder, through its own fault, recalls or changes the bid while the bid security is still valid;
 - 10.3.2.** shall be paid by the winning Policyholder (the bidder) to the Insured in the event the bidder fails, through its own fault, to submit to the Insured the contract security according to the contract provisions;
 - 10.3.3.** shall be paid by the winning Policyholder (the bidder) to the Insured in the event the Policyholder, through its own fault, fails to conclude the contract with the Insured.
- 10.4.** When BTA becomes obliged to disburse Insurance Indemnity in the case of advance payment bond risk, BTA will pay to the Insured an Insurance Indemnity, that is obtained as difference between the advance payment already paid to the Policyholder, and the amount of money that the Policyholder has performed commitments for or the refunded portion of the advance payment, not exceeding the Sum Insured for this insured risk defined in the Insurance Contract.
- 10.5.** When BTA becomes obliged to disburse Insurance Indemnity in the case of performance bond risk, BTA will pay to the Insured an Insurance Indemnity by reimbursing the direct provable expenses related to selecting another executor, conclusion of a new contract for performance of the works or obligations defaulted on by the Policyholder; potential costs increase for the amount of the unsettled obligations (works); expenses for

fixing defects made by the Policyholder, without exceeding the Sum Insured specified in the Insurance Contract for this insured risk.

10.6. When BTA becomes obliged to disburse Insurance Indemnity in the case of maintenance bond risk, BTA will pay to the Insured an Insurance Indemnity, which is defined as the amount of money required to perform the maintenance and service works stated in the Contract or to correct the detected defects, without exceeding the Sum Insured specified in the Insurance Contract for this insured risk.

10.7. When calculating the Insurance Indemnity, overhead costs of construction are included in the Insurance Indemnity, including taxes imposed on the repair or renovation works on the insurance object, only in cases, if they are included in the loss estimate and BTA receives evidence of that the Insured has paid such costs.

10.8. No later than within 15 days since the receipt of all the necessary documents that confirm the occurrence of the insured risk and the amount of loss, BTA shall make a decision on granting Insurance Indemnity or refusing its payment.

10.9. Unless another Insurance Indemnity disbursement term is indicated in the Insurance Contract, then BTA will disburse the Insurance Indemnity within 7 days from the day of making the decision on payment of the Insurance Indemnity.

10.10. If the Insurance Contract states that:

- a) a first demand bond has been issued, or
- b) an unconditional bond has been issued, or
- c) that it has been concluded in accordance with the ICC URDG, then:

10.10.1. It shall be regarded an Insured Event and BTA shall pay Insurance Indemnity, when a claim of the Insured has been submitted to BTA during the Insurance Period, but no later than on the next business day, when the last day of the Insurance Period falls within weekend or is a holiday, with the claim:

10.10.1.1. including:

- a) a reference to the Insurance Contract, indicating its number;
- b) confirmation that the Policyholder has not performed its obligations in line with the Tender documentation or the Contract, the performance of which is insured by the Insurance Contract;
- c) an indication – which obligations exactly the Policyholder has not performed (for instance, by indicating a specific clause of the Contract, or a specific activity, etc.);
- d) request to BTA to compensate the Insured for the losses caused due to the fact that that the Policyholder has not performed its obligations in line with the Tender documentation or the Contract, the performance of which is insured by the Insurance Contract;

10.10.1.2. to which the documents certifying the losses of the Insured are attached (the documents certifying the Insured's losses need not be submitted if a Tender Bond (on Tender bond security) Insurance Contract (policy) has been concluded);

10.10.1.3. which is produced and submitted in one of the following ways:

- a) as an electronic document signed by persons of the Contracting Authority holding signatory rights with a secure electronic signature within the meaning of the Electronic Documents Law of the Republic of Latvia, emailing it to atlidziba@bta.lv or bta@bta.lv;
- b) as a paper document signed by persons holding signatory rights, by sending it to the legal address of BTA.

10.10.2. If the Insurance Contract states that it has been concluded in accordance with the ICC URDG, then, within 5 business days, as of the Insured's claim receipt day, whereas in the case the Insurance Contract provides issuance of a first demand, unconditional bond – within 15 days, unless the Insurance Contract provides for another term, BTA shall make sure whether the Insured's claim has been submitted within the term defined in Article 10.10.1 of these Terms and Conditions and whether it meets all the provisions specified subsections of Article 10.10.1 of these Terms and Conditions, and make one of the following decisions:

10.10.2.1. Decision to grant Insurance Indemnity payment in the amount specified in the Insured's claim;

10.10.2.2. Decision to refuse Insurance Indemnity payment (on rejection of the Insured's claim), by indicating that BTA rejects the Insured's claim and by providing the reasons for the rejection of the Insured's claim.

10.10.3. Unless another Insurance Indemnity disbursement term is indicated in the Insurance Contract, then BTA will disburse the Insurance Indemnity within 7 days from the day of making the decision on payment of the Insurance Indemnity.

10.10.4. BTA is obliged to issue a copy of the Insured's claim and other copies of the documents submitted by the Insured related to the Insured's claim to the Policyholder after the payment of Insurance Indemnity for the Policyholder to be able to exercise its right to contest the Insured's claim.

11. EARLY TERMINATION OF INSURANCE CONTRACT

11.1. Insurance contract may be terminated prior to expiry:

11.1.1. in the cases and in accordance with the procedure specified in the Insurance Contract Law;

11.1.2. upon agreement of the Policyholder, the Insured and BTA, provided that the Insured confirms in writing that, at the moment of terminating the Insurance Contract prior to its expiry, he neither does, nor will have any claims towards BTA with regard to the Insurance Contract.

11.2. When terminating the Insurance Contract in accordance with the procedure defined in Article 11.1, if:

11.2.1. within the effective period of the Insurance Contract no Insurance Indemnity is paid and no prospective Insured Event is claimed, then BTA shall pay back to the Policyholder the part of the paid Insurance Premium per each remaining day of the effective period of the Insurance Contract until the Insurance Contract's expiry date, deducting BTA's expenses of 15% related to the Insurance Contract conclusion from the unused Insurance Premium, i.e. from the part of the Insurance premium that corresponds to the unused effective period of the Insurance Contract;

11.2.2. during the effective period of the Insurance Contract, Insurance Indemnity has been paid or a claim regarding a potential Insured Event has been submitted, then BTA will refund to the Policyholder the difference, when there is one, between the amount of the Insurance Premium paid to BTA, corresponding the number of days remaining until the expiry of the Insurance Contract, and the amount of the disbursed Insurance Indemnity, deducting the expenses of BTA related to the conclusion of the Insurance Contract of 15% of the undrawn Insurance Premium, i.e., of the part of Insurance Premium corresponding the unused effective period of the Insurance Contract.

11.3. If the Tender Bond Insurance Contract is terminated before its expiry in the case when the deadline for submission of tenders (bids) specified in the Tender documentation has expired and a written confirmation of the Insured has been submitted to BTA that the Policyholder has not submitted a tender (bid), BTA will refund to the Policyholder its paid Insurance Premium, deducting the expenses of BTA related to the conclusion of the Insurance Contract of 15%.

In other cases, the precondition for the early termination of the Tender Bond Insurance Contract shall be the Insured's written confirmation that, at the moment of early termination of the Insurance Contract he neither does, nor will have any claims towards BTA with regard to the Insurance Contract, and the Insurance Premium is not reimbursed to the Policyholder.

11.4. The Insurance Contract shall become invalid upon the change of members of the partnership or the company established on the basis of partnership agreement, if BTA has not given a written consent to continuance of the Insurance Contract.

12. PROCESSING OF PERSONAL DATA

12.1. BTA, as the personal data controller, processes personal data of natural persons in compliance with personal data processing requirements defined in the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and other regulatory enactments.

12.2. Principles of personal data processing performed by BTA are published on BTA website www.bta.lv.

13. CONFIDENTIALITY

13.1. The parties undertake not to disclose the information received within the framework of the Insurance Contract on the parties of the Insurance Contract or third parties, as well as not to use it against the interests of other parties of the Insurance Contract, except for in the cases defined in the effective regulatory enactments of the Republic of Latvia. BTA is entitled to provide experts and reinsurers with information related to the Insurance Contract, persons engaged by BTA for the execution of the Insurance Contract, as well as to keep it in BTA databases.

13.2. Insurance Contract shall be regarded as a financial service involving credit risk within the meaning of definitions of the Credit Register Regulations of the Bank of Latvia, and:

13.2.1. include information on the Policyholder and the obligations of the Policyholder in the Credit Register

within the term specified in the Credit Register Regulations of the Bank of Latvia as of the effective date of the Insurance Contract;

13.2.2. BTA shall provide periodic information on the balance of the Policyholder's liabilities, as well as information on any breaches by the Policyholder on payment obligations according to the Insurance Contract to the Credit Register in the amount and within the term specified in the Credit Register Regulations of the Bank of Latvia;

13.2.3. The Policyholder may receive information about itself included in the Credit Register in accordance with the procedures specified in the Credit Register Regulations of the Bank of Latvia.

14. OTHER PROVISIONS

14.1. Notifications, requests and information related to the Insurance Contract, BTA, as well as the Policyholder and the Insured shall provide in writing or upon the use of durable medium or means of distant communication, upon the use of which the parties have agreed in the Insurance Contract.

14.2. In case BTA, during the effective period of the insurance contract, changes its legal form, company name, contact information and other similar information required for contractual liabilities of the Policyholder or the Insured, BTA shall immediately inform thereof by publishing this information on its website www.bta.lv.

14.3. Upon request by the Policyholder, the Insured or another person, entitled to claim the Insurance Indemnity, BTA shall provide the claimant with its notifications, requests and the information, provided upon the use of website, durable medium or any other means of distant communication, in writing and free of charge.

14.4. Regulatory enactments of the Republic of Latvia shall be enforced upon settlement of contractual relationships deriving from Insurance Contracts.

14.5. All disputes arising between BTA and the Policyholder with regard to the obligations of the Policyholder referred to in Articles 9.2.1 and 9.2.2 herein shall be settled by means of negotiation. If no mutual agreement is thus reached, the dispute shall be finally resolved in the International Court of Arbitration of Commercial Transactions (*Starptautiskā komercdarījumu šķīrējtiesa*) (registration number: 40003764669) in accordance with its regulation, the proceedings shall be written, held in Riga, in Latvian, by 1 arbitrator assigned by the presidium of the court of arbitration, and applying the legislation effective in the Republic of Latvia.

14.6. All disputes arising between BTA and the Insured shall be settled by means of negotiation. If no agreement is thus reached, the dispute shall be referred to court according to procedures established in the Republic of Latvia, applying the effective regulatory enactments of the Republic of Latvia.

14.7. The insurance contract concluded by one member of an association of persons as a guarantee of fulfilment of obligations ensuing from a particular Tender documentation or the Contract shall apply to the obligations of each member of the association of persons ensuing from such Tender documentation or the Contract. In this case, all members of the association of persons are jointly and severally liable for the fulfilment of the obligations referred to in Article 9.2 of these Terms and Conditions.

14.8. In the event of any contradiction between these Terms and Conditions and the terms and conditions of the concluded Insurance Contract (policy) or the terms and conditions of the acknowledgement or guarantee, letter of guarantee issued by BTA supplementing the Insurance Contract (policy), then the terms and conditions of the Insurance Contract and the terms and conditions of BTA's acknowledgement, guarantee, or letter of guarantee shall be of priority and binding on the parties.

14.9. The text of these Terms and Conditions in Latvian prevails over any of its translations.

14.10. The contractual relationship ensuing from Insurance Contracts, including when an Insurance Contract is subject to the ICC URDG, then also for settlement of matters not covered by the ICC URDG, shall be governed by the regulatory enactments of the Republic of Latvia.