

Performance bond insurance (excise duty guarantee)

Terms and Conditions No 15.A2

Effective as of 01.03.2023.

In accordance with these Terms and Conditions, BTA and the Policyholder shall conclude performance bond insurance contracts (general excise duty guarantee).

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1. DEFINITIONS OF TERMS USED IN THESE TERMS AND CONDITIONS

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

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 inform about the insurance object, facts and circumstances required to conclude the Insurance contract.

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

Acceptance of the Insurance application does not impose any duty on BTA to conclude the Insurance contract.

Insurance contract – an agreement between BTA and the Policyholder according to which the Policyholder undertakes to pay the insurance premium in the manner, due dates and to the amount specified in the Insurance contract, as well as to fulfil all other obligations under the Insurance contract; in turn, BTA undertakes to pay the insurance indemnity to the person stated in the contract upon the occurrence of an Insured event in compliance with the provisions of the Insurance contract. BTA shall issue an Insurance policy as an acknowledgement for conclusion of the Insurance contract.

Insurance indemnity – the amount to be paid for an Insured event.

Insurance period – time-frame, for which Insurance premium is paid in accordance with the Insurance contract and during which insurance is effective.

Insurance policy – acknowledgement of Insurance contract conclusion, which includes the Terms and Conditions of the Insurance contract as agreed between the Policyholder and BTA, as well as the information provided by the Policyholder about the insurance object, the Policyholder and the Insured.

Insurance premium – payment for the insurance specified in the Insurance contract.

Insured – a person having Insurable interest and for the benefit of whom the Insurance contract has been concluded. Within the meaning of these Terms and Conditions – State Revenue Service.

Insured event – an event, bearing causal relationship to the Insured risk, the occurrence of which entails payment of Insurance indemnity 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 – person concluding an Insurance contract and, in accordance with the procedure defined in the Law on Excise Duties of the Republic of Latvia, intending to operate with excise goods, by applying duty suspension arrangement, and undertaking responsibility for the payment of possible excise duty debt.

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

2. INSURANCE OBJECT

2.1. Insurance object shall read as Policyholder's performance of its obligations to pay excise duty.

3. INSURANCE COVER

- 3.1.** The insurance cover under the Insurance contract takes effect at 00.00 of the first day of the Insurance period specified in the Insurance contract, but no sooner than the moment of full payment of the Insurance premium defined in the Insurance contract.
- 3.2.** Insurance cover shall be in effect until 24.00 of the last day of the Insurance period specified in the Insurance contract, unless the Insurance contract is terminated early upon agreement between the Policyholder, BTA and the Insured or due to other reasons.

4. INSURED RISK

- 4.1.** The Insured risk shall read as failure to pay excise duty.

5. INSURANCE PREMIUM PAYMENT PROCEDURE

- 5.1.** The Policyholder shall pay the Insurance premium within the due date and in the amount specified in the Insurance contract.
- 5.2.** Insurance premium shall be considered paid at the moment when BTA has received the payment at the account specified by BTA.
- 5.3.** By making insurance premium payment, the Policyholder confirms having studied, fully understood and consenting with the Terms and Conditions of the Insurance contract, incl. the individual terms set forth therein, and that the Policyholder undertakes to meet all the obligations under the Insurance contract and agrees to enter into the Insurance contract on such terms.

6. OBLIGATION TO PROVIDE INFORMATION

- 6.1.** The Policyholder shall be obliged 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, information necessary to assess the probability of occurrence of the Insured risk, information that is important for assessment of the probability of Policyholder's performance of the obligation referred to in Article 7.2 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 Policyholder's performance of the obligation referred to in Article 7.2 of these Terms and Conditions.

7. OBLIGATIONS UPON OCCURRENCE OF A POTENTIAL INSURED EVENT

- 7.1.** The Policyholder is hereby obliged to:
 - 7.1.1.** to notify BTA immediately, as soon as possible, of occurrence of the Insured risk;
 - 7.1.2.** take all measures required in order to prevent or reduce negative consequences resultant from occurrence of the Insured risk, as well as to comply with all BTA instructions as regards reducing the damage caused by occurrence of the Insured risk;
 - 7.1.3.** the Policyholder shall 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 all other information at its disposal regarding the potential Insured event upon BTA's request;
- 7.2.** If BTA paid the Insurance indemnity to the Insured, the Policyholder shall be obliged to:
 - 7.2.1.** no later than within 10 days since the receipt of a respective notification from BTA, to pay a compensation to BTA in the amount of the disbursed Insurance indemnity without any objections;
 - 7.2.2.** pay to BTA a late payment interest at the rate of 0.5% of the amount outstanding for each day of delay in case the Policyholder fails to pay, without any objections, the compensation to BTA pursuant to Article 7.2.1 of these Terms and Conditions;
- 7.3.** Having paid the compensation to BTA as described in Article 7.2, the Policyholder shall become entitled to challenge the Insurance indemnity claim by the Insured in order to receive from the Insured the amount of money or a part thereof paid by BTA.
- 7.4.** Upon receipt of the Policyholder's request, BTA will issue an acknowledgement of the amount of money disbursed to the Insured at the latter's request, as well as other information, if at disposal of BTA, which can facilitate the Policyholder's exercising its rights to recover the amount of money paid from the Insured.

8. INSURANCE INDEMNITY

- 8.1.** Receipt of the Insured's request in writing to pay the calculated Policyholder's outstanding excise duty debt, incurred for activities that the Policyholder carried out during the effective period of the Insurance contract shall be a prerequisite for disbursement of Insurance indemnity.

- 8.2.** BTA shall make a decision on disbursement of Insurance indemnity and disburse the Insurance indemnity or make a decision to reject disbursement of Insurance indemnity within 30 days as of the day when the Insured's request in writing is received.
- 8.3.** BTA shall disburse the Insurance indemnity only upon occasion if the Insured's request mentioned in Article 8.1 of the Terms and Conditions is submitted according to the due date and procedure provided for in the Law on Excise Duties and Regulations of the Cabinet of Ministers issued based thereupon.
- 8.4.** BTA, having prior made sure that the Insured's request is applicable to the Insurance contract issued by BTA, and that conditions of Article 8.3 of the Terms and Conditions are met, shall disburse the claimed amount of money (Insurance indemnity) to the Insured according to the due date and procedure.

9. EARLY TERMINATION OF INSURANCE CONTRACT

- 9.1.** Insurance contract may be terminated prior to its expiry:
- 9.1.1.** in the cases and in accordance with the procedure specified in the Insurance Contract Law;
 - 9.1.2.** in the cases and in accordance with the procedure specified in the effective regulatory enactments of the Republic of Latvia, which regulate the procedure for application of excise duty payment bonds.
- 9.2.** Upon early termination of the Insurance contract, BTA shall refund to the Policyholder the part of the paid Insurance premium calculated in accordance with the procedure set forth in Articles 9.2.1 or 9.2.2 of the Terms and Conditions within 15 days after the date provided for in the regulatory enactments has expired, within which the Insured shall be entitled to demand BTA to pay the Policyholder's excise duty debt or within 15 days after the receipt of the Insured's acknowledgement in writing on the fact that the Insured does not have claims against BTA and will not have them in the future in accordance with the Insurance contract depending on whichever of the mentioned dates is the earlier:
- 9.2.1.** if within the effective period of the Insurance contract no Insurance indemnity has been paid and no potential Insured event is claimed within the period set forth in the regulatory enactments, 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 expiry date of the Insurance contract, deducting BTA's expenses of 15% related to the conclusion of the Insurance contract 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;
 - 9.2.2.** if during the effective period of the Insurance contract Insurance indemnity has been paid, a decision on the payment of Insurance indemnity has been made or a claim regarding a potential Insured event has been submitted, then BTA refunds to the Policyholder the difference, when there is one, between the amount of the Insurance premium paid to BTA, corresponding to the number of days remaining until the expiry of the Insurance contract, and the amount of the calculated or disbursed Insurance indemnity, deducting BTA's expenses of 15% related to the conclusion of Insurance contract 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.

10. PERSONAL DATA PROCESSING

- 10.1.** 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 requirements to personal data processing provided for in other regulatory enactments.
- 10.2.** Principles of personal data processing performed by BTA are published on BTA website www.bta.lv.

11. CONFIDENTIALITY OF INFORMATION

- 11.1.** 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 shall be 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.
- 11.2.** Insurance contract shall be regarded as a financial service involving credit risk within the meaning of Credit Register Regulations of the Bank of Latvia and:
- 11.2.1.** in accordance with Credit Register Regulations of the Bank of Latvia, BTA shall include information on the Policyholder and the obligations of the Policyholder in the Credit Register within the due date specified in the Credit Register Regulations of the Bank of Latvia as of the effective date of the Insurance contract;

- 11.2.2.** BTA shall provide periodic information on the balance of the Policyholder's liabilities, as well as information on any breaches by the Policyholder of payment obligations in accordance with 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;
- 11.2.3.** the Policyholder may receive information about itself included in the Credit Register in accordance with the procedure set forth in the Credit Register Regulations of the Bank of Latvia.

12. OTHER PROVISIONS

- 12.1.** BTA as well as the Policyholder and the Insured shall provide notifications, requests and information related to the Insurance contract 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.
- 12.2.** If during the effective period of the Insurance contract BTA 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.
- 12.3.** 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 other means of distant communication, in writing and free of charge.
- 12.4.** The contractual relationships under the Insurance contracts shall be subjected to regulatory enactments of the Republic of Latvia.
- 12.5.** These Terms and Conditions shall be applied to resolve the issues that are not covered by the Law on Excise Duties and Regulations by the Cabinet of Ministers issued based thereupon, incl. in regard to the Policyholder's obligations to pay a compensation to BTA in the amount of the disbursed Insurance indemnity according to the procedure set forth in Articles 7.2.1 and 7.2.2 of the Terms and Conditions.
- 12.6.** BTA is not entitled to provide insurance and BTA is not obliged to pay the Insurance indemnity or provide benefits in accordance with the Insurance contract, as long as provision of such insurance, insurance indemnity disbursement or provision of benefits:
 - 12.6.1.** subjects BTA to sanctions, restrictions or limitations, established by the resolutions of the United Nations or trade or economic sanctions, regulatory enactments of the European Union, the Republic of Latvia, the United Kingdom or the United States of America (upon condition that it does not violate any regulations or regulatory enactments, applicable to BTA);
 - 12.6.2.** 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.
- 12.7.** BTA does not pay out the Insurance indemnity if the occurrence of the Insured risk has been caused by military action or action tantamount to war (with or without declaring war).
- 12.8.** All disputes arising between BTA and the Policyholder with regard to obligations of the Policyholder mentioned in Articles 7.2.1 and 7.2.2 of these Terms and Conditions 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 (registration number: 40003764669) in accordance with its regulations, held in Riga, the proceedings shall be written, in Latvian, by 1 arbitrator assigned by the presidium of the court of arbitration, and applying the regulatory enactments effective in the Republic of Latvia.
- 12.9.** All disputes arising between BTA and the Insured in regard to the Insurance contract shall be settled by means of negotiation. If no agreement is thus reached, the dispute shall be referred to court for resolution according to procedures established in the Republic of Latvia by applying the effective regulatory enactments of the Republic of Latvia.
- 12.10.** In the event of any contradiction between these Terms and Conditions and the Terms and Conditions of the concluded Insurance contract (policy), the Terms and Conditions of the Insurance contract (policy) shall be considered as a priority and be binding on the parties.
- 12.11.** The text of these Terms and Conditions in Latvian prevails over its translations into any other languages.