

ERGO Insurance SE Lithuanian branch

Bid, advance payment, performance and maintenance suretyship insurance rules No. 029



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1. General provisions

- 1.1. Laws of the Republic of Lithuania, other legislation and these rules govern legal relations between the Policyholder, the Insurer and the Beneficiary when concluding and performing a bid, advance payment, performance and/or maintenance (warranty period) suretyship insurance contracts.

2. General definitions

- 2.1. **Insurer** means ERGO Insurance SE Lithuanian branch.
- 2.2. **Policyholder** means a person who has applied to the Insurer for concluding an insurance contract or to whom the Insurer has offered to conclude an insurance contract, or who has concluded an insurance contract with the Insurer.
- 2.3. **Beneficiary** means a person indicated in the insurance contract and the bond / surety letter, who is entitled to receive an insurance benefit.
- 2.4. **Insurance Object** shall be the property interests of the Beneficiary related to the default or improper performance of the obligations of the Policyholder.
- 2.5. **Insurance Contract (Suretyship Insurance Contract)** means a contract where the Policyholder undertakes to pay the Insurer insurance premium within the terms specified in the suretyship insurance contract, and the Insurer undertakes to pay insurance benefits to the Beneficiary in case of an insured event. The suretyship insurance contract shall comprise these rules, an insurance policy and annexes thereto, a recourse agreement, a bond / surety letter and annexes thereto, and an application to conclude a suretyship insurance contract, if any.
- 2.6. **Insurance Policy** means a document issued by the Insurer confirming the conclusion of an insurance contract.
- 2.7. **Bond / Surety Letter** means a liability document for the Beneficiary, which confirms the Insurer's commitment to perform the assumed obligations listed in the suretyship insurance contract.
- 2.8. **Insurance Rules** means standard suretyship insurance contract conditions drafted by the Insurer, which form an integral part of a suretyship insurance contract.
- 2.9. **Insurance Premium** means the amount of money indicated in the insurance contract, which the Policyholder shall pay for insurance coverage.
- 2.10. **Insurance Benefit** means the amount of money paid in case of an insured event.
- 2.11. **Insured Event** means events specified in the insurance contract upon the occurrence of which the Insurer shall pay an insurance benefit.
- 2.12. **Recourse Right** means the Insurer's right to request the Policyholder to repay the amounts paid.
- 2.13. **Direct Losses** mean costs actually incurred by the Beneficiary as a direct consequence of the Policyholder's default on or improper performance of obligations under a procurement procedure/contract, which cover solely the losses, which the Beneficiary incurred in pursuit of the discharge of obligations of the Policyholder assumed under the procurement procedure/contract, which were guaranteed by the Insurer.
- 2.14. **Consequential Damage** is damage that arises as an indirect consequence of a default on or improper performance of the Policyholder's obligations under the procurement procedure/contract, i.e., a subsequent damage suffered as a result of procurement / contractual obligations improperly performed or non-performed by the Policyholder.

3. Procedure of concluding insurance contract

- 3.1. A Policyholder's application to conclude a suretyship insurance contract may be submitted in writing or verbally:
 - 3.1.1. In order to conclude a bid, advance payment, performance and/or maintenance (warranty period) suretyship insurance contract, the Policyholder shall, at the Insurer's request, complete an application in the form and content established by the Insurer. A Policyholder's application submitted in writing shall form an integral part of the insurance contract. A legal person's application shall be signed by an authorized representative of the Policyholder and certified by a seal (if the legal person is required to have a seal).
 - 3.1.2. When submitting copies of documents necessary to conclude an insurance contract, the Policyholder may express a request to conclude an insurance contract verbally, if the Insurer does not require submission of any additional information for concluding an insurance contract.
- 3.2. The Policyholder shall submit all the additional documents requested by the Insurer along with their application to conclude an insurance contract. In case of a failure to submit such documents, the Insurer shall reserve the right to leave the application unexamined.

- 3.3. The Policyholder shall be responsible for the accuracy and completeness of the data provided in the application to conclude a suretyship insurance contract. If it is found having concluded a suretyship insurance contract that the Policyholder has provided to the Insurer false information about circumstances that may have a material impact on the assessment of the insurance risk, the Insurer shall have the right to declare the insurance contract invalid, unless the circumstances which the Policyholder concealed disappeared before the occurrence of an insured event or had no effect on the insured event. Information on the circumstances that may have a material effect on the assessment of the insurance risk is information requested in the application to conclude a suretyship insurance contract and other information which the Insurer requests from the Policyholder.
- 3.4. Having assessed the insurance risk, the Insurer shall conclude an insurance contract and under the base of it shall issue a bid, advance payment, performance or maintenance (warranty period) bond / surety letter.
- 3.5. Wordings of bonds / surety letters shall be drafted in accordance with a standard form of the Insurer or a bond / surety letter wording provided in a contract signed by the Beneficiary and the Policyholder or procurement documents of the procurement procedure being held, if the Insurer finds it acceptable.

4. Insurance object

- 4.1. When concluding suretyship insurance contracts, the object of insurance shall be property interests of the Beneficiary related to the Policyholder's default on or improper performance of its obligations based on a contract signed by the Beneficiary and the Policyholder, conditions of the tender held by the Beneficiary or legislative requirements.
- 4.2. The following shall not be considered an insurance object:
 - 4.2.1. property interests related to the Policyholder's obligations, for consequences of a default where the Insurer has assumed no liability according to a bid, advance payment, performance or maintenance (warranty period) suretyship insurance contract or a bond / surety letter issued on its basis;
 - 4.2.2. property interests related to the Policyholder's obligations arising out of the default on or improper performance thereof under any kind of factoring, leasing, credit, loan or their repayment suretyship insurance contracts;
 - 4.2.3. property interests relating to penalties (fines, default interest) provided for in the agreement concluded by the Policyholder and the Beneficiary or laws, unless the suretyship insurance contract provides for the Insurer's liability for these risks;
 - 4.2.4. sanctions for a default on or improper performance of the Policyholder's obligations established by laws or agreements.
- 4.3. The Insurer shall be liable to the Beneficiary only, thus the Beneficiary shall have the sole right to request a compensation of its direct losses, unless the suretyship insurance contract establishes otherwise.

5. Insured events

- 5.1. Any of the events resulting in direct losses suffered by the Beneficiary specified in clauses 5.1.1–5.1.4 shall be an insured event according to a bid suretyship insurance contract, when:
 - 5.1.1. the Policyholder has withdrawn their tender during its validity term specified in the procurement conditions;
 - 5.1.2. the Policyholder avoids or refuses to conclude a contract according to the terms and conditions of the procurement, as required in the terms and conditions of the procurement, after the Beneficiary has accepted its tender, during the period of validity of the tender;

- 5.1.3. the Policyholder avoids or refuses to provide a contract performance guarantee as required by the procurement terms and conditions after the Beneficiary has accepted its tender, during the validity period of the tender specified in the procurement terms and conditions;
- 5.1.4. the Policyholder disagrees with the Beneficiary's requirement for correction of the tender price as required by the procurement terms and conditions after the Beneficiary has accepted its tender, during the period of validity of the tender specified in the procurement terms and conditions.
- 5.2. Any of the events resulting in direct losses suffered by the Beneficiary specified in clauses 5.2.1–5.2.3 shall be an insured event according to a performance suretyship insurance contract, when:
 - 5.2.1. the works performed, the goods supplied, or the services provided by the Policyholder do not meet the requirements laid down in the contract concluded by the Policyholder and the Beneficiary;
 - 5.2.2. the Policyholder has violated terms of performance of obligations laid down in the contract concluded by the Policyholder and the Beneficiary;
 - 5.2.3. the Policyholder has unlawfully refused to continue the performance of obligations laid down in the contract concluded by the Policyholder and the Beneficiary.
- 5.3. Events resulting in direct losses suffered by the Beneficiary, when the Policyholder uses an advance payment paid to it in violation of the conditions of the signed contract shall be considered an insured event according to an advance payment suretyship insurance contract.
- 5.4. Events resulting in direct losses suffered by the Beneficiary, when the Policyholder fails to perform their warranty obligations during the warranty period specified in the contract concluded by the Policyholder and the Beneficiary shall be considered an insured event according to a maintenance (warranty period) suretyship insurance contract.

6. Non-insured events

- 6.1. All cases when the Insurer is not liable to the Beneficiary under an issued bind / surety letter shall be considered non-insured events:
 - 6.1.1. insurance benefits are not provided to the Beneficiary for the losses, which were directly caused, occurred or enlarged by such causes:
 - 6.1.1.1. a war (declared, undeclared), civil war, or civil (mass) unrest, declaration of a state of emergency or martial law, armed attack, insurrection, rebellion, revolution, sabotage, terrorism, piracy;
 - 6.1.1.2. nuclear reactions, radioactive irradiation or radioactive contamination;
 - 6.1.1.3. property confiscation, arrest or destruction at the order of state authorities;
 - 6.1.1.4. force majeure;
 - 6.1.1.5. all other circumstances in presence of which the Policyholder is not subject to civil liability or is exempt from civil liability (Article 6.253 of the Civil Code of the Republic of Lithuania);
 - 6.1.2. events where a claim is provided for the Insurer regarding the Policyholder's obligations to pay interest, default interest or fines according to the tender terms and conditions, a contract concluded by the Beneficiary and the Policyholder or laws;
 - 6.1.3. losses incurred for death or injury of a person, and non-pecuniary damage suffered;
 - 6.1.4. events when losses have been suffered by third persons (other than the Beneficiary);
 - 6.1.5. events caused by intentional or criminal acts of the Policyholder;
 - 6.1.6. defaulting on or improper performance of obligations assumed by the Policyholder after the expiry of the insurance contract validity term;

- 6.1.7. losses incurred by the Beneficiary for goods or services of improper quality which fall within the responsibility of the manufacturer of goods or the service provider;
- 6.1.8. events where there is no fault of the Policyholder for defaulting on or improper performance of the obligations assumed by the Policyholder;
- 6.1.9. all cases when the Policyholder and/or the Beneficiary attempts to mislead the Insurer by making false statements, falsifying documents or otherwise seeking to unlawfully get an insurance benefit;
- 6.1.10. all other cases when the Beneficiary fails to substantiate and prove the fact of the direct losses incurred and their amount;
- 6.1.11. all other cases when the Insurer is granted the right not to pay an insurance benefit according to a concluded insurance contract, an issued bond / surety letter and/or laws;
- 6.1.12. all cases that could be declared insured events, but they were brought about or caused by unlawful, intentional acts or gross negligence of the Policyholder and/or persons related to the Policyholder. Persons related to the Policyholder are employees of the Policyholder, also persons to whom the Policyholder has delegated or otherwise lawfully entrusted to conduct actions related to the tender procedure being held or the contract signed with the Policyholder, also persons whom the Policyholder has hired to perform the contract concluded by the Policyholder and the Beneficiary (e.g. subcontractors), and other representatives authorized by law;
- 6.1.13. all cases where the Beneficiary asks to indemnify indirect losses;
- 6.1.14. all cases when the Beneficiary asks to indemnify consequential damages.
- 6.2. All cases where the Beneficiary has incurred direct losses related to the use of an advance payment paid to the Policyholder in violation of the conditions of the signed contract shall be considered non-insured events under the performance bond / surety letter.

7. Sum insured

- 7.1. The sum insured shall be the maximum amount of money indicated in the insurance contract, which the Insurer shall pay in case of an insured event, after the Beneficiary proves direct losses incurred as a result of the event.
- 7.2. The sum insured shall be determined by an agreement between the Insurer and the Policyholder, given the requirements of the tender published by the Beneficiary or the contract planned to be signed with the Policyholder, or legislative requirements, and shall be specified in the insurance policy and the bond / surety letter.
- 7.3. The sum insured may be expressed in national and/or foreign currency. All settlements between the parties to the contract shall be made in national and/or foreign currency, unless it conflicts with the laws of the Republic of Lithuania.

8. Insurance premium

- 8.1. The insurance premium shall be paid in full within the payment deadline agreed upon by the Insurer and the Policyholder, or in accordance with a different procedure and conditions agreed upon by the Insurer and the Policyholder.
- 8.2. If the insurance premium has not been paid within the payment deadline agreed upon by the Insurer and the Policyholder, the insurance contract shall not enter into force.
- 8.3. The insurance premium amount shall depend on the degree of insurance risk assumed by the Insurer, the amount of the sum insured, the period of validity of the insurance contract and other circumstances.

9. Terms of validity of the insurance contract and conditions for its termination and amendments

- 9.1. The insurance contract shall take effect from the date specified in the insurance policy and the bond / surety letter, but only after and no earlier than the Policyholder has paid the full insurance premium amount to the Insurer.
- 9.2. The start and end of the insurance contract shall be indicated in the insurance policy as a calendar date and hour, and in the bond / surety letter as a calendar date, unless the parties to the contract agree otherwise.
- 9.3. The insurance contract shall terminate:
 - 9.3.1. after the expiry of the time limit specified in the insurance policy and the bond / surety letter;
 - 9.3.2. after the insurance benefit in the amount of the sum insured has been paid or when the sum of several insurance benefits paid has reached the sum insured specified in the insurance policy and the bond / surety letter;
 - 9.3.3. when the insurance contract has been terminated before the validity end by an agreement of the Policyholder, the Insurer and the Beneficiary;
 - 9.3.4. when the insurance contract was terminated before the validity end due to the cases specified in the insurance contract;
 - 9.3.5. in other cases provided for by law.
- 9.4. Having presented a written confirmation of the Beneficiary that the Beneficiary has no requirements or claims in respect of the Insurer under the concluded suretyship insurance contract and will not have any in the future, and having returned to the Insurer the respective bond / surety letter, the Policyholder shall have the right to terminate the insurance contract. If the Policyholder terminates the insurance contract before the validity end, the insurance premium paid by the Policyholder to the Insurer shall not be refunded, unless the parties to the contract agree otherwise.
- 9.5. The Insurer shall have the right to terminate the insurance contract having notified the Policyholder at least fourteen days prior to the planned termination of the insurance contract, if the Policyholder has committed a material breach of the insurance contract. Having terminated the insurance contract in the cases provided for the unused part of the insurance premium remaining shall not be refunded to the Policyholder.
- 9.6. The insurance policy and/or the bond / surety letter may be amended or supplemented by a written agreement of the Policyholder and the Insurer only. A written consent of the Beneficiary shall be necessary for such an amendment or supplement.
- 9.7. The insurance contract may be terminated before its expiry if after the entry into force of the insurance contract, the possibilities of the occurrence of an insured event have ceased to exist or the insurance risk has disappeared due to circumstances unrelated to the insured event. In this case, the Insurer shall be entitled to a part of the insurance premium proportionate to the insurance contract validity term that has passed.
- 9.8. If the insurance contract is terminated at the initiative of the Policyholder on grounds other than those referred to clause 9.7., the insurance premium paid shall not be refunded. The Insurer shall be obliged to refund to the Policyholder a part of the insurance premium proportional to the remaining unused insurance contract validity term, having deducted costs of conclusion and performance of the insurance contract and the insurance benefits paid under the contract. Costs of conclusion and performance of the insurance contract account for 10% of the insurance premium but shall be not less than EUR 10.00.

10. Rights and duties of the Insurer, the Policyholder and the Beneficiary

10.1. Rights of the Insurer:

- 10.1.1. The Insurer shall be entitled to request the person willing to conclude a suretyship insurance contract to submit all information and documents necessary for the assessment of the insurance risk.
- 10.1.2. The Insurer shall have the right to refuse to conclude an insurance contract without giving any reason.
- 10.1.3. The Insurer shall have the right to raise any objections to claims of the Beneficiary, which the Policyholder has the right to raise in respect of claims of the Beneficiary.
- 10.1.4. The Insurer shall have the right to require the Beneficiary to first direct the recovery against a specific property of the Policyholder.
- 10.1.5. The Insurer shall also have other rights provided for in the insurance contract, the bond / surety letter and/or laws.

10.2. Duties of the Insurer:

- 10.2.1. The Insurer shall acquaint the Policyholder with the bid, advance payment, performance and maintenance (warranty period) suretyship insurance rules, conditions of the suretyship insurance contract and other information necessary to perform the contract, and to issue a bond / surety letter upon the conclusion of an insurance contract;
- 10.2.2. The Insurer shall pay an insurance benefit upon the occurrence of an insured event in accordance with the procedure and deadlines laid down in the Law on Insurance of the Republic of Lithuania and these Rules;
- 10.2.3. Upon the occurrence of an insured event, the Insurer shall investigate circumstances of the event, and shall pay the calculated insurance benefit only having determined that the event is an insured event;
- 10.2.4. The Insurer shall issue a duplicate of the insurance policy or other documents certifying the conclusion of an insurance contract at the Policyholder's request and payment;
- 10.2.5. The Insurer shall not disclose any information received about the Policyholder or other persons, and their financial situation in the performance of the insurance contract, except as provided by law;
- 10.2.6. The Insurer must perform other duties provided for in the insurance contract, the bond / surety letter and/or law.

10.3. Rights of the Policyholder:

- 10.3.1. The Policyholder shall be entitled to access the bid, advance payment, performance and maintenance (warranty period) suretyship insurance rules and to receive a copy.
- 10.3.2. The Policyholder shall have the right to receive information on the course of an investigation of an insured event in accordance with the procedure prescribed by law.
- 10.3.3. The Policyholder shall also have other rights provided for in the insurance contract, the bond / surety letter and/or laws.

10.4. Duties of the Policyholder:

- 10.4.1. The Policyholder shall provide the Insurer with accurate, complete and correct information and documents necessary for the assessment of insurance risk.

- 10.4.2. The Policyholder shall immediately, but not later than within three business days, notify the Beneficiary of the transfer of their personal data to the Insurer in order to be able to provide an insurance offer and to conclude an insurance contract, also immediately, but not later than within three business days after insurance contract conclusion provide the Beneficiary with a copy of the insurance rules and the insurance policy.
 - 10.4.3. The Policyholder must inform the Insurer of all suretyship insurance contracts of the Policyholder valid on the day of submission of an application to conclude an insurance contract concluded with other insurers and related to the same object for which concluding an insurance contract with the Insurer is planned. This duty of the Policyholder shall also continue during the validity period of the insurance contract. The Policyholder shall notify the Insurer of a suretyship insurance contract concluded with another Insurer for the same object in writing not later than within three business days after the conclusion of such a suretyship insurance contract.
 - 10.4.4. The Policyholder shall pay insurance premiums on time.
 - 10.4.5. The Policyholder shall comply with the Insurer's written recommendations and requirements.
 - 10.4.6. At the Insurer's request, the Policyholder shall provide the Insurer with the requested information and documents related to the issued insurance policy and the bond / surety letter, also shall provide the Insurer or their authorized representative with the opportunity to freely assess the Policyholder's compliance with the conditions of the insurance contract during the validity period of the insurance contract.
 - 10.4.7. In the event of a failure to deliver the bond / surety letter to the Beneficiary in due time, the Policyholder shall return it to the Insurer immediately, but not later than within two business days.
 - 10.4.8. The Policyholder must notify the Insurer of any changed circumstances, which may have an impact on the insurance risk.
 - 10.4.9. The Policyholder must also perform other duties provided for in the insurance contract, the bond / surety letter and/or laws.
 - 10.4.10. Upon the occurrence of an event, which may be declared an insured event, the Policyholder shall immediately, but not later than on the following business day, notify the Insurer of the event in writing.
 - 10.4.11. In the case of an insured event, the Policyholder shall take measures to prevent possible losses or to minimize them, and to comply with instructions given by the Insurer, if such instructions have been given.
 - 10.4.12. In the case of an insured event, the Policyholder shall allow the Insurer to perform all possible investigations to determine causes of the losses, their amount and extent, and to provide all the event-related information and all the necessary documents in the desired form.
- 10.5. Rights and duties of the Beneficiary:
- 10.5.1. In the case of an insured event, the Beneficiary shall have the right to request the Insurer to pay an insurance benefit in accordance with the procedure and conditions established by law, the insurance contract and/or the bond / surety letter.
 - 10.5.2. Upon the occurrence of an event, which may be declared an insured event, the Beneficiary shall take measures to minimize possible damage (losses) and take action to eliminate the causes increasing losses in compliance with the instructions given by the Insurer.
 - 10.5.3. The Beneficiary shall take all possible measures to avoid an insured event.
 - 10.5.4. The Beneficiary shall provide the Insurer with correct information, any available documents and/or documents which it is entitled to receive in accordance with the procedure prescribed by laws and legislation, as well as all information known about the circumstances and consequences of the event which may be declared an insured event.

10.5.5. The Beneficiary shall immediately, but not later than within five business days, repay to the Insurer the insurance benefit paid to it, if the Policyholder or third parties have indemnified the losses to the Beneficiary.

11. Insurance risk and its increase

- 11.1. In the case of a substantial change of circumstances provided for in the insurance contract leading to an increase or potential increase of the insurance risk, the Policyholder shall immediately, but not later than within two business days after becoming aware of the changes, notify the Insurer in writing in detail of the change in the circumstances that led to an increase or potential increase of the insurance risk.
- 11.2. The Insurer, who has been notified of circumstances leading to an increase or potential increase of the insurance risk, shall have the right to demand an amendment of the conditions of the insurance contract or to increase the insurance premium. If in such case the Policyholder does not agree to amend conditions of the insurance contract or to pay a higher insurance premium, the Insurer shall have the right to apply to court for termination or amendment of the insurance contract upon a substantial change of the circumstances.
- 11.3. If the Policyholder fails to report an increase in the insurance risk within the time limit specified in clause 11.1, the Insurer shall have the right to request the Policyholder to terminate the insurance contract and to indemnify the Insurer's losses to the extent they are not covered by the share of the insurance premium remaining unused after the termination of the insurance contract. However, the Insurer shall not be entitled to request the Policyholder to terminate the insurance contract, if the circumstances that could have caused an increase in the insurance risk ceased to exist.
- 11.4. Circumstances that lead or may lead to an increase in the insurance risk are the following:
- 11.4.1. a change of information indicated in the application to conclude an insurance contract and/or documents submitted with the application;
 - 11.4.2. unforeseen events that complicate or may complicate the performance of the Policyholder's obligations under the contract signed with the Beneficiary or tender conditions;
 - 11.4.3. a change in the legal status or area of operations of the Policyholder;
 - 11.4.4. termination, reduction of the scope or transfer of the Policyholder's business operations to another party;
 - 11.4.5. information on any judicial, arbitration or administrative proceedings, sanctions imposed by state authorities, which could adversely affect the Policyholder's business or financial condition;
 - 11.4.6. seizure of the Policyholder's property;
 - 11.4.7. other circumstances where the Insurer has requested information in writing.

12. Double insurance and insurance at excessive amounts

- 12.1. In the case of an insured event, when it is determined that the Policyholder has also concluded insurance contracts for the same insurance risks with other insurers, the Insurer shall pay an insurance benefit in proportion to its sums insured for the total benefit not to exceed the total claim amount (double insurance).
- 12.2. Having determined that the sum insured indicated in the insurance policy and/or the bond / surety letter exceeds the sum requested under the Beneficiary's contract or tender conditions, the insurance contract shall not apply in respect of the share of the sum insured, which exceeds the sum required by the contract or the tender conditions.
- 12.3. If the sum insured was increased due to the fraud of the Policyholder, the Insurer shall be entitled to declare the insurance contract invalid and to indemnify it for the losses suffered to the extent that they are not covered by the insurance premium received.

13. Procedure for calculation of insurance benefits and payment terms

- 13.1. The Insurer shall calculate an insurance benefit pursuant to conditions of the insurance contract and/or the bond / surety letter considering the extent of direct losses incurred and proved by the Beneficiary.
- 13.2. The maximum insurance benefit amount may not exceed the total sum insured indicated in the insurance policy and the bond / surety letter.
- 13.3. The insurance benefit shall be paid to the Beneficiary specified in the insurance contract and the bond / surety letter and/or its annexes.
- 13.4. The insurance benefit shall be paid not later than in thirty days from the date when all information significant in determining the fact, circumstances, consequences of the insured event and the amount of the insurance benefit has been received.
- 13.5. The Insurer shall have the right to suspend payment of an insurance benefit, if a pretrial investigation (criminal proceedings) has been initiated or a civil, administrative or restructuring case has been initiated in respect of the Policyholder, regarding the circumstances relating to the insured event, and the resolution of such a case is legally significant for determining the fact, circumstances, consequences of the insured event, and the amount of the insurance benefit and its payment.
- 13.6. The Beneficiary shall indicate in its claim for damages which condition of the contract / procurement documents the Policyholder has violated and which conditions of the contract / procurement documents it has defaulted on or performed improperly and shall justify the amount of direct losses suffered by the Beneficiary. The Insurer shall have the right to request the Beneficiary in writing to submit documents proving that the Policyholder has defaulted on or improperly performed obligations under the contract or the procurement documents. Should it transpire that the insurance benefit had been paid unreasonably based on the requirement of the Beneficiary, the Insurer shall have the right to contact the Beneficiary asking for repayment of the benefit, or to refer to court in accordance with the procedure prescribed by law.

14. Non-payment or reduction of insurance benefits

- 14.1. The Insurer shall have the right to reduce the insurance benefit amount if:
 - 14.1.1. the Policyholder or a third person has partially indemnified the losses of the Beneficiary (the insurance benefit shall be reduced by the amount of indemnified losses);
 - 14.1.2. the Policyholder has monetary counterclaims against the Beneficiary (the insurance benefit shall be reduced by the amount of such claims);
 - 14.1.3. in other cases, provided for in the insurance contract, the bond / surety letter and/or laws.
- 14.2. The Insurer shall be entitled not to pay an insurance benefit if:
 - 14.2.1. the event is a non-insured event;
 - 14.2.2. the Beneficiary fails to prove details of the amount of its suffered direct losses;
 - 14.2.3. pursuant to the insurance contract and/or the bond / surety letter conditions, the claim is unreasonable or does not comply with conditions of the insurance contract and/or the bond / surety letter;
 - 14.2.4. a claim has been submitted after the expiry of the insurance contract and/or the bond / surety letter;
 - 14.2.5. the Policyholder or a third party has fully indemnified the Beneficiary's losses;
 - 14.2.6. in other cases, provided for in the insurance contract, the bond / surety letter and/or laws.

- 14.3. Insurance benefits shall not be paid, if the payment of a benefit would result in a violation of any trade and economic sanctions, bans or restrictions under the United Nations resolutions, laws and/or regulations of the European Union, the United Kingdom or the United States of America.
- 14.4. The Insurer shall make a decision on non-payment or reduction of an insurance benefit, by making a reasoned explanation of the motives for such a decision and notifying the Beneficiary and the Policyholder of this in writing. The Insurer's notification sent to the address of the Beneficiary and the Policyholder specified in the insurance contract and the bond / surety letter shall be considered duly presented in accordance with these rules.

15. Additional conditions

- 15.1. All notices, explanations and/or expressions of will between the contractual parties shall be in writing.
- 15.2. Before issuing an insurance policy and a bond / surety letter, the Insurer and the Policyholder may conclude additional agreements and contracts concerning mutual rights and obligations relating to the insurance contract to be concluded, discharge of monetary obligations, collaterals, etc.
- 15.3. Having paid an insurance benefit (or a part of it) to the Beneficiary, the Insurer shall gain the right of recourse to the amounts paid to the Beneficiary from the Policyholder.
- 15.4. After the first written request of the Insurer, the Policyholder undertakes to compensate the amounts paid or likely to be paid by the Insurer to the Beneficiary in full and unconditionally by the date specified in the submitted demand letter. A document or its certified copy certifying the amount paid by the Insurer to the Beneficiary or other documents proving the Insurer's obligation to pay an insurance benefit shall be considered as the basis for the payment. The Insurer shall not be obligated to justify or explain to the Policyholder the reason why the Insurer paid or became obliged to pay an insurance benefit to the Beneficiary.

16. Procedure of assignment of the Insurer's rights and duties under the insurance contract to another Insurer

- 16.1. The Insurer shall have the right to assign its rights and duties under insurance contracts to another or other insurers in accordance with the procedure established by law.
- 16.2. If the Policyholder disagrees with the Insurer's plans to assign its rights and duties under the insurance contract to another or other insurers, the insurance contract shall be terminated by an agreement between the parties to the insurance contract. In this case, the insurance premium for the unused period of validity of the insurance contract shall be refunded to the Policyholder.

17. Information on the processing of personal data

- 17.1. The Insurer shall process personal data received from the Policyholder, persons insured under the insurance contract, their family members, other persons with status equivalent to the Policyholder or other parties to the insurance contract for the purpose of providing insurance services and conducting actions relating to this.
- 17.2. In order to assess the risk insured, to submit an insurance offer or to conclude an insurance contract, to assess the circumstances of the insured events occurred and to determine the insurance benefit amount, the Insurer may provide and collect personal data from state registries, banks, law enforcement authorities, fire departments, emergency services, administrators of multi-apartment buildings, multi-apartment building communities, independent experts, healthcare institutions, and other natural and legal persons.
- 17.3. Personal data may be disclosed to third parties (law enforcement and other authorities, reinsurers, companies providing customer service and other services to the Insurer, other natural or legal persons) if required for the conclusion or performance of the insurance contract or for other legitimate reasons.

- 17.4. The Policyholder or any other person whose personal data are processed by the Insurer shall have the right to contact the Insurer's Security Officer (by e-mail asmensduomenys@ergo.lt or by calling 1887) on all matters relating to the processing of personal data and exercising their rights.
- 17.5. The Policyholder or another person whose personal data are processed by the Insurer, who believes that their rights regarding processing and protecting personal data have been violated, shall be entitled to file a complaint with the State Data Protection Inspectorate.
- 17.6. More detailed information on the processing of personal data by the Insurer is available on the Insurer's website at www.ergo.lt, in the section ERGO Privacy Policy.

18. Dispute resolution procedure

- 18.1. All disputes concerning the conclusion, performance or termination of the insurance contract shall be settled by mutual negotiations, and in the case of a failure to reach an agreement, a dispute may be settled in an out-of-court or judicial procedure pursuant to the laws of the Republic of Lithuania.
- 18.2. Party of the insurance contract shall have the right to refer to the Bank of Lithuania, the institution supervising financial market participants (address: Totorių g. 4, LT-01121 Vilnius), for out-of-court settlement of disputes. Information on dispute settlement procedures between consumers and financial market participants is available online at: http://www.lb.lt/gincu_nagrinejimas.
- 18.3. Law of the Republic of Lithuania shall govern the insurance contract.

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