

These Insurance Terms and Conditions provide for the extent and terms of insurance cover under the road carrier's liability insurance agreement signed between the policyholder and the insurer. Issues not covered by the insurance agreement are governed by the Law of Obligations Act and other legislation.

1. TERMS AND DEFINITIONS

1.1. **General Average adjustment** – rules arising from international law (incl. UK Marine Insurance Act) and used in international legal practice, which govern the interests of owners and operators of cargo, means of transport and vessels in respect of indemnification of costs relating to the salvage of vessels and their cargoes.

1.2. **Freight forwarding contract** – an agreement signed with the consignor or consignee of cargo on the arrangement of the transportation of the cargo from the place of departure to the place of destination according to the route. Under the freight forwarding contract, the freight forwarder may assume liability as the contractual carrier or only as an intermediary; in the latter case, no liability is assumed as a contractual carrier.

1.3. **Trailer** – means of transport designed and built for carriage of cargo that is not independently mobile and that is towed by a towing vehicle.

1.4. **Goods handling equipment** – pallets and frames, lifting gear, supporting structures, cables, straps and other means for fastening goods, partitions for separating goods, temperature or humidity regulators, and other equipment used for loading or securing of cargo or for preparation of cargo for safe transportation in any other manner.

1.5. **Insured service** – the service to be provided by the insured person to its client who is indicated in the insurance agreement and to whom the insurance agreement applies.

The following activities of the insured person do not constitute an insured service under these terms:

- a) acting as the organiser of transportation of cargo, i.e. as a freight forwarder, including in the cases where the freight forwarder acts as a contractual carrier;
- b) acting as a storage service provider, warehouse keeper, warehouse operator, etc.;
- c) acting as the actual or contractual maritime, air or rail transport carrier, operator, etc.;
- d) acting as a stevedore or a port or terminal operator;
- e) engaging in any other type of cargo handling, which is not road transport of the cargo and which is not indicated in the insurance agreement.

1.6. **Insurer** – Compensa Vienna Insurance Group, ADB Estonian branch (hereinafter referred to as 'insurer' or 'Compensa').

1.7. **Insured person** – the person specified in the insurance agreement whose risk is insured; the insured person is generally the policyholder, but it may also be, e.g., the policyholder's subsidiary, branch, agency or contractual partner (for example, lessor of lorries).

The policyholder, employees of the policyholder and persons whom the policyholder uses in the performance of obligations arising from the contract of carriage are deemed **equivalent to the insured person**. The insured person is responsible for the conduct of these persons in the performance of the obligations arising from the insurance agreement in the same way as for its own conduct.

1.8. **Policyholder** – a person who has entered into an insurance agreement with Compensa and has an insurable interest in respect of the object of insurance (hereinafter referred to as 'insured service'). The existence of an insurable interest is subject to the existence of liability during the carriage of cargo, arising from the contract for the service to be provided by the policyholder, i.e. the policyholder acts as a carrier or as a provider of another insured service indicated in the insurance agreement.

In the context of performance of obligations arising from the insurance agreement, the insured person is deemed **equivalent to the policyholder**.

1.9. **Insurance certificate** – a certificate issued to the policyholder, insured person, other party to the contract of carriage, business partner or financing company, which evidences the existence of an insurance agreement and the main terms and conditions thereof (e.g. indemnity limits).

1.10. **Client** – a person who has entered into a contract for the insured service with the insured person; the person who owns or possess or has the right to dispose of the cargo to be transported (e.g. consignor or consignee) can be a client.

1.11. **Third party** – a person who is not equivalent or related to the policyholder, and who is not a person involved in the provision of the insured service or the owner, possessor of the cargo or any other person bearing the risk of loss of or damage to the cargo.

1.12. **Container** – any receptacle of goods with a standard shape and standard dimensions adjusted for carriage of goods, which can be separated from the means of transport (lorry, trailer) and which is designed and built

for repeated carriage of goods and can be handled by lifting gear and various mechanisms.

- 1.13. **Route** – the journey of the cargo from the place of departure (usually the consignor's warehouse) to the place of destination (usually the consignee's warehouse), for which the insured person bears liability under the contract for the provision of the insured service.
- 1.14. **Minimum premium** – the minimum premium payable for the insurance period, which will not be reduced even if the premium should be lower according to the actual turnover, number of lorries or other agreed unit of account and the tariff specified in the insurance agreement.
- 1.15. **Packaging** – a casing or framework intended for secure transportation of the cargo, considering its nature, mode of transport and route. The labelling of packaging usually provides information about the conditions under which the cargo has to be handled during transport (e.g. the temperature regime) and about the main dangers to be avoided (e.g. 'fragile'). A container, trailer or goods handling equipment is not deemed to be packaging.
- 1.16. **Estimated turnover of carriage services** – a forecast, submitted by the policyholder to Compensa, of the turnover of the insured service, i.e. of the freight charges payable by the client of the insured person, based on which Compensa will assess risks (and calculate the insurance premium).
- 1.17. **Gross negligence** – a person's failure to exercise necessary care to a material extent. In the context of these Insurance Terms, gross negligence includes acts of a person under the influence (such as an alcoholic or narcotic/psychotropic intoxication), and consumption of alcohol or drugs/psychotropic substances immediately after an insured event.
- 1.18. **Sanctions** – the imposition of an international sanction the establishment of which has been decided by the European Union, the United Nations, another international organisation or the Government of the Republic of Estonia.
- 1.19. **Tariff** – the percentage of turnover or the amount of money per unit of account (e.g. lorry, container, unit of weight of the goods) specified in the insurance agreement, which serves as the basis for calculation and recalculation of the insurance premium.
- 1.20. **Delivery terms** – the terms and conditions contained in the cargo sales contract, which determine the rights and obligations of the seller and the buyer of the cargo in relation to the delivery, including the transfer of the risk of loss of and damage to the goods from the seller to the

buyer, the insurance obligation, etc. The delivery terms are based on the international set of rules Incoterms, which is supplementary in nature, i.e. it applies provided that the parties do not agree otherwise.

- 1.21. **Actual turnover of carriage services** – the actual turnover of the insured service, i.e. the freight charges paid by the client of the insured person, declared by the policyholder to Compensa, based on which Compensa may recalculate the insurance premium.
- 1.22. **Transport operator** – a company transporting the cargo (carrier), organising the transportation of the cargo (freight forwarder), loading the cargo (stevedore), removal of the cargo or organising the removal of the cargo (remover) or warehousing the cargo (warehouse keeper).
- 1.23. **Means of transport** – any means of transport by road, sea, inland waters, air or rail, which is adapted for the carriage of goods, including a container and a trailer.
- 1.24. **Carrier** – a person carrying out transportation, to which a transport permit has been issued, which has entered into a contract of carriage with the client and which observes the applicable international or national legislation in the conduct of its business.
- 1.25. **Contract of carriage** – an agreement signed by the consignor or consignee of cargo with the carrier on the transportation of the cargo from the place of departure to the place of destination according to the route. Contracts of carriage are subject to international conventions and other agreements (e.g. the CMR Convention for road transport) and, in the case of domestic transport, to local law.
- 1.26. **Legislation governing the contract of carriage** – an international or a national rule that provides for the legal relations and scope of responsibility of the consignor or consignee of cargo and the carrier, deadlines for filing claims and the like.
- 1.27. **Freight charges** – the fee payable to the carrier for the delivery of cargo, i.e. for the performance of the contract of carriage.
- 1.28. **Lorry** – a means of transport that carries cargo, incl. a trailer or container.
- 1.29. **Cargo** – the movable property in the possession of the carrier, which is transported from one point to another. Goods being sold or purchased or any other movable property for the transportation of which the policyholder has entered into a contract of carriage can be cargo. Packaging and labelling is included in cargo.

2. OBJECT OF INSURANCE

2.1. The object of insurance is the insured person's civil liability, which may arise in connection with the provision of the insured service, i.e. in connection with road transport of cargo for reward (road transport may also include maritime transport while the lorry is on board and the cargo or container is not transhipped and the trailer is not decoupled from the lorry), with the insured person acting as the actual carrier and using a lorry in its ownership or possession, indicated in the insurance agreement, to perform the carriage.

2.2. **Unless otherwise provided in the insurance agreement, the insurance cover will not extend to the following types of carriage:**

- a) cargo not being transported (e.g. goods stored);
- b) cargo driven by its own power;
- c) towed cargo;
- d) items being removed, e.g. apartment and office furnishings;
- e) items transported under international postal conventions;
- f) cash, bankcards, securities, bonds, gift cards, lottery tickets, coupons, invoices, checks, tax stamps, documents, plans, designs, drawings, archives, information and software contained in an information processing system or storage medium;
- g) documents accompanying the cargo, incl. commercial invoices, packing sheets, waybills (CMR waybill, Bill of Lading, Air waybill, etc.);
- h) weapons, ammunition and explosives;
- i) items of historical or artistic value;
- j) precious stones, pearls, items made of precious metals or materials;
- k) living creatures, including humans, animals, fish, birds, insects, plants (incl. cut flowers), etc.;
- l) dead bodies, donor organs, incl. donor blood;
- m) radioactive materials;
- n) contraband, incl. goods whose carriage is prohibited by the relevant legislation of the country of departure, destination or transit.

3. INSURED EVENT AND LOSSES TO BE INDEMNIFIED

3.1. An insured event means any unexpected and unforeseeable event occurring within the territory of insurance during the effective term of the insurance agreement, which results in the insured person's obligation to compensate for loss or damage sustained in connection with the provision of the insured service, provided that indemnification of such losses is not

excluded by these Insurance Terms and Conditions or other parts of the insurance agreement.

3.2. The losses to be indemnified are the proven losses described in the claim raised against the insured person, which are related to the cargo having been damaged, destroyed or lost, for which the insured person is liable under the Convention on the Contract for the International Carriage of Goods by Road (CMR Convention), in the case of road transport within Estonia according to the Law of Obligations Act and in the case of other domestic transportation (e.g. cabotage) according to the local law, but not to a greater extent than is provided for in the CMR Convention.

3.3. In addition to the cargo-related losses mentioned in section 3.2, financial obligations entailed by the insured event (hereinafter referred to as 'financial losses') will be indemnified as follows:

- a) claims, arising from cargo-related losses, for reimbursement of direct transport costs (freight charges);
- b) claims arising from late delivery of the cargo, according to the CMR Convention (in an amount not exceeding the freight charges) and in the case of carriage within Estonia in accordance with the Law of Obligations Act (in an amount not exceeding three times the freight charges), provided that the deadline for carriage specified in the contract of carriage was reasonable (considering the route, the nature of the cargo and other circumstances) and the person raising the claim demonstrates the incurrence of actual additional costs (e.g. an increase in the rent paid for loading machinery);
- c) claims relating to payment of customs duties (except customs fines and confiscation of goods), to the extent of the liability arising from the contract of carriage;
- d) costs or repacking or resorting goods in connection with the damage caused to the cargo;
- e) claims related to the General Average adjustment raised in connection with the ownership or possession of the lorry and trailer.

3.4. In addition to what is provided for in the contract of carriage, the following **costs** will be indemnified:

- a) reasonable and necessary costs incurred with a view of preventing an insured event and reducing the loss to be indemnified;
- b) costs of legal assistance incurred in connection with defence against the claim raised against the insured person under the insurance agreement, including costs of judicial proceedings and reasonable and necessary costs of extrajudicial proceedings approved by Compensa.

3.5. In addition to the losses specified in sections 3.2–3.4 above, the following losses described in the Special Conditions and Clauses will be indemnified subject to a written agreement to that end between Compensa and the policyholder:

- a) liability for damage to or destruction or loss of a container;
- b) liability for damage to or destruction or loss of a trailer;
- c) liability to a third party;
- d) liability for causation of damage described in the insurance agreement through gross negligence.

4. EXCLUSIONS

Losses that have not been caused by an insured event and the following losses will not be indemnified under the insurance agreement:

Losses arising from the properties of cargo:

- 4.1. loss or damage resulting from an inherent property of the cargo, an originally existing defect, an inherent flaw or hidden defect, normal leaking, loss in volume or weight, wear and tear or rupture, gradual deterioration, aging, material fatigue, or changes in temperature, colour, taste, smell, texture or finishing properties;
- 4.2. loss or damage resulting from corrosion, erosion, rust, wet or dry rot, evaporation, scratches, or other such phenomena;
- 4.3. loss or damage resulting from insufficient or unsuitable packaging of the cargo, which does not withstand the usual risks of transportation of the cargo, considering the cargo's properties and route, unless the cargo was packaged or prepared by the policyholder or persons deemed equivalent to the policyholder. Packaging is deemed to also include loading and securing the cargo on the means of transport in the place of departure according to the route;
- 4.4. loss or damage resulting from deterioration of the cargo under the influence of temperature or humidity or variations thereof, unless indemnification of such loss or damage has been specifically agreed upon in the insurance agreement and except in the case that such loss or damage was caused by a failure of any temperature device, a traffic accident, a fire or a temperature or humidity regime improperly set by the insured person who did not comply with the requirements for the carriage of goods. Such loss or damage will be indemnified on the condition, among others, that the obligation to employ a specific regime was laid down in the contract of carriage and that readings of the instruments measuring the temperature regime were recorded and can be reproduced;

4.5. loss or damage resulting from an electronic or mechanical malfunction or failure of the cargo, unless it is proved that the means of transport, packaging or seals were tampered with or damaged during the transport operation.

Losses associated with the policyholder and persons deemed equivalent to the policyholder:

- 4.6. loss or damage resulting from the insured person's insolvency or other financial difficulties that hinder the transportation of the cargo;
- 4.7. loss or damage resulting from an action or inaction by a member of the management board of the insured person, in respect of which the liability of a management board member arising from law is applied;
- 4.8. loss or damage resulting from the delivery of the cargo by the insured person to a wrong person, e.g. to a person who has not been designated as the consignee in the contract of carriage or who did not have the right to accept the cargo;
- 4.9. loss or damage resulting from the insured person's obligation to enter into an agreement on insurance of goods (e.g. cargo insurance);
- 4.10. loss or damage resulting from inoperability, non-conformity or unsuitability or technical failure of a lorry, trailer or container or equipment thereof (e.g. device enabling the adjustment and preservation of temperature), including the fact that the insured person does not hold a valid certificate from a regulatory body for the lorry, trailer or container. This exclusion is not applied if the policyholder proves that before the start of the transport operation the policyholder had no opportunity to check the operability, suitability or technical condition of the lorry, trailer or container;
- 4.11. loss or damage resulting from the cargo being processed, used, tested, assembled, installed or subjected to any other activity that differs from normal carriage, loading or intermediate storage of cargo;
- 4.12. loss or damage resulting from a claim relating to the ownership or possession of a lorry, trailer or container, unless indemnification of such loss or damage has been specifically agreed upon in the insurance agreement;
- 4.13. loss or damage resulting from any circumstances that the policyholder was or should have been aware of before the entry into the insurance agreement or contract of carriage or before the start of the transport operation;

4.14. loss or damage resulting from mutual claims between persons covered by the same insurance agreement.

General exclusions:

4.15. loss or damage resulting from a mistake or error of the consignor, consignee or person raising the claim, incl. incorrect or incomplete address, package labelling, etc.;

4.16. loss or damage resulting from insolvency or other financial difficulties of the consignor, consignee or person raising the claim that hinder the transportation of the cargo;

4.17. loss or damage resulting from the refusal of the consignee to accept the goods;

4.18. loss or damage incurred outside the period or territory of applicability of insurance specified in the insurance agreement;

4.19. loss or damage resulting from liability to a third party, unless such liability constitutes an insured event according to these terms;

4.20. loss or damage resulting from death, illness or injury of people (personal injury);

4.21. loss or damage resulting from *Force majeure*, i.e. an event beyond the control of the insured person;

4.22. loss or damage resulting from a delay or violation of the term of the contract of carriage, unless such delay or violation arose from an action or inaction of the insured person;

4.23. loss or damage resulting from cancellation of a contract; a fine; late payment interest; interest; loss of a market share; non-admission of the cargo into a country, etc.;

4.24. loss or damage resulting from any shortage of the cargo, unless there is evidence of damaging of the packaging or seals or of breaking into the means of transport or place of intermediate storage;

4.25. loss or damage caused by persons who do not have the right to stay in the country of the occurrence thereof or in the country of destination of the cargo (illegal persons) or resulting from the transportation of such persons;

4.26. loss or damage caused by microorganisms (fungi, dry rot, etc.), animals, birds, plants, vermin or insects;

4.27. loss or damage resulting from a failure of an IT device, electro-technical data processing device or processor-controlled device; modification, deletion or theft of data; intentional damage to data and/or software, including by unauthorised access; a computer virus; incompatibility of data and/or software; or overcharging;

4.28. damage caused to the environment and the expenses incurred in the elimination thereof;

4.29. costs of state or local government agencies, incl. the Rescue Board;

4.30. loss or damage that has to be compensated under a warranty or guarantee (e.g. a warranty provided for claims arising from the TIR Convention, a customs or tax warranty or guarantee), a contract performance standard, an obligation or warranty specified in the contract of sale of the cargo (e.g. cash on delivery, etc.), a compulsory insurance (incl. motor third party liability insurance) agreement or mandatory insurance agreement, or an act of law or administrative act by a local authority or a public legal person;

4.31. loss or damage resulting from war, civil war, invasion, massive disorder, revolution, coup, a state of emergency, confiscation, seizure, imposition of a preventive measure, or expropriation;

4.32. loss or damage resulting from a strike, lockout workers or participants in workers' disruptions;

4.33. loss or damage resulting from terrorist acts or acts of people who are motivated by religious, political, ethnic or ideological reasons and who jeopardise the life, health, security or property of other persons or of society;

4.34. loss or damage resulting from derelict mines, bombs, torpedoes or abandoned weapons;

4.35. loss or damage resulting from radiation and radioactive contamination;

4.36. loss or damage resulting from the use of a chemical, biological, biochemical or electromagnetic weapon;

4.37. loss or damage resulting from the use of nuclear energy for any purpose, or loss of control thereof.

5. RELEASE OF THE INSURER FROM THE OBLIGATION TO PERFORM THE INSURANCE AGREEMENT

Compensa will be released, in part or in full, from the obligation to perform the insurance agreement if:

- 5.1. prior to the entry into the insurance agreement, the policyholder submitted false information to the insurer, and the insurer would not have signed the insurance agreement or would not have signed the insurance agreement under its current conditions if it had known the correct information;
 - 5.2. the insured risk has increased and the insurer has not accepted the increase;
 - 5.3. the insured person has wilfully or through gross negligence violated at least one of the obligations specified in the insurance agreement and such violation has had an impact on the incurrence or extent of the loss or damage or on the identification of the extent of the loss or damage;
 - 5.4. the insured person has failed to comply with the obligation to inform about changes in material risk circumstances;
 - 5.5. the insured person has knowingly submitted false information about the circumstances or extent of the loss or damage;
 - 5.6. the insured event occurred through intent or gross negligence of the insured person, unless indemnification of such loss or damage has been specifically agreed upon in the insurance agreement;
 - 5.7. the insured person has caused the loss event under the influence of alcohol, drugs or psychotropic substances, unless indemnification of such loss or damage has been specifically agreed upon in the insurance agreement;
 - 5.8. the insured person contributed to the commission of a crime or to an attempt of a crime;
 - 5.9. the insured person waives his right against the person who caused the loss or damage, or Compensa cannot exercise its right of recourse through the fault of the policyholder (the deadline for filing the claim is exceeded, required documents are not submitted);
 - 5.10. the claim raised against the insured person is groundless or the limitation period has expired;
 - 5.11. the insured person accepts the claim raised against it, but the insured person is not required to compensate for the loss or damage under the legislation governing the contract of carriage;
 - 5.12. the loss or damage has been compensated by a third party.
- 6. TERRITORY AND PERIOD OF INSURANCE**
- 6.1. The territory of insurance is indicated in the insurance policy and Compensa will have an indemnification obligation only in respect of an event that occurs in the territory of insurance specified in the policy (a list of countries and regions), except the countries and territories mentioned in the special terms and clauses.
 - 6.2. The period of insurance is the period agreed upon in the insurance agreement. The event underlying a claim raised against the insured person must occur during the period of insurance and the claim has to be raised within a year of the occurrence of the event.
 - 6.3. The period of insurance cover starts to run from the moment when the cargo is accepted by the insured person for carriage.
 - 6.4. The period of insurance cover ends when the cargo is delivered to the consignee by the insured person.
- 7. SUM INSURED AND LIMIT OF INDEMNITY**
- 7.1. The sum insured is the largest amount payable per insured event.
 - 7.2. The sum insured is determined on the basis of the market value of the cargo at the place of the receipt of the cargo for carriage. The market value is determined on the basis of cargo sales documents or the market price at which it is possible to buy the cargo in the open market at the place of receipt of the cargo for carriage.
 - 7.3. The limit of indemnity is the maximum monetary indemnification. The limit of indemnity may be set for the whole period of insurance or per event. In the insurance agreement, an aggregate limit and special limits of indemnity (sub-limits) for different insured events may be set. The limit of indemnity per event or special limits of indemnity (sub-limits) are included in the aggregate limit of indemnity. The limits of indemnity are reduced by the indemnities paid out.
 - 7.4. A limit of indemnity shall not exceed the limit provided for in the CMR Convention or the Law of Obligations Act, i.e. 8.33 SDR per kilogram of gross weight of goods damaged, destroyed or lost (cargo weight with packaging). This limit shall also apply in cases where the insured person has assumed a higher liability under the contract of carriage (e.g. in accordance with Article 24 or 26 of the CMR) or where limited liability cannot be applied to the carrier because damage was caused intentionally or by gross negligence. In no case shall an indemnity exceed the value of the cargo (determined in accordance with section 7.2) and the amount of the relevant part of freight charges.

7.5. The aforementioned limit will also apply in the case that indemnification of loss or damage is based on the special term on gross negligence.

8. DEDUCTIBLE

8.1. A deductible is an amount of money agreed upon in the insurance agreement (insurance policy), which Compensa will not indemnify. A deductible may be a percentage of the amount of the loss or damage or a fixed amount of money. The insurance agreement may specify both the general deductible, as well as special deductibles for specified insured events, goods, regions, etc.

8.2. Losses resulting from different events will be considered separate insured events, and a separate deductible will be applied to each such insured event.

9. OBLIGATIONS OF THE POLICYHOLDER

The policyholder is obliged (general obligations):

9.1. to explain the obligations arising from the insurance agreement to the persons who are deemed equivalent to the policyholder, as well as to the persons whom the policyholder uses in the transportation of the cargo; to enter into contracts of carriage with clients and provide instructions (including safety requirements, the required temperature regime, etc.) to persons deemed equivalent to the policyholder in a format that can be reproduced in writing and keep these at least until the end of the limitation periods for claims arising from the insurance agreement;

9.2. to notify the insurer, before the entry into or during the effective term of the insurance agreement, if the policyholder or a person deemed equivalent to the policyholder has been / is included in a list of persons to whom sanctions apply;

9.3. to provide complete and accurate information necessary for the assessment of the insured risk and, upon entry into the insurance agreement, disclose all the circumstances known to the policyholder that may affect Compensa's decision to enter into the insurance agreement or to do so on the agreed terms and conditions;

9.4. to ensure that licence cards have been issued for the lorries indicated in the insurance agreement;

9.5. to ensure that the lorries carrying the cargo and the goods handling equipment are technically sound and suitable for carrying the cargo, considering the nature of

the cargo, the route and other circumstances of carriage. The lorries and the goods handling equipment shall comply with the legislation effective in the countries of departure, transit and destination and with the requirements of the competent regulatory body;

9.6. to comply with the legislation of the countries of departure, transit and destination according to the route of the cargo, including, without limitation, agreements on transportation of dangerous goods or of oversized or heavy cargo;

9.7. to notify the insurer of an increase in the probability of the insured risk at the earliest opportunity. Material circumstances increasing the insured risk include, in particular, the data that are specified as such in the insurance agreement and/or that Compensa requested at the time of entry into the agreement;

9.8. to comply with any additional instructions of Compensa to reduce the insured risk and abide by the safety requirements and special conditions set out in the insurance agreement;

9.9. to immediately notify the insurer about multiple insurance;

9.10. to make every effort to prevent an insured event and minimise any damage, avoid any increase in the probability of the insured risk and cause the persons who are deemed equivalent to the policyholder to do the same;

9.11. when receiving the cargo from the consignor or delivering the cargo to the consignee, the insured person is required to inspect the external condition of the cargo and its packaging, the number of cargo units and the condition of the cargo space and seals and, in the case of any comments, indicate a corresponding notation on the delivery note. If the insured person is unable to carry out such inspection, a notation to that effect has to be indicated on the delivery note;

9.12. to ensure, before the cargo is loaded, that the cargo space is clean and dry and meets other requirements set out in the contract of carriage (e.g. the required temperature);

9.13. to observe safety requirements and precautions in order to ensure safe transportation of the cargo and avoid any loss events, among other things:

a) observe basic reasonable safety requirements when leaving the vehicle, i.e. close and lock the windows, doors and hatches, turn on the alarm system, take the delivery documents of the cargo, etc.;

- b) observe basic reasonable safety requirements also during rest periods (e.g. when complying with the requirements arising from legislation governing rest periods), using either guarded parking lots or parking areas of service stations that are intended for truck parking, while also observing the above precautions when leaving the vehicle.
- c) in the case that transportation is subject to a specific temperature regime, regularly monitor the temperature in the cargo space and the operation of the device that ensures and maintains the temperature regime.

In the case of an insured event or an event following that a claim could be raised under the insurance agreement, the policyholder is required to comply with the following obligations.

- 9.14. The policyholder has to take immediate measures to rescue the cargo, prevent any increase of a loss and reduce the loss.
- 9.15. The policyholder shall immediately notify:
- a) the police if third party actions are suspected;
 - b) the local rescue authority in the event of a fire or explosion of an explosive;
 - c) in other cases, the competent authority or person;
 - d) the previous carrier and/or person organising transportation (freight forwarder), observing the time limits laid down in the legislation governing the contract of carriage;
 - e) the loss adjuster indicated in the insurance policy.
- 9.16. The policyholder shall notify Compensa about the insured event as soon as possible, but no later than three business days after becoming aware of the event. If the exact time of the insured event cannot be determined, the event will be deemed to have occurred at the time when the policyholder should have become aware of it.
- 9.17. In the case of apparent damage to or shortage of the cargo, the policyholder is required to establish the loss; no damage or loss entitles the consignee to refuse to accept the goods.
- 9.18. The policyholder shall comply with the instructions of Compensa and, if possible, keep the place where the insured event occurred or was discovered intact until instructions are given.
- 9.19. If the insured event is expected to have occurred through the fault of third parties, the policyholder shall protect its rights against the person responsible for the loss (observing the time limits for notifying about the loss and raising a claim) and, after the indemnification of the loss,
- at the request of Compensa, assign its right of claim to Compensa enabling the latter to file a recourse action.
- 9.20. At the request of Compensa, the policyholder shall enable a representative of Compensa to inspect the goods and may not, without the consent of Compensa, transfer or dispose of the cargo.
- 9.21. The policyholder shall provide Compensa with the information and documents in the policyholder's possession about the causes and extent of the loss, incl. delivery and sales documents concerning the cargo, documents on the damage caused to goods, and correspondence with the carrier or forwarding agent.
- 9.22. Documents to be submitted for the purposes of loss adjustment (the following list is not exhaustive, i.e. all documents may not exist for all events, and additional documents may have to be submitted for some events):
- a) a claim notice and a brief description of the event;
 - b) sales documents on the goods, i.e. offer to sell, contract of sale, invoice for the goods, or other documents certifying the sale and the delivery terms;
 - c) documents relating to the contract of carriage, i.e. the order of carriage, the contract of carriage, the invoice for carriage, and carriage-related correspondence with the consignor or consignee and previous or subsequent carrier or freight forwarder;
 - d) packing lists, statements of delivery and acceptance of the cargo;
 - e) the claim raised against the insured person or the claim notice;
 - f) the driver's letter of explanation;
 - g) the police statement, customs statements;
 - h) calculation of the amount of loss, and documents certifying the expenses relating to the loss event;
 - i) all other information concerning the particular transport operation and loss event.
- 9.23. The burden of proof regarding an insured event lies with the policyholder.
- 9.24. The policyholder shall immediately notify Compensa, in a format that can be reproduced in writing, if loss has been indemnified by a third party or if the policyholder intends to waive the claim filed against Compensa.
- 9.25. If the insured person regains the possession of a stolen or robbed cargo, then Compensa shall be immediately notified. If the ownership of the cargo has been transferred to Compensa, the possession of the cargo shall also be immediately transferred to Compensa.
- 9.26. The policyholder shall comply with other obligations arising from the documents of the insurance agreement, i.e. the above list of obligations is not exhaustive.

10. RIGHTS AND OBLIGATIONS OF COMPENSA

Compensa shall:

- 10.1. prior to the entry into the insurance agreement, introduce the documents related to the insurance agreement to the policyholder by including relevant references in the offer and/or the insurance policy (e.g. a direct reference to the relevant Internet site);
- 10.2. register the claim notice and introduce loss adjustment and indemnification principles to the policyholder;
- 10.3. following the receipt of the policyholder's claim notice, immediately start the loss adjustment process and determine the amount of loss to be indemnified;
- 10.4. make a decision to indemnify or refuse to indemnify the loss within a reasonable time from the receipt of all required documents and the identification of the amount and circumstances of the loss. Compensa is entitled to postpone making the decision if civil, criminal or misdemeanour proceedings have been commenced in respect of the loss event and circumstances identified in the course of the proceedings are relevant to the determination of Compensa's indemnification obligation;
- 10.5. notify the policyholder as soon as possible, if any additional material or evidence is required to ascertain the cause and/or extent of the loss;
- 10.6. not to disclose the information disclosed to it in connection with the insurance agreement.

Compensa is entitled to:

- 10.7. establish additional requirements in order to reduce the insured risk. The additional requirements will be considered a part of the insurance agreement if, ten days after the receipt of the requirements, the policyholder fails to submit a statement of withdrawal from the insurance agreement;
- 10.8. in the event that the insured risk increases during the period of insurance, require the policyholder to take additional security measures and/or increase the insurance premium;
- 10.9. in the case of an increase in the insured risk, require the policyholder to pay the difference between the insurance premium indicated in the insurance policy and the premium payable according to the actual insured risk;

10.10. amend the standard terms and conditions and/or premium, if the insurance agreement is entered into for a period longer than one year, but not in respect of the first annual period of insurance under the insurance agreement;

10.11. involve third parties in the loss adjustment process.

**11. INSURANCE INDEMNITY AND INDEMNIFICATION
METHODS AND PROCEDURE**

11.1. The insurance indemnity is an amount of money paid out as compensation for the proprietary loss arisen as a result of the insured event and for the costs agreed upon in the insurance agreement.

11.2. Costs incurred in the prevention or reduction of a loss or damage are regarded as necessary and reasonable costs, if the sum of the cargo's estimated residual value and the amount of such costs is less than the market value of the cargo.

11.3. If the restoration of the cargo is not technically and economically justified, the cargo will be deemed to have been completely destroyed (total loss). In this case, the market value of the cargo, less the residual value and the deductible, will be indemnified.

11.4. Indemnification methods include monetary compensation and indemnification for the costs incurred in restoration or reacquisition of the cargo or replacement thereof with an equivalent one. If a part of the cargo can be replaced, the costs of replacement of that part (incl. transport costs) will be indemnified, provided that these costs do not exceed the market value of the cargo. The method of indemnification will be determined by Compensa.

11.5. When determining the amount of the insurance indemnity, the amount to be paid out will be adjusted for the deductible, any outstanding insurance premiums and reductions of indemnity, as well as taxes refunded under law (e.g. value added tax). If the currencies of the indemnity and the claim raised against the insured person are different, the indemnity will be calculated on the basis of the daily exchange rate of the European Central Bank on the day of the loss or, if the day of the loss is not known, on the day of learning about the loss.

11.6. Compensa is entitled to reduce the indemnity by the sum of insurance premiums payable until the end of the current period of insurance, regardless of whether or not they have become due and to whom the insurance indemnity will be paid out.

- 11.7. Compensa is entitled to pay the indemnity directly to the person who raised the claim.
- 11.8. Value added tax or any other tax refundable to the policyholder under a law or other legislation will not be indemnified.
- 11.9. A cargo will be deemed lost if no information has been received on the cargo and/or the means of transport used to carry the cargo within 30 days, in case of domestic carriages, or within 60 days, in case of international carriages, of the expected date of arrival in the place of destination.
- 11.10. After indemnification, the right of claim of the policyholder or insured person against the person responsible for the loss shall be assigned to Compensa to the extent of the insurance indemnity paid out. At Compensa's request, the policyholder shall enter into a written agreement on the assignment of the ownership or the right of claim.
- 11.11. Cargoes that are not permitted to be placed in free circulation under trademark law or according to a decision of a competent authority (e.g. the Veterinary Board or the Agency of Medicines) will remain in the possession of the owner or legal possessor of the cargo, who will have the right to destroy or recycle the goods. Compensa is entitled to proceeds of sale of these goods if it has paid the indemnity.
- 11.12. If Compensa has provided information to a third party on the existence of the insurance agreement, this information is merely informative and does not imply recognition or waiver of any claim.

12. REPAYMENT OF THE INSURANCE INDEMNITY

The policyholder and/or insured person is required to repay the insurance indemnity to the insurer as soon as possible if, after indemnification, circumstances precluding indemnification become evident or if the loss or damage has been indemnified by a third party.

13. HANDLING OF CUSTOMER COMPLAINTS AND SETTLEMENT OF DISAGREEMENTS

- 13.1. The parties will endeavour to settle disputes arising from the insurance agreement by way of negotiations and, failing agreement, may take legal action.
- 13.2. If the policyholder or the insured person is not satisfied with the activities of Compensa, such person is entitled to lodge a complaint with Compensa. Declaration of dissatisfaction expressed in a format that can be

reproduced in writing will be registered as a complaint. Compensa will notify the customer of the deadline for replying to the complaint at the earliest opportunity.

- 13.3. To settle a dispute, the policyholder may turn to the insurance mediation body of the Estonian Insurance Association, observing the procedural rules of the mediation body.

14. FORM OF NOTICES

- 14.1. All notices between the parties to the insurance agreement that are necessary for the performance of the agreement shall be given in a format that can be reproduced in writing.
- 14.2. Compensa has the right to record phone calls related to the performance of the insurance agreement.

15. DISCREPANCIES

In the case of any discrepancies between the documents of the insurance agreement, the following order of priority applies in the interpretation of the documents, with the previous document taking precedence over the next document: the insurance policy, the special conditions and special requirements indicated in the offer, and lastly these Insurance Terms. In the case of any disputes, the terms and conditions of the Road Carrier's Liability Insurance compiled in Estonian will always be taken as the basis.

SPECIAL CONDITIONS AND CLAUSES

The special conditions and clauses apply as part of the insurance agreement if so agreed in the insurance policy. The special conditions and clauses apply only to the extent of those conditions and clauses that are indicated in the insurance policy (i.e. all special conditions and clauses do not apply automatically).

16. LIABILITY TO A THIRD PARTY

Subject to an additional special agreement between Compensa and the policyholder, the insurance cover will extend to a claim raised against the insured person by a third party for compensation for property damage, provided that such damage was caused to the property of the third party as a result of the activities of the insured person during transportation or loading of cargo in connection with the performance of the contract of carriage.

Any circumstances not regulated by this special term will be governed by the Road Carrier's Liability Insurance Terms and Conditions. In addition to exclusions specified in other parts of the Insurance Terms and Conditions, damage caused to means of transport (i.e. lorry, trailer, container, vessel, aircraft, etc.) will not be indemnified.

17. LIABILITY FOR CONTAINERS

Subject to an additional special agreement between Compensa and the policyholder, the insurance cover will extend to claims for compensation for losses incurred due to destruction of, damage to or loss of containers not owned by the insured person but temporarily placed in the possession and use of the insured person for the time of performance of the contract of carriage, provided that the following conditions are met:

- a) the insured person is liable for such loss, i.e. the loss resulted from the insured person's fault, mistake or negligence;
- b) the insured person has the obligation to compensate for such loss pursuant to the contract entered into with the owner or lawful possessor of the containers or pursuant to law.

This special term shall not apply in respect of containers whose owner or long-term possessor is the insured person under a leasing or other financing contract. For the purposes of this special term, long-term possession is taken to mean a situation where the insured person uses a container for repeated transport operations over a longer period of time, not only during the period of provision of the insured service.

Under this special term, the amount of indemnity will be limited to one of the following:

- a) costs of repair or reinstatement value of the container;
- b) the amount agreed in the insurance agreement and indicated in the policy;
- c) the market value of the container.

The lowest of the above limits will be applied. If the market value of the container exceeds the amount indicated in the policy, the principles of underinsurance will be applied.

Any circumstances not regulated by this special term will be governed by the Road Carrier's Liability Insurance Terms and Conditions. In addition to exclusions specified in other parts of the Insurance Terms and Conditions, the following losses will not be indemnified:

- a) loss arising at the time when the container was in the possession of a third party;
- b) loss arising from the fact that the container was not used for its intended purpose or that any instructions, specifications or restrictions of the manufacturer of the container were breached;
- c) loss arising from poor maintenance, repairs or handling of the container;
- d) loss arising before the container was loaded on a lorry or trailer and after the container was unloaded from the lorry or trailer;
- e) loss arising from rust, corrosion, erosion, discoloration, etc.;
- f) loss arising from scratching, bruising, denting, chipping, etc.;
- g) loss arising from an inherent property, fault or defect, normal wear and tear, rupture, etc.;
- h) loss arising from an electrical, electronic or mechanical failure, fault or malfunction, etc.;
- i) unexplained loss or damage;
- j) loss or damage arising from fraud, deception or extortion.

Compensa will also reimburse the costs incurred with a view of preventing or reducing damage to containers owned by third parties or rescuing or transporting such containers in accordance with section 3.4 of the Road Carrier's Liability Insurance Terms and Conditions.

Losses or damage incurred as a result of a lack of possibility to use containers, leasing or rent payments, etc., will not be indemnified.

18. LIABILITY FOR TRAILERS

Subject to an additional special agreement between Compensa and the policyholder, the insurance cover will extend to claims for compensation for losses incurred due to destruction of, damage to or loss of trailers not owned by the insured person but temporarily placed in the possession and use of the insured person for the time of performance of the contract of carriage, provided that the following conditions are met:

- a) the insured person is liable for such loss, i.e. the loss resulted from the insured person's fault, mistake or negligence;
- b) the insured person has the obligation to compensate for such loss pursuant to the contract entered into with the owner or lawful possessor of the trailer or pursuant to law.

This special term shall not apply in respect of trailers whose owner or long-term possessor is the insured person under a leasing or other financing contract. For the purpose of this special term, long-term possession is taken to mean a situation where the insured person uses a trailer for repeated transport operations over a longer period of time, not only during the period of provision of the insured service.

Under this special term, the amount of indemnity will be limited to one of the following:

- a) costs of repair or reinstatement value of the trailer;
- b) the amount agreed in the insurance agreement and indicated in the policy;
- c) the market value of the trailer.

The lowest of the above limits will be applied. If the market value of the trailer exceeds the amount indicated in the policy, the principles of underinsurance will be applied.

Any circumstances not regulated by this special term will be governed by the Road Carrier's Liability Insurance Terms and Conditions. In addition to exclusions specified in other parts of the Insurance Terms and Conditions, the following losses will not be indemnified:

- a) loss arising at the time when the trailer was in the possession of a third party;
- b) loss arising from the fact that the trailer was not used for its intended purpose or that any instructions, specifications or restrictions of the manufacturer of the trailer were breached;
- c) loss arising from poor maintenance, repairs or handling of the trailer;
- d) loss arising from any use of the trailer outside roads, incl. on a terrain or shore, in water, on a ice lane not opened for traffic, etc.;
- e) loss arising before the trailer was coupled to a lorry and after the trailer was uncoupled from the lorry;
- f) loss arising from rust, corrosion, erosion, discoloration, etc.;
- g) loss arising from scratching, bruising, denting, chipping, etc.;
- h) loss arising from an inherent property, fault or defect, normal wear and tear, rupture, etc.;
- i) loss arising from an electrical, electronic or mechanical failure, fault or malfunction, etc.;
- j) loss arising from a failure or breakage of tires or brakes;

- k) unexplained loss or damage;
- l) loss or damage arising from fraud, deception or extortion.

Compensa will also reimburse the costs incurred with a view of preventing or reducing damage to a trailer owned by a third party or rescuing or transporting such a trailer in accordance with section 3.4 of the Road Carrier's Liability Insurance Terms and Conditions.

Losses or damage incurred as a result of a lack of possibility to use a trailer, leasing or rent payments, etc., will not be indemnified.

19. GROSS NEGLIGENCE

Subject to an additional special agreement between Compensa and the policyholder, subsections 5.6 and 5.7 of section 5 of the Road Carrier's Liability Insurance Terms and Conditions (Release of the insurer from the obligation to perform the insurance agreement) will not be applied, i.e. a situation where a loss event occurred through gross negligence of the insured person or where the insured person caused a loss event under the influence of alcohol, drugs or psychotropic substances will also be regarded as an insured event.

However, the limits of indemnity will not exceed the limits set out in section 7 of the Road Carrier's Liability Insurance Terms and Conditions (Sum insured and limit of indemnity), incl. the limit laid down in the CMR Convention and in the Law of Obligations Act, i.e. 8.33 SDR per kilogram of gross weight of goods damaged, destroyed or lost. These limits will be applied to indemnification under the insurance agreement also in the case that the insured person cannot rely on provisions limiting the carrier's liability in a situation