



# RECREATIONAL CRAFT OWNERS' THIRD PARTY LIABILITY INSURANCE

Terms and Conditions No. 12.AK1  
Effective as of 01.09.2020

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BTA and Policyholders enter into Recreational Craft Owners' Third Party Liability Insurance Contracts in accordance with these Terms and Conditions and the General Third Party Liability Insurance Terms and Conditions in effect at the moment of conclusion of the Insurance Contract.

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## DEFINITIONS OF TERMS, USED IN THESE TERMS AND CONDITIONS

**Coverage territory of the insurance contract** – territory of the Republic of Latvia, inland waters of the Republic of Latvia, territorial sea of the Republic of Latvia.

**Recreational Craft** – a vessel for recreation, entertainment and sports, the length of which is up to 24 metres (such as, but not limited to, motorboat, launch, sailing yacht, motor yacht, sail catamaran, rowing boat, jet ski).

**Insured** – the owner of the Recreational Craft or the authorised User of the Recreational Craft indicated in the Insurance Contract, i.e. a person to whom the Recreational Craft is conveyed with the owner's consent; in the case of leasing, also the person to whom the Recreational Craft is conveyed with the lessee's consent.

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

**Vessel** – engineering technical device that structurally is designed for use on water.

**Water Traffic Accident** – a water traffic incident in which a watercraft is damaged or destroyed, a person is killed or injured, losses are caused to a Third Party or damage is caused to the environment.

### 2. INSURANCE OBJECT

**2.1.** The Insurance object is the third party liability of the Insured for losses incurred to a Third Party in a Water Traffic Accident.

### 3. INSURANCE PROTECTION

**3.1.** By concluding Insurance Contract, insured shall be the Insured's liability regarding losses resulting from harm inflicted to life or health of Third parties or damage to or destruction of property of Third parties.

**3.2.** Only expressly agreeing thereupon and including it in the Insurance Contract, the following insurance protection shall be provided:

**3.2.1.** for damage to the environment due to a sudden pollution as a result of leakage of fuel or other technical liquids from the Recreational Craft;

**3.2.2.** for losses related to damage to or destruction of property of a Third party or harm inflicted to life or health of a Third party, while the Recreational Craft participating in competitions, Recreational Craft sailing regattas, training sailing, test drives or other voyages related to sport;

**3.2.3.** for losses related to damage to or destruction of property of a Third party or harm inflicted to life or health of a Third party, by using the Recreational Craft for training of Recreational Craft drivers for non-commercial purposes;

**3.2.4.** for losses related to damage to or destruction of property of a Third party or harm inflicted to life or health of a Third party, by using the Recreational Craft for emergency response services;

**3.2.5.** for losses related to damage to or destruction of property of a Third party or harm inflicted to life or health of a Third party, by driving the Recreational Craft, the maximum designed speed of which, determined by the manufacturer, exceeds 17 knots, at a speed that exceeds 31.484 kilometres per hour (17 knots).

- 3.3.** In accordance with the terms of the concluded Insurance Contract, BTA will pay insurance indemnity, compensating substantiated and supported by documentary evidence:
- 3.3.1.** direct losses related to harm inflicted to life or health of a Third Party;
  - 3.3.2.** direct losses related to damage or destruction of property of a Third Party;
  - 3.3.3.** reasonable rescue expenses, occurring with respect to urgent damage repair and reduction measures, even in those cases, when these measures have not been successful;
  - 3.3.4.** litigation expenses, occurring from investigation and adjustment of the claim brought by a Third party against the Insured, when the Insured has coordinated such expenses with BTA in advance.
- 3.4.** Only expressly agreeing thereupon and including it in the Insurance Contract, BTA will compensate the following substantiated expenses, supported by documentary evidence:
- 3.4.1.** Expenses for the removal of the Recreational Craft's wreck, incurred to meet the requirements of the effective regulatory enactments or public authorities, provided that the accident that resulted in the wreck, has been recognized as an insured event by BTA.  
For purposes of these Terms and Conditions, a wreck is a Recreational Craft, which, as a result of a Water Traffic Accident, has completely or partially sunk or destroyed while stranded, or abandoned, as well as any part of such a Recreational Craft, including any object that has been or is on that Recreational Craft;
  - 3.4.2.** expenses to establish the amount of losses.  
For purposes of these Terms and Conditions, by expenses to establish the amount of losses shall be understood documented expenses for expert examinations or determining the amount of damages and losses, when these expenses have been previously agreed upon with BTA.
- 3.5.** Insurance coverage according to the Insurance Contract shall be in effect during the insurance period specified in the Insurance Contract.
- 3.6.** Insurance coverage under the Insurance Contract shall be in effect in the Insurance Contract's effective territory, specified in the Insurance Contract, while the Recreational Craft participates in water traffic, unless specified otherwise in the Insurance Contract.
- 3.7.** The insurance coverage provided by the Insurance Contract shall be in effect provided that the Recreational Craft is not used for participation in competitions, training, emergency response activities, except for cases when it is included in the additional insurance coverage and specified in the Insurance Contract.

#### 4. EXCEPTIONS

- 4.1.** It shall not be regarded an insured event and BTA shall not indemnity for losses:
- 4.1.1.** occurring to the Recreational Craft's crew members;
  - 4.1.2.** related to damage or destruction of the standard equipment and the additional equipment of the Recreational Craft;
  - 4.1.3.** related to damage or destruction of a Third-party property, which was situated on the Recreational Craft at the moment of Water Traffic Accident;
  - 4.1.4.** arising out of the use of the Recreational Craft for commercial purposes, such as, but not limited to, carriage of passengers, cargo for remuneration, performance of special works at the request of Third parties, leasing out, training, transfer of the Recreational Craft to a bareboat charterer for actual use for a certain period (for charter);
  - 4.1.5.** if the Recreational Craft has been outside the effective insurance protection territory at the time of the Water Traffic Accident;
  - 4.1.6.** arising from the towing of another Vessel by a rope or other fastening, except for cases when this is done in the case of another Vessel's accident;
  - 4.1.7.** related to damage or destruction of any type of water skis, wakeboard, bladder or another additional equipment being towed by attaching it with a cable, rope or another fastening to the Recreational Craft;
  - 4.1.8.** arising from cases referred to in Articles 3.2.1 to 3.2.5 of these Terms and Conditions, when insurance cover is not provided for the respective case in accordance with the Insurance Contract.



- 4.2.** BTA shall not grant insurance indemnity on the following occasions:
- 4.2.1.** upon occurrence of a Water Traffic Accident, the Recreational Craft has been driven by a person who does not have a licence to drive a Recreational Craft of a respective category or the prohibition to drive a Recreational Craft is imposed on this person;
  - 4.2.2.** upon the occurrence of a Water Traffic Accident, the driver of the Recreational Craft has failed to comply with the watercraft traffic roles defined in the effective regulatory enactments;
  - 4.2.3.** upon the occurrence of a Water Traffic Accident, the driver of the Recreational Craft leaves the site of the Water Traffic Accident, violating the procedure prescribed by the effective regulatory enactments;
  - 4.2.4.** the Insured fails to fulfil all the requirements of the Recreational Craft's manufacturer or supplier, or the requirements of the effective regulatory enactments regarding operation, parking, storage, testing, examination, technical examination, technical maintenance or repairs of the Recreational Craft and such failure to fulfil the instructions or requirements causes or furthers the occurrence of losses or the increase in the amount of losses;
- 4.3.** It shall not be regarded an insured event and no such expenses will be indemnified when incurred directly or indirectly in connection with:
- 4.3.1.** state-issued regulatory enactments;
  - 4.3.2.** declared emergency situation or state of exception, neither shall be reimbursed any losses or expenses that have arisen directly or indirectly in connection with any measures to eliminate the emergency situation or the state of exception;
  - 4.3.3.** epidemic or pandemic.

## 5. LIABILITY LIMIT

- 5.1.** The total liability limit, which is the maximum amount of the insurance indemnity payable during the entire insurance period, shall be established by agreement between the Policyholder and BTA and shall be specified in the Insurance Contract. All liability limits and sub-limits specified in the Insurance Contract and these Terms and Conditions are included in the total liability limit specified in the Insurance Contract.
- 5.2.** In the Insurance Contract, the Policyholder and BTA may agree upon setting liability limits:
- 5.2.1.** for a separate type of insurance protection (damage to health, damage to property, and other) for one insured event;
  - 5.2.2.** for a claim of one person.
- 5.3.** The liability limits for indemnification of losses referred to in Articles 3.3.1 and 3.3.2 herein shall be established by agreement between the Policyholder and BTA and indicated in the Insurance Contract.
- 5.4.** The liability limit for reimbursement of rescue expenses (Article 3.3.3 of these Terms and Conditions) shall be 25% of the total liability limit specified in the Insurance Contract, though not more than EUR 10,000 (ten thousand euros) per one insured event.
- 5.5.** The liability limit for reimbursement of litigation expenses (Article 3.3.4 of these Terms and Conditions) shall be 25% of the total liability limit specified in the Insurance Contract, though not more than EUR 5,000 (five thousand euros) per one insured event.
- 5.6.** The liability limits for indemnification of losses referred to in Articles 3.2.1 through 3.2.5 of these Terms and Conditions shall be established by agreement between the Policyholder and BTA and indicated in the Insurance Contract, except for the liability limit for environmental pollution (Article 3.2.1 of these Terms and Conditions) shall be of 50% of the total liability limit specified in the Insurance Contract, though not more than EUR 20,000 per one insured event.
- 5.7.** The liability limits for indemnification of additional expenses referred to in Article 3.4 of these Terms and Conditions shall be established by agreement between the Policyholder and BTA and indicated in the Insurance Contract, except for the liability limit for expenses for removal of the Recreational Craft's wreck (Article 3.4.1 of these Terms and Conditions) shall be of 25% of the total liability limit specified in the Insurance Contract, though not more than EUR 10,000 per one insured event.
- 5.8.** The liability limits specified in Articles 5.3 through 5.7 of these Terms and Conditions may be changed by agreement between the Policyholder and BTA and directly and expressly indicating it in the Insurance Contract, as well as the parties may agree upon setting various sublimits.

## 6. OBLIGATIONS UPON OCCURRENCE OF A POTENTIAL INSURED EVENT

- 6.1.** In addition to the provisions of the General Insurance Terms and Conditions under "Obligations of the Policyholder and the Insured", upon the occurrence of a Water Traffic Accident, the Policyholder and the Insured shall have the following obligations as a prerequisite for receiving the insurance indemnity:
- 6.1.1.** not to take any actions that may cause losses or harm the interests of BTA, not to assume any liabilities, except for organizing rescue operations, measures of reduction of losses and prevention of further damage;
  - 6.1.2.** in the case of occurrence of a Water Traffic Accident, immediately notify thereof the competent state authorities of the respective countries;
  - 6.1.3.** in addition to the standard form Application – statement of losses, to submit to BTA the following, including but not limited to:
    - a)** a copy of the Recreational Craft's registration certificate;
    - b)** a copy of the Recreational Craft driver's licence;
    - c)** a report of the police or other relevant state institution regarding the Water Traffic Accident;
    - d)** a written explanatory statement regarding the Water Traffic Accident;
  - 6.1.4.** in addition to the standard form Application – statement of losses, to submit to BTA all documents, received from Third parties in relation with the claim for compensation of losses, and documents, if such exist, which prove the rights of the Third Party to receive Insurance Indemnity, including but not limited to:
    - a)** claims, subpoenas and invitations to participate in court proceedings, correspondence with the Third party in connection with its claim;
    - b)** Third party's property inspection reports, accident certificates, expert examination reports of a competent authority, which confirm the fact on the basis of which the claim is brought, and the amount of damages;
    - c)** the opinion of the State Forensic Medicine Examination Centre or the opinion of a medical institution regarding the nature and severity of the harm to the life or health of the Third Party or the cause of its death, as well as the likelihood of the Third Party being under the influence of alcohol, narcotic, toxic or psychotropic substances;
    - d)** extract from the patient's medical card of the inpatient hospital;
    - e)** documents which prove the material interest of the Third Party to receive compensation of losses;
    - f)** documents confirming the amount of damage caused;
    - g)** reports of competent state authorities regarding the potential insured event;
    - h)** other documents confirming the occurrence of the Water Traffic Accident and the amount of losses incurred.

## 7. INSURANCE INDEMNITY

- 7.1.** BTA shall pay Insurance Indemnity in the actual amount of losses caused to a Third Party including litigation expenses and rescue expenses, not exceeding the liability limits specified in the Insurance Contract and withholding the deductible specified in the Insurance Contract.
- 7.2.** Subject to liability limits, the following losses, resulting from the Insured's actions or their lack, while driving a Recreational Craft in the insurance territory, caused to a Third Party through harming its health or life, shall be indemnified according to the principle of compensation:
- 7.2.1.** losses related to the treatment of the injured Third Party, i.e. expenses related to transportation, placement and sustaining of the injured Third Party in a medical institution, diagnosis, treatment and rehabilitation in a medical treatment and medical rehabilitation institution, daily care of the injured person, purchase of medical supplies, medical nutrition, treatment at home (including travel expenses to visit a medical treatment or medical rehabilitation institution), as well as prosthetics, endoprosthetics, and purchase or rental of technical aids.
- In accordance with these Terms and Conditions, no expenses shall be reimbursed for the treatment of the injured Third Party in increased comfort service conditions. For the purposes of these Terms and Conditions, by increased comfort service conditions shall be regarded services offered by a medical institution that make the treatment procedure more comfortable but are not compulsory for a successful course of medical treatment;

**7.2.2.** losses related to the injured Third Party's temporary incapacity of work, i.e. the lost revenues of the injured Third Party for the period of incapacity for work certified by a medical practitioner, i.e. the amount of money constituted by the injured Third Party's average earnings calculated in accordance with the legal enactments effective in the Republic of Latvia for the period of incapacity for work certified by a medical practitioner, from which the benefits and compensations granted to the injured person after the infliction of health damage in accordance with the procedures specified in the regulatory enactments effective in the Republic of Latvia have been deducted;

**7.2.3.** losses related to the injured Third Party's temporary incapacity of work, i.e. the Third Party's income gap established by subtracting the received employment income (should there be any) and the pensions granted from state social insurance budget or allowances received from state and municipality budget from the lost revenues calculated in accordance with the procedure defined in Article 7.2.2 of these Terms and Conditions.

BTA and the Third Party, by concluding a separate agreement in writing, may agree upon the procedure by which the insurance indemnity will be paid;

**7.2.4.** losses related to the death of the injured Third Party, i.e. losses caused to the injured Third Party's dependents related to the death of the injured Third Party, are the part of the deceased person's lost earnings, which was due to each dependent while the victim was alive, and from which the amount of the survivor's pension, granted to the dependent, is deducted.

Dependents are:

**a)** the injured Third Party's children, including the adopted ones, until they reach adult age or until they study in a secondary educational establishment or until they remain full time students of a higher educational establishment, but no longer than until 24 years of age, or irrespective of age, if they have become disabled prior to reaching adult age;

**b)** the injured Third Party's brothers, sisters and grandchildren, when they are younger than 18 years of age and they do not have any other supporter having labour capacity or until they study in a secondary educational establishment or until they remain full time students of a higher educational establishment, but no longer than until 24 years of age, when they do not have parents having labour capacity, or irrespective of age, when they do not have parents having labour capacity and they become disabled prior to reaching adult age;

**c)** the injured Third Party's labour incapable widow (widower) of the injured Third Party, labour incapable parents or grandparents - until the restoration of their ability to work, as well as labour capable widow (widower) if the family has children under the age of 8 or a disabled child;

**d)** the injured Third Party's other family members that had been the Third Party's dependants, regarded as such under the Law on State Pensions.

BTA and the Dependant, who is entitled to receive the insurance indemnity, or the Dependant's representative, by concluding a separate agreement in writing, shall agree upon the procedure and amount of the insurance indemnity payment. This agreement shall include the following provisions: if the Dependent / its representative loses the right to receive insurance indemnity, BTA shall be informed immediately thereof; in case the Dependant / its representative fails to perform this obligation, the Dependant / its representative shall be obliged to reimburse BTA for all losses incurred thereby.

**7.2.5.** burial expenses – subject to compensation shall be the actually incurred reasonable expenses supported by documentary evidence. Eligible to indemnification for losses concerning the Third Party's burial shall be the natural person, who has taken care of the burial and presented the death certificate, as well as submitted documents evidencing the fact of burial.

**7.3.** Subject to liability limits, the following losses, resulting from the Insured's actions or their lack, while driving a Recreational Craft in the insurance territory, caused to Third Parties by damaging or destroying their property, shall be indemnified:

**7.3.1.** in the event of total destruction of the property – the amount equal to the difference between the actual value of the property just before and after the Water Traffic Accident. Property shall be considered to be destroyed if its repair is not technically feasible or not economically justified. Repair shall be considered economically unjustified if the estimated repair costs exceed the difference between the actual value of the property just before and after the Water Traffic Accident. In case of total destruction of the property, BTA, upon agreement with the Third Party, shall pay the insurance indemnity in the following amount:

- a)** if the Third Party – the owner of the property agrees to recognize the property as destroyed, BTA shall pay the insurance indemnity in the amount corresponding to the actual value of the property just before the Water Traffic Accident, and the Third Party shall transfer the remains of the property to BTA;
  - b)** if the Third Party – the owner of the property does not agree to recognize the property as destroyed, BTA shall pay the insurance indemnity in the amount corresponding to the actual value of the property just before and after the Water Traffic Accident;
- 7.3.2.** in the event of property damage, the expenses that are necessary to restore the property to the condition it was just before the Water Traffic Accident.
- 7.4.** Litigation expenses, rescue expenses, Recreational Craft's wreck removal expenses and expenses to establish the amount of losses shall be compensated by BTA to:
  - 7.4.1.** the person who has provided services resulting in the aforementioned expenses;
  - 7.4.2.** the Insured, if, upon a written agreement with BTA, the Insured has settled these expenses from its own funds.
- 7.5.** If the insurance contract includes a defined liability limit for a claim of one person, then the payment of insurance indemnity for losses incurred by one person may not exceed the limit of liability for a claim of one person.
- 7.6.** All insurance indemnities related to the Insurance Contract shall be paid by BTA in the sequence their underlying claims have been submitted.
- 7.7.** As soon as BTA has fully fulfilled its obligations undertaken under the Insurance Contract, all claims made by Third Parties regarding the amount of losses caused to them by the Insured as a result of actions or lack of them shall pass over to the Insured.

## **8. CONCLUSION OF INSURANCE CONTRACT BY MEANS OF DISTANCE COMMUNICATION**

- 8.1.** Insurance Contract can be concluded by means of distance communication, i.e., by means of post, internet, electronic mail, telephone or other means of information exchange.
- 8.2.** When the Insurance Contract is concluded by a Policyholder, who is a consumer, then such Insurance Contract shall be subject to the Distance Contract Terms, which are publicly available on BTA's website [www.bta.lv](http://www.bta.lv). The Distance Contract Terms, inter alia, describe the procedure of exercising the withdrawal rights, i.e., the rights to withdraw from the concluded Insurance Contract, including an available application form that can be used for exercising the withdrawal rights.  
Consumer is a natural person, concluding Insurance Contract for a purpose unrelated to its business or professional activity.

## **9. PROCESSING OF PERSONAL DATA**

- 9.1.** BTA, as the personal data controller, processes personal data of natural persons in compliance with personal data processing requirements defined in the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and other regulatory enactments.
- 9.2.** The personal data processing principles of BTA as well as these Terms and Conditions are published on BTA's website [www.bta.lv](http://www.bta.lv).

## **10. OTHER PROVISIONS**

- 10.1.** These Terms and Conditions and the General Third Party Liability Insurance Terms and Conditions are published on BTA's website [www.bta.lv](http://www.bta.lv).
- 10.2.** All issues not covered in these Terms and Conditions shall be settled in accordance with the General Insurance Terms and Conditions and the effective regulatory enactments of the Republic of Latvia.
- 10.3.** Procedure how BTA handles a complaint for being dissatisfied with insurance contract or insurance services submitted by the submitter of insurance application, the Policyholder, the Insured, the Beneficiary and another person entitled to claim insurance indemnity, is publicly available on BTA's website [www.bta.lv](http://www.bta.lv).

- 10.4.** All disputes arising between the parties to the Insurance Contract shall be settled by means of negotiation. If no mutual agreement is thus reached, the dispute shall be finally resolved in a court of the Republic of Latvia according to the effective regulatory enactments of the Republic of Latvia.
- 10.5.** Notifications, requests and information related to the Insurance Contract, BTA, as well as the Policyholder and the Insured shall provide in writing or upon the use of durable medium or means of distant communication, upon the use of which the parties have agreed in the Insurance Contract.
- 10.6.** Upon request by the Policyholder, the Insured or another person, entitled to claim the Insurance Indemnity, BTA shall provide the claimant with its notifications, requests and the information, provided upon the use of website, durable medium or any other means of distant communication, in writing and free of charge.
- 10.7.** BTA is not entitled to provide insurance and BTA is not obliged to pay the Insurance Indemnity or provide benefits in accordance with the Insurance Contract, as long as provision of such insurance, Insurance Indemnity disbursement or provision of benefits:
- 10.7.1.** subjects BTA to sanctions, restrictions or limitations, established by the resolutions of the United Nations or trade or economic sanctions, regulatory enactments of the European Union, the Republic of Latvia, the United Kingdom or the United States of America (upon condition that it does not violate any regulations or regulatory enactments, applicable to BTA);
- 10.7.2.** subjects a reinsurance company, the whom the Insurance Contract is submitted for reinsurance, to sanctions, restrictions or limitations, established in accordance with the regulatory enactments of the reinsurance company's state of registration.