

# Recreational Craft Insurance

## Terms and Conditions No 06.AK2

Effective as of 15.11.2021.

BTA and Policyholders enter into Recreational Craft Insurance Contracts in accordance with these Terms and Conditions.

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

**Actual value** – the lowest renewal costs for restoration of a Recreational Craft in the quality and amount it was exactly before the occurrence of the insured event.

**Additional Equipment** – equipment, systems and accessories installed in the Recreational Craft, installation of which has not been performed by the manufacturer (for instance, audio and video equipment, peripheral equipment of communication systems, additional lights).

**Amateur level competitions** – competitions, Recreational Craft sailing regattas, training sailing, test drives or other sport-related voyages, in which the participant and the Recreational Craft do not require certification, permits or licensing.

**Authorised User of the Recreational Craft** – the owner or 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.

**Beneficiary** – the physical or legal entity indicated in the Insurance contract, which Insurance indemnity or a part of it is payable to in cases defined in the Insurance contract.

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

**Deductible** – the share of the losses specified in the Insurance contract that is not refunded by BTA in accordance with the Insurance contract. Deductible may be defined as a fixed amount of money or percentage of the losses caused as a result of the occurrence of the insured event. Upon calculation of Insurance Indemnity for damage caused to a single Insurance Object in the result of a single Insured Event, one – the largest Deductible shall be applied, also in the case when a single Insured Event has resulted in damages to several components of the Insurance Object, and any of the additional risks covered has occurred.

**Destruction** – a condition of Recreational Craft, when the costs for repairs of the Recreational Craft to fix the damages caused as a result of an Insured Event exceed 70% of its Actual value.

**Insurance Application** – a document or another information that the Policyholder submits to BTA to inform about insurance object, facts and circumstances necessary to assess the insured risk. Acceptance of the Insurance Application does not impose any duty on BTA to conclude the Insurance Contract.

**Insurance Contract** – an agreement between BTA and the Policyholder according to which the Policyholder undertakes to pay the Insurance Premium in the manner, time and amount as specified in the Insurance Contract, as well as to meet other obligations under the Insurance Contract. In turn, BTA undertakes, upon occurrence of an Insured Event, to disburse the Insurance Indemnity in accordance with the Terms and Conditions of the Insurance Contract. The Insurance Contract includes the following documents: these Terms and Conditions, Insurance Policy, Insurance Policy Annexes, amendments thereto, other agreements concluded between the Policyholder and BTA.

**Insurance indemnity** – the amount payable for Insured event or the services to be rendered in accordance with the concluded Insurance contract.

**Insurance Period** – the period of time for which insurance premium is paid in accordance with the insurance contract and during which insurance cover is in effect.

**Insurance Policy** – a document that verifies conclusion of the Insurance Contract and includes Insurance Contract provisions that the Policyholder and BTA have agreed upon. Information on the insurance object necessary for the assessment of the probability of occurrence of the insured risk – the Recreational Craft and the Additional Equipment, indicated in the Insurance Policy, is information provided by the Policyholder.

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

**Insurance territory** – territory, specified in the Insurance Contract, wherein insurance is in effect.

**Insured** – the person indicated in the Insurance Contract, having the insurable interest and in favour of which the Insurance contract is concluded, i.e., which sustains losses upon occurrence of an Insured Event, and to which the Insurance Indemnity is payable.

**Insured Event** – an event, related through causal relationship to the Insurance Risk, with Insurance Indemnity provided upon its occurrence, in compliance with the Insurance Contract.

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

**Policyholder** – person concluding an Insurance Contract for the benefit of oneself or another person.

**Recreational Craft** – an engineering device for Recreation, entertainment and Amateur level competitions, designed for use on water, 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, etc.).

**Standard Equipment** – the standard equipment package defined by the recreational craft's manufacturer, the equipment built in and installed by the manufacturer, as well as the mandatory equipment prescribed by the effective regulatory enactments (for instance, rescue equipment, fire extinguishing equipment, communication equipment) while on board the Recreational Craft.

**Sum Insured** – the amount of money for which the insurance object is insured. The Policyholder is responsible for setting the sum insured and the Policyholder assumes full responsibility for specifying the sum insured and its correspondence with the actual value of the insurance object at the time of entering into the Insurance Contract. After disbursement of insurance indemnity, the sum insured remains the same.

## 2. INSURANCE OBJECT

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**2.1.** The insurance object is the Recreational Craft specified in the Insurance Contract (its hull, machinery, Standard Equipment and Additional Equipment, which complies with the provisions referred to in Article 2.2).

Additional equipment shall be insured only if it is expressly specified in the Insurance Contract and while it is located on the Recreational Craft.

**2.2.** The Standard Equipment and the Additional Equipment installed in the Recreational Craft during the Insurance Period shall only be insured when an additional agreement regarding its insurance is concluded.

**2.3.** The rescue boat/raft shall be insured only:

**a)** when it is expressly specified in the Insurance Contract and

**b)** the identification sign (for instance, name, registration number) of the Recreational Craft is clearly specified on the rescue boat / raft; and

**c)** while the rescue boat / raft is fixed to or on the Recreational Craft or is in a closed parking or storage place together with the Recreational Craft.

## 3. INSURANCE PROTECTION

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**3.1.** The Insurance Object shall only be insured against the basic risks that are specified in the Insurance Contract:

**3.1.1. Water traffic accident risk** – a water traffic collision with another vessel, barrier, swimmer, animal or another object, running aground; inversion or sinking of a Recreational Craft afloat resulting in the Insurance Object getting damaged or destroyed;

**3.1.2. Fire risk** – impact of fire, smoke, soot and extinguishing works on the Insurance Object resulting in it getting damaged or destroyed;

**3.1.3. Explosion risk** – manifestation of suddenly occurring force based on a propensity for expansion of gases or steam resulting in the Insurance Object getting damaged or destroyed. Explosion of a container (e.g. boiler, pipe) shall be considered as occurred when its walls are broken to the extent that a sudden levelling occurs between the pressure in the inside and outside of the container;

**3.1.4. Natural disasters risk** – direct impact of a storm\*, water, flood, lightning, hail, earthquake, volcanic eruption on the Insurance Object, as well as direct impact of various falling objects caused by a natural disaster on the Insurance Object resulting in it getting damaged or destroyed;

\***Storm** – for purposes of these Terms and Conditions, it is wind of force of at least 7 (according to Beaufort scale) or 17 m/s (seventeen meters per second), which has caused mechanical and visible damages to the Insured Object.

In the case of Slipway risk and Berth risk, if the wind speed at the location of the insurance object cannot be determined, then a storm shall be deemed to have occurred if the buildings and objects adjacent to the location of the insurance object have been damaged by wind.

- 3.1.5. Jettison risk** – damage or destruction of the Recreational Craft, caused by throwing items on the board of the Recreational Craft overboard from the Recreational Craft in the event of accident;
- 3.1.6. Shaft breakage risk** – breakdown of the Recreational Craft shafts resulting in the Recreational Craft (including strut shaft of the engine, propeller blades) getting damaged or destroyed;
- 3.1.7. Slipway risk** – lifting the insurance object out from the water to place it on the slipway, or letting it down from the slipway into the water resulting in the Insurance Object getting damaged or destroyed;
- 3.1.8. Berth risk** – damage or destruction of the Insurance Object as a result of collision with the berth or a pontoon, including due to occurrence of a Natural disaster risk.
- 3.1.9. Theft risk** – a secret or open robbery or robbery attempt of the Insurance Object, its parts, Standard or the insured Additional Equipment;
- 3.1.10. Robbery risk** – robbery or attempted robbery of the Insurance Object, its parts, Standard or the insured Additional Equipment, using violence or threats of violence;
- 3.1.11. Third party unlawful activity risk** – intentional, malicious activity of a third party resulting in damage or destruction of the Insurance Object;

A Third party shall not be considered: the Policyholder, the Insured, the Beneficiary, the Authorised User of the Recreational Craft, including the lessee and sub-lessee, and the employees or authorized persons of all the abovementioned persons and relatives of the abovementioned persons up to the third degree, the spouse and their in-laws up to the second degree.

- 3.2.** The optional risks indicated below can be insured if the basic risks referred to in Article 3.1 are insured. The Insurance Object shall be insured against the optional risks of those specified below, which are indicated in the Insurance Contract:

- 3.2.1. Transportation risk** – damage or destruction of the Insurance Object:
  - 3.2.1.1.** upon occurrence of a road traffic accident, i.e. a collision with another vehicle, barrier, pedestrian, animal or another object in the road traffic or another place where motor vehicles can drive, as well as inversion of a moving vehicle, falling (from a bridge, etc.), sinking or breaking through the ice, or upon the occurrence of any of the basic risks during the transportation of the Insurance Object by a vehicle on a special trailer intended for the transportation of Vessels;
  - 3.2.1.2.** while lifting the Insurance Object out from the water to place it on a specialized trailer, or launching it into the water from the specialized trailer.
- 3.2.2. High-speed risk** – driving an insurance object, 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) as a result of which, upon occurrence of any of the insured basic risks, the Insurance Object is damaged or lost;
- 3.2.3. Competition risk** – damage or destruction of the Insurance Object due to the occurrence of any of the basic risks when the Recreational Craft participates in Amateur level competitions;
- 3.2.4. Training rides risk** – damage or destruction of the Insurance Object due to the occurrence of any of the basic risks by using the Insurance Object for training of recreational craft drivers;
- 3.2.5. Lease risk** – damage or destruction of the Insurance Object upon the occurrence of any of the basic risks when the insurance object is transferred for use to a third party for remuneration (lease);
- 3.2.6. Equipment towing risk** – use of the Insurance Object for towing of any type of water skis, wakeboard, inflatable equipment or another equipment by attaching them with a cable, rope or another fastening as a result of which, by collision of the equipment and the Insurance Object, the Insurance Object is damaged or destroyed;
- 3.2.7. Piracy and armed robbery at sea** – the Insurance Object getting damaged, destroyed or lost in the event of piracy or armed robbery at sea. For purposes of these Terms and Conditions, piracy and armed robbery at sea is any illegal act of violence or detention, or any act of robbery carried out by the crew or passengers of a private vessel driven by selfish motives, and which is directed:
  - 3.2.7.1.** in the open sea against the Recreational Craft or persons, or property, situated on the Recreational Craft;
  - 3.2.7.2.** against a Recreational Craft, persons or property in a place that is outside the jurisdiction of a certain country;

- 3.2.8. Rapid Response Vehicle risk** – damage, destruction or loss of the Insurance Object upon the occurrence of any of the basic risks by the Insurance Object being used for rapid operational response activities in line with the Operational Activities Law;
- 3.2.9. Commercial activity (business) risk** – the Insurance Object getting damaged, destroyed or lost upon the occurrence of any of the basic risks when the Insurance Object is used for commercial activity (business) carried out by an entrepreneur on his own behalf to profit, for instance, yet not limited to, carriage of passengers or cargo for a fee, performance of special works at the request of third parties, transfer of the Insurance Object to a charterer for actual use for a certain period.  
For purposes of this Article, activities referred to in Article 3.2.1 – 3.2.6 of these Terms and Conditions shall not be considered commercial activity (business).  
For purposes of these Terms and Conditions, an entrepreneur shall be considered the Insured or the Policyholder who is a natural person (individual entrepreneur) or a commercial company (partnership and commercial company) registered with the commercial register.
- 3.3.** Insurance coverage according to the Insurance Contract shall be in effect during the Insurance Period specified in the Insurance Contract.
- 3.4.** The insurance coverage provided by the Insurance Contract shall be in effect provided that the Insurance Object is not used for participation in competitions, training, rapid response operational activities, towing of equipment, commercial purposes, as well as it is not leased, transported on a specialized trailer for transportation, driven at speeds exceeding 17 knots, except for cases when it is included in the additional insurance coverage and specified in the Insurance Contract.
- 3.5.** If the territory indicated in the Insurance Contract as the effective insurance territory is:
- 3.5.1. Latvia**, then the insurance shall be in effect only in the territory of Latvia, i.e., inland waters of the Republic of Latvia, territorial sea of the Republic of Latvia. By inland waters shall be understood the waters of watercourses (rivers, canals, etc.) and water bodies (lakes, ponds, reservoirs) up to the land border of the Republic of Latvia.
- 3.5.2.** the **Baltic States**, then the insurance shall be in effect in the territory of Latvia, Lithuania and Estonia, in the internal waters and the territorial sea of these countries.
- 3.5.3. European countries**, then the insurance shall be in effect in the internal waters of European countries, in the territorial sea of European countries, i.e. in the territory of Latvia, Lithuania, Estonia, Austria, Andorra, the United Kingdom (Great Britain), Belgium, Bulgaria, the Czech Republic, Denmark, France, Greece, Croatia, Ireland, Iceland, Italy, Cyprus, Liechtenstein, Luxembourg, Malta, Monaco, Norway, the Netherlands, Poland, Portugal, Romania, San Marino, Slovakia, Slovenia, Finland, Spain, Switzerland, Hungary, Germany, Vatican City, Sweden;
- 3.5.4. particular countries or territories**, then the insurance shall be in effect in these countries and territories, specified in the Insurance Contract.

#### **4. EXCEPTIONS**

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- 4.1.** BTA shall not grant insurance indemnity, if:
- 4.1.1.** upon occurrence of a Water Traffic Accident, or a Road Traffic Accident in the case of Transportation Risk:
- 4.1.1.1.** the driver of the Recreational Craft or the driver of the land vehicle has left the water or road traffic accident place, violating the procedures defined in the effective regulatory enactments;
- 4.1.1.2.** the Recreational Craft or the land vehicle has been driven by a person who does not have a licence to drive a Recreational Craft or a land vehicle of a respective category or the prohibition to drive a Recreational Craft or a land vehicle is imposed on this person;
- 4.1.1.3.** the maximum permissible speed of the Recreational Craft in the relevant navigation area or that of the land vehicle has been exceeded;
- 4.1.2.** at the moment of sustaining damage, the Insurance Object has been in illegal possession, except for cases when the accident is classified as a Theft or Robbery risk;
- 4.1.3.** a Water traffic accident has occurred when the Recreational Craft has been situated in a place where sailing is not permitted or not suitable for water traffic (for instance, frozen water bodies, swampy territories, etc.);
- 4.1.4.** the Policyholder, the Insured or the Authorised User of the Recreational Craft fails to fulfil all the requirements of the Insurance Object'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 insurance object and such failure to fulfil the instructions or requirements causes or furthers the occurrence of losses or the increase in the amount

of losses;

- 4.1.5.** the damage is related to washing, maintenance, repairs or improvement of the Insurance Object or the consequences thereof;
- 4.1.6.** the damage is caused to a set sail or sail cover, except for cases when it is related to damage caused to the rigging or mast to which the sail is attached, if the damage to the rigging or mast has occurred as a result of an insured event;
- 4.1.7.** the damage is caused to the sail, mast and rigging, except for cases when it is related to the occurrence of a Water traffic accident risk, Fire risk or Explosion risk;
- 4.1.8.** the damage is caused to the Recreational Craft engine and its joints, electronic equipment, battery and its joints due to the occurrence of a Natural disaster risk. However, upon the occurrence of the aforementioned risk BTA indemnifies the damages caused to the strut shaft and propeller blades, as well as when the Recreational Craft sinks as a result of the event;
- 4.1.9.** the damage is caused due to the attachable engine falling off or over board of the Recreational Craft;
- 4.1.10.** the damage is caused as a result of hydro impact. For purposes of these Terms and Conditions, a hydro impact shall mean cases of water getting into the electric or mechanical units and appliances (engine, transmission, etc.) of the Recreational Craft causing damage to the electric or mechanical units and appliances of the Recreational Craft;
- 4.1.11.** the damages are caused by internal electrical, mechanical damage or equipment malfunction;
- 4.1.12.** occurrence of Shaft breakage risk results in damaged Recreational Craft's engine and its connections, electronic equipment, battery and its connections;
- 4.1.13.** Theft of the Insurance Object has occurred by using the original ignition keys of the Recreational Craft or the original anti-theft equipment control devices of the Recreational Craft;
- 4.1.14.** the Policyholder, Insured, their subordinate employee or family member, the driver or the authorised user of the Recreational Craft have carried out unlawful activities that caused the occurrence of Theft, Robbery or Third party unlawful activity risk;
- 4.1.15.** the owner has lost possession of the Insurance Object by means of fraud;
- 4.1.16.** the authorised user of the Recreational Craft fails to return the insurance object to its owner or the possessor specified in the registration certificate of the Recreational Craft;
- 4.1.17.** In the event of theft of an outboard motor while the Recreational Craft is not in service, the motor has not been removed from the Recreational Craft, unless the Recreational Craft has been parked:
  - 4.1.17.1.** at a marina berth, at a yacht club berth;
  - 4.1.17.2.** in a security-guarded area where constant physical or technical security is provided;
  - 4.1.17.3.** in a locked room;
- 4.1.18.** in the event of Theft or Third party unlawful activities, the insurance object has been left unsupervised.

The insurance object shall not be considered left unsupervised when:

  - 4.1.18.1.** it is locked, all its windows, hatches and ports are shut, all anti-theft devices installed in the insurance object are activated; and
  - 4.1.18.2.** the insurance object is:
    - a)** moored at a marina berth, at a yacht club berth or to a pontoon, or
    - b)** anchored in an anchorage for Recreational Craft, or
    - c)** placed in a place designated for storage of Recreational Craft – in a locked room or a security-guarded area where constant physical or technical security is provided, and
  - 4.1.18.3.** keys and documents of the Recreational Craft are not left in easily accessible places or given to a person whose activities or failure to act result in the occurrence of the Theft risk or Third party unlawful activity risk;
- 4.1.19.** if the Recreational Craft is not properly placed for storage and therefore damage to the Recreational Craft is caused due to the freezing of soil, ice movement or increase in the water level;
- 4.1.20.** the Recreational Craft is not registered with a respective register in accordance with the effective regulatory enactments of a respective country or does not have a valid registration certificate;
- 4.1.21.** at the moment of the accident, the Recreational Craft is outside the effective Insurance Contract territory, unless it is caused due to occurrence of the insured risk;
- 4.1.22.** damaged, destroyed or lost is the cargo present on the Recreational Craft, as well as fuel, food or personal belongings, as well as precious metals and their products, artworks and art items, instruments of payment and securities;

- 4.1.23.** the damages or destruction of the Insurance Object is caused by a faulty Recreational Craft design;
- 4.1.24.** the Insurance Object's damages have occurred from corrosion or a deterioration of the Recreational Craft; as a result of phenomena of progressive or accumulating nature; in relation to deterioration, ageing; in relation to damage, defect or failure arising from the effects of temperature, precipitation or humidity;
- 4.1.25.** the requirements or recommendations of the Recreational Craft classification society are violated;
- 4.1.26.** the Insurance Object has been operated without a valid certificate issued by a classification society and without a certificate of seaworthiness (if such a requirement is prescribed by the effective regulatory enactments);
- 4.1.27.** the damage is caused to such equipment that is being towed by attaching it to the Recreational Craft (for instance, water skis, wakeboard);
- 4.1.28.** a Water traffic accident or a road traffic accident with the vehicle carrying the Recreational Craft has occurred while the driver of the Recreational Craft or of the vehicle carrying the Recreational Craft, has been driving the Recreational Craft or the vehicle carrying the Recreational Craft, or teaching another person to drive, and when the breath or blood test of the Recreational Craft driver or the vehicle driver, or the person who is learning to drive, has indicated the presence of alcoholic, narcotic, psychotropic or other intoxicating substances or substances arising as a result of their decomposition (metabolites) exceeding the limits defined in the regulatory enactments of the country where the accident has taken place, or medicinal products that reduce the reaction speed and focus, and there is a respective note regarding it in the directions for use of that medicinal product;
- 4.1.29.** the driver of the Recreational Craft or the vehicle carrying the Recreational Craft, or the person learning to drive who had been driving the vehicle at the moment of the accident, had used alcoholic drinks, narcotic or other intoxicating substances after the Water or road traffic accident until the examination that determines the concentration of alcohol in blood or establishes the presence of narcotic or other intoxicating substances in the organism, or until the release from taking such an examination in accordance with the procedure prescribed by the effective regulatory enactments;
- 4.1.30.** the driver of the Recreational Craft or the vehicle carrying the Recreational Craft, or the person learning to drive who had been driving the vehicle at the moment of the accident, have avoided the medical examination to determine the concentration of alcohol or the examination of the influence of narcotic or other intoxicating substances, if such an examination in relation to the occurred Water or road traffic accident is offered by a competent state authority or a medical institution;
- 4.1.31.** the damage to the Insurance Object is a result of the influence of animals;
- 4.1.32.** the damage to the Insurance Object is caused through the use of a technically improper and unsuitable slipway;
- 4.1.33.** in the case of damages, destruction, the Insurance Object has been placed on the slipway for storage and had not been fastened to it;
- 4.1.34.** upon occurrence of Fire or Explosion risk, the Recreational Craft has not been equipped with fire-fighting equipment or it was not in working order, if such had been required by the technical specification of the Recreational Craft;
- 4.1.35.** damage, destruction or loss of the Insurance Object was caused by occurrence of one of the optional risks referred to in Articles 3.2.1 to 3.2.9 of these Terms and Conditions, unless it is insured in accordance with the Insurance Contract;
- 4.1.36.** during transportation of the to the Insurance Object, the vehicle driver has failed to take all possible measures to ensure the preservation of the to the Insurance Object in its initial state as it was at the beginning of transportation, including a failure to safely fasten the insurance object to the transportation trailer, leaving the vehicle unsupervised, parking it in an unattended parking lot or a place where third parties can freely access it, i.e. places that are not confined or guarded day-and-night, as well as when the vehicle is left unlocked or without activated or out-of-order anti-theft devices.
- 4.1.37.** the to the Insurance Object is used for performing of emergency response measures, but does not correspond to the emergency vehicle characteristics defined in the effective regulatory enactments;
- 4.2.** It shall not be regarded an Insured Event and compensated shall not be:
  - 4.2.1.** losses incurred as a result of an information technologies security incident that has occurred or is about to occur in the Cyberspace;  
Cyberspace is an interactive environment that includes users, networks, computing technology, software, processes, information in transit or storage, applications, services, and systems that can be connected directly or indirectly to the Internet, telecommunications and computer networks, and in which its users interact. Cyberspace has no physical borders.

Information technologies are technologies, which, for accomplishing their tasks, perform electronic processing of information, to include its creation, deletion, storage, display or transmission. Information technologies security incident is a harmful event or offence as a result of which the integrity, accessibility or confidentiality of information technologies is jeopardized.

- 4.2.2.** the Insured's lost profit, unearned income, current expenses, remuneration, tax and duty payments;
- 4.2.3.** losses that have incurred in regard to any manifestation of violence, including but not limited to war, invasion, occupation, annexation, hostile act of a foreign country (with or without evidence on involvement of foreign country in such an act), warfare, or operation similar to war (with or without declaring war); civil war, rebellion, strike, uprising, unrest, revolution, military or usurped power, war or related robbery or plundering, violence, vandalism, sabotage; strike, lock-out, interruption of public order in the scope that is similar to civil uprising or rebellion; seizure of property, nationalisation, repossession, requisition, destroying, if caused or sanctioned by legally or actually recognised country or internationally not recognised foreign power, regardless whether it is lawful or not; other political risks, including losses or expenses directly or indirectly incurred as a result of prevention of the above events;
- 4.2.4.** fines, contractual penalties, punishing or repressive sanctions and similar payments the duty of payment of which arises from the laws and regulations;
- 4.2.5.** losses that have incurred in regard to any manifestation of terrorism, including but not limited to terror act (act that is manifested as the use of power and violence, or threats to apply it by any person or group of persons acting alone or in relation to any organisation or government or in the name of those, that is committed due to political, religious, ideological or ethnic reasons and that include an intent to impact government or cause danger to society or any part of it), as well as losses incurred in relation to preventive measures of terrorism act are not compensated;
- 4.2.6.** losses for the regular maintenance of the insurance object and the devices constituting its construction: repairs, fixing, cleaning, regular or extraordinary maintenance, including replacement of worn-out parts;
- 4.2.7.** losses incurred by the Policyholder or the Insured in connection with expert examinations or inspections of any kind, the indemnification of which is not directly provided for in these Terms and Conditions or in the concluded Insurance Contract;
- 4.2.8.** expenses related to the maintenance of the Recreational Craft and its crew;
- 4.2.9.** losses for which the responsibility, based on the contract or regulatory enactments, lies with the Insurance Object's manufacturer, supplier, seller, installer or repairer.
- 4.2.10.** damages have been caused as a result of inappropriate transportation of the Insurance Object or when a technically damaged or unsuitable vehicle, including trailer, has been used for such transportation;
- 4.2.11.** ransom in relation to piracy or armed robbery at sea;
- 4.2.12.** losses, incurred directly or indirectly due to:
  - 4.2.12.1.** 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;
  - 4.2.12.2.** epidemic or pandemic.

## **5. OBLIGATIONS UPON OCCURRENCE OF A POTENTIAL INSURED EVENT**

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- 5.1.** As a precondition for receiving the insurance indemnity, upon establishing the occurrence of the insured risk, the Policyholder, the Insured and the Beneficiary are obliged to:
  - 5.1.1.** immediately, as soon as possible, inform BTA thereof in a way and form determined by BTA;
  - 5.1.2.** immediately inform the state authorities whose competence is to investigate a respective event or provide rescue services (e.g. Fire Rescue Service, State Police, Road Police, etc.);
  - 5.1.3.** take all measures in order to prevent or reduce further damages, as well as comply with BTA instructions as regards reducing the damage caused by occurrence of the insured risk;
  - 5.1.4.** immediately ensure the possibility for BTA to inspect the place of a potential insured event, carry out examinations and interview witnesses so that BTA could determine the causes of the damage and its scope;
  - 5.1.5.** to leave the scene untouched until a representative of BTA arrives and draws up an inspection report except for the event referred to in Article 5.1.6 of these Terms and Conditions;
  - 5.1.6.** in the case when the Insurance Object cannot be preserved without changing its condition after the accident due to the fulfilment of the obligations referred to in Article 5.1.3 of these Terms and Conditions or other legal and justified reasons, to ensure that the damaged Insurance Object is

photographed or filmed as soon as possible so that its damages are registered and submit the pictures or the video recording to BTA by e-mail [atlidziba@bta.lv](mailto:atlidziba@bta.lv) or in another way approved by BTA;

**5.1.7.** submit all information and documents requested by BTA, including those containing commercial secrets, or health data of a physical person, if they are available to the Policyholder, the Insured or the Beneficiary, so that BTA can determine the causes of the possible insurable event and the amount of damage.

**5.2.** Instructions regarding the activities to be carried out upon occurrence of the insured risk, the Policyholder, the Insured and the Beneficiary may receive by calling the BTA Customer Support Service hotline at (+371) 26121212. Accurate fulfilment of these instructions is a precondition for receiving an insurance indemnity.

## **6. INSURANCE INDEMNITY**

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**6.1.** Upon occurrence of an insured event, BTA shall pay insurance indemnity, indemnifying for the direct losses, deducting the deductible specified in the Insurance Contract:

**6.1.1.** in the case of damages to the insurance object, the insurance indemnity is calculated as the amount of repair expenses required to repair the damaged insurance object to the condition it was in just before the occurrence of the insured event.

Loss assessment is carried out in accordance with the actual renovation work estimate, costs and prices no later than 6 months after the occurrence of the insured event.

Unless clearly and expressly agreed upon it by the parties when including special provisions in the Insurance Contract, the calculation of losses shall not take into consideration any payment for overtime hours and working on holidays and days off, express delivery of materials and other similar expenses;

**6.1.2.** in the case of Destruction (total loss) of the Insurance Object, BTA shall be entitled to:

**6.1.2.1.** replace the damaged insurance object with an equivalent object and collect the remains of the insurance object;

**6.1.2.2.** disburse insurance indemnity of the size of the insurance object's Actual value and collect the remains of the insurance object;

**6.1.2.3.** disburse insurance indemnity of the size of the difference between the insurance object's Actual value before and after the insured event, without collecting the remains of the insurance object.

**6.1.3.** in the case of Theft and Robbery of the Insured Object, Insurance Indemnity is paid in cash in the amount of the Actual value, however, BTA is entitled to replace the Insured Object with a Recreational Craft of the same make, model, year of manufacture and equipment package.

**6.2.** Any overhead costs, including taxes imposed on the performance of repair or renovation works of the insurance object will be included in the Insurance Indemnity calculation only in the case when BTA receives evidence that the Insured or the Policyholder has paid them. Upon Insurance Contract conclusion, the Policyholder and BTA may agree that the VAT is not included in the Insurance Indemnity in any case.

**6.3.** In addition to the insurance indemnity referred to in Article 6.1, BTA shall indemnify for reasonable rescue expenses, i.e. reasonable expenses incurred in order to prevent or minimise further damages or losses of the Insurance Object upon the occurrence of an insured event. BTA shall indemnify for such expenses even when the measures taken have not provided the expected result. The total maximum insurance indemnity paid out for one insured event is 10% of the sum insured of the insurance object.

**6.4.** In addition to the insurance indemnity referred to in Article 6.1, BTA shall indemnify for the direct expenses related to the inspection of the bottom part of the Insurance Object after stranding, provided that the examination is carried out just for this reason. BTA will compensate such expenses even when the damage is not determined as a result of the taken measures. The maximum insurance indemnity amount payable for all insured events in total during the insurance period shall be EUR 2500.

**6.5.** BTA is entitled to deduct the outstanding share of the insurance premium that is to be paid until the expiry of the insurance period from the calculated amount of indemnity.

**6.6.** The Policyholder and the Insured are obliged to take all required measures to transfer property rights on the Insurance Object to BTA, if the Insurance Object is found after BTA has paid out the insurance indemnity in the event of theft or robbery of the Insurance Object.

**6.7.** After insurance indemnity is paid out in the event of Theft, Robbery or Destruction of the Insurance Object, the Insurance Contract shall become void.



- 6.8.** At the request of the person entitled to claim insurance indemnity, BTA will enable this person to study the documents, based on which BTA had made the decision of insurance indemnity payment or rejection, or issue copies of the documents for a fee not exceeding the costs of producing the document copies.
- 6.9.** BTA will enable this person, entitled to claim insurance indemnity, to study the documents or issue copies of the documents, if:
  - 6.9.1.** BTA has submitted documents to law enforcement institutions for criminal investigation of the insured risk occurrence circumstances;
  - 6.9.2.** the documents contain a trade secret of another person or personal data, which the person entitled to claim insurance indemnity is not entitled to obtain.
- 6.10.** After the repair of the Recreational Craft, to hand the parts damaged upon the occurrence of the insured risk or replaced over to BTA, if BTA requests that.
- 6.11.** In the case of Theft, Robbery or Destruction of the Insurance Object BTA shall pay the Insurance Indemnity only after the Insured has carried out all activities required to transfer the Insurance Object into the property of BTA or a third party specified by BTA. All the required documentation handling expenses shall be covered by the Insured.
- 6.12.** The Insurance Indemnity shall be reduced by the amount, which has been paid by the third party responsible for causing losses to the Insured for the losses resulting from the insured event in accordance with the procedure prescribed in the regulatory enactments. The Insured shall be obliged to notify BTA for the receipt of such amounts.
  - 6.12.1.** If the losses caused thus are compensated in full, the Insured shall lose the rights to claim insurance indemnity regarding the respective insurance event.
  - 6.12.2.** If such an amount is paid after disbursement of insurance indemnity, the received insurance indemnity in the respective amount is subject to be reimbursed by the Insured to BTA.
- 6.13.** Insurance Indemnity disbursement procedure:
  - 6.13.1.** No later than within 15 calendar days since the receipt of all documents requested by BTA that are required for investigating the causes of the potential insured event and estimating the amount of loss, BTA shall make a decision on granting insurance indemnity or refusing its payment.
  - 6.13.2.** In case of a dispute regarding the amount of the insurance indemnity to be paid out, BTA may disburse a part of the insurance indemnity regarding which there is no dispute.

## **7. INSURANCE COVER: TAKING EFFECT AND VALIDITY**

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- 7.1.** The insurance provided by the Insurance Contract shall take effect as of 00:00 of the first day of the Insurance Period specified in the Insurance Contract. but not earlier than the moment when the first instalment of the Insurance Premium is paid (if the Insurance Contract provides payment of Insurance Premium by instalments), in cases when:
  - 7.1.1.** the Insurance Contract provides that the first day of the Insurance Period if the day of payment of the Insurance Premium;
  - 7.1.2.** the day of payment of the Insurance Premium is specified in the Insurance Contract prior to the first day of the Insurance Period.
- 7.2.** If the Insurance Contract provides that the Insurance Premium or the first instalment of the Insurance premium (if the Insurance Contract provides payment of the Insurance Premium by instalments) have to be paid after the first day of the Insurance Period specified in the Insurance Contract, the insurance becomes effective at 00:00 of the first day of the Insurance Period provided that the Policyholder has paid the Insurance Premium or its first instalment within the term and in the amount provided in the Insurance Contract.
- 7.3.** If the Insurance Premium or its first instalment has been paid after the payment term prescribed in the Insurance Contract, BTA is entitled to repay the delayed Insurance Premium to the Policyholder within 10 working days, or, if BTA is not aware of the way how the Policyholder can receive the Insurance Premium, BTA can request such information. Such being the case, insurance shall be deemed as not taken effect.
- 7.4.** If BTA does not refund the Insurance Premium or its first part to the Policyholder within the deadline indicated in Article 7.3 of the Terms and Conditions or does not send the request referred to in Article 7.3 to the Policyholder, insurance shall be in effect in line with Articles 7.1 and 7.2.
- 7.5.** If the Insurance Premium or its first instalment is paid after the term provided in the Insurance Contract and a potential Insured Event has occurred until the payment of the Insurance Premium, Insurance shall not have taken effect. Such being the case, BTA is obliged to inform the Policyholder within 10 business days regarding the invalidity of insurance and to refund the late payment of Insurance Premium to the Policyholder.
- 7.6.** Insurance is effective until 24:00 of the last day of the Insurance Period specified in the Insurance Contract, if the Policyholder and BTA have agreed or due to other reasons the Insurance Contract has not been terminated prematurely.

## **8. INSURANCE PREMIUM PAYMENT PROCEDURE**

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- 8.1.** The Policyholder shall pay the Insurance Premium within the due date and in the amount specified in the Insurance Contract.
- 8.2.** Insurance Premium shall be considered paid:
  - 8.2.1.** if the Insurance Premium is paid by paying to BTA – at the moment when BTA has received the Insurance Premium payment;
  - 8.2.2.** if the Insurance Premium is paid by paying to the insurance intermediary, expressly authorized by BTA to collect the Insurance Premium – at the moment when the Policyholder has paid the respective amount of money to the insurance intermediary.
  - 8.2.3.** if Policyholder fails to pay the Insurance Premium within the due date specified in the Insurance Contract, BTA shall be entitled to demand and Policyholder shall be obliged to pay to BTA a contractual penalty fee of 0.1% of the outstanding amount per each day past due, however, the total amount of the late payment penalty may not exceed 10 % of the outstanding amount of Insurance Premium.

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

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- 9.1.** 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.
- 9.2.** When the Insurance Contract is concluded by a Policyholder, who is a consumer, then such an 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.

## **10. OBLIGATION TO PROVIDE INFORMATION**

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- 10.1.** Prior to insurance contract conclusion, the Policyholder and the Insured are obliged to provide BTA with complete and truthful information about the insurance object and other information requested by BTA, as it is important in evaluation of the probability of occurrence of the insured risk.
- 10.2.** When insurance contract regarding insurance of the same insurance object is concluded repeatedly immediately following the previous insurance contract and, the Policyholder or the Insured, when concluding the repeated insurance contract, do not specify that the information provided upon conclusion of the previous insurance contract has changed, BTA will assume that the previously provided information has not changed.
- 10.3.** If the Policyholder or the Insured have not provided the requested information to BTA or have provided an incomplete or untrue information:
  - 10.3.1.** through minor negligence, then BTA is entitled to propose to the Policyholder making amendments to the Insurance Contract, to include increasing the size of Insurance Premium. In case the Policyholder does not agree to the proposed amendments to the Insurance Contract within the term on the proposal, the Insurance Contract shall be considered terminated as of the moment, when the proposal's term expires, unless stated otherwise in BTA's proposal;
  - 10.3.2.** through gross negligence, the Insurance Contract shall be invalid since the moment of conclusion, and BTA will not refund the paid Insurance Premium.
- 10.4.** The Policyholder and the Insured shall immediately, as soon as possible, notify BTA, in case the information, provided prior to insurance contract conclusion, has changed during the effective period of the insurance contract.
- 10.5.** When receiving information about changes in the information, provided prior to Insurance Contract conclusion, from the Policyholder or the Insured, BTA shall make an assessment, whether the changes have affected the probability of the occurrence of the insured risk, and:
  - 10.5.1.** propose to the Policyholder making amendments to the Insurance Contract. In case the Policyholder does not agree to the amendments to the insurance contract proposed by BTA within the term on the proposal, the insurance contract shall be considered terminated as of the moment, when the proposal's term expires, unless stated otherwise in BTA's proposal;
  - 10.5.2.** terminate the Insurance Contract, notifying the Policyholder thereof, when the changes in the provided information have affected the probability of the occurrence of the insured risk to the extent that, if having known this information at the moment of Insurance Contract conclusion, BTA would not have concluded the Insurance Contract.
- 10.6.** If the Policyholder or the Insured has not notified BTA of changes in the information provided before concluding the Insurance Contract:

- 10.6.1.** through malicious intent or gross negligence, BTA will have the rights not to pay insurance indemnity, immediately terminate the insurance contract, without refunding the paid insurance premium;
- 10.6.2.** because information regarding changes in the information provided prior to insurance contract conclusion has become known only upon occurrence of the insured risk and the Policyholder and the Insured have been previously unaware of it, then:
  - 10.6.2.1.** BTA will pay the insurance indemnity, and not exceeding the amount of the paid Insurance premium, if BTA proves that, knowing the actual circumstances, it would not have concluded the Insurance Contract;
  - 10.6.2.2.** BTA proposes making amendments to the insurance contract or terminates the insurance contract depending on how much the disclosed actual circumstances increase the probability of occurrence of the insured risk.

## **11. INSURANCE CONTRACT TERMINATION**

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- 11.1.** The Insurance Contract shall expire at 24:00 on the last day of the Insurance Period.
- 11.2.** The Policyholder is entitled to terminate the Insurance Contract unilaterally at any time by submitting a notification to BTA 15 calendar days in advance. The Insurance Contract will be terminated on the day indicated in the notification, but no sooner than on the day the notification is received and:
  - 11.2.1.** If within the effective period of the Insurance Contract no Insurance Indemnity is paid and no prospective Insured Event is claimed, then BTA shall pay back to the Policyholder the part of the paid Insurance Premium per each remaining day of the effective period of the Insurance Contract until the Insurance Contract's expiry date, deducting BTA's expenses of 15% related to the Insurance Contract conclusion from the unused Insurance Premium, i.e. from the part of the Insurance premium that corresponds to the unused effective period of the Insurance Contract, though not more than from Insurance premium for one year, unless the parties have agreed otherwise;
  - 11.2.2.** if, during the effective period of the Insurance Contract, Insurance Indemnity has been paid or a claim regarding a potential Insured Event has been submitted, then BTA will refund to the Policyholder the difference, when there is one, between the amount of the Insurance Premium paid to BTA, corresponding the number of days remaining until the expiry of the Insurance Contract, and the amount of the disbursed Insurance Indemnity, deducting the expenses of BTA related to the conclusion of the Insurance Contract of 15 % (fifteen per cent) of the undrawn Insurance Premium, i.e., of the part of Insurance Premium corresponding the unused effective period of the Insurance Contract, though, of no more than Insurance Premium amount for one year, unless agreed otherwise by the parties.
- 11.3.** If the regular instalment of Insurance Premium payment is not paid in full within the due date specified in the Insurance Contract, then BTA shall be entitled to terminate the Insurance Contract upon prior notification thereupon.
- 11.4.** If the Insured risk occurs due to malicious intent or gross negligence of the Policyholder or the Insured, then Insurance Contract shall be considered terminated as of the moment the Insured risk occurred. In such a case, BTA will not disburse the Insurance Indemnity and will not refund the paid Insurance Premium.
- 11.5.** Both the Policyholder and BTA are entitled to, upon sending prior notification thereupon, terminate the Insurance Contract after disbursement of Insurance Indemnity. Such being the case, BTA shall pay back to the Policyholder part of the Insurance Premium, the amount of which shall be determined upon deduction from the Insurance Premium the Insurance Indemnity, part of the Insurance Premium on the terminated period of the effective period of the Insurance Contract and BTA expenses of 15% related to conclusion of Insurance Contract from the unused Insurance Premium, i.e. from the part of the Insurance Premium, which corresponds to the unused effective period of the Insurance Contract, unless the parties have agreed otherwise.
- 11.6.** BTA and the Policyholder without consent by the Insured are entitled to agree upon termination of the Insurance Contract, except for occasions, when:
  - 11.6.1.** Insurance Contract states otherwise;
  - 11.6.2.** Insured Event has occurred and, as a result of the Insurance Contract termination, BTA would be exempted from the obligation to disburse the Insurance Indemnity.
- 11.7.** Insurance Contract shall be terminated prior to its expiry in other cases defined in the Insurance Contract Law.

## **12. SUBROGATION RIGHTS**

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- 12.1.** If BTA has disbursed Insurance Indemnity, BTA obtains subrogation rights to claim indemnity amounting to the disbursed Insurance Indemnity from the person, from which the Insurer may claim complete or partial indemnification for losses by pursuant to regulatory enactments, concluded contracts or any other agreement.

**12.2.** If the Insured has not informed BTA in writing about any other procedure, then including the cases when the Insurance Indemnity disbursed by BTA covers only part of the Insured's losses, BTA is entitled to exercise its subrogation rights notwithstanding whether the Insured exercises or does not exercise its rights to file a claim against the person at fault. BTA and the Policyholder or the Insured may agree in writing upon cooperation in loss recovery, including on bringing a joint action and maintaining it.

### **13. OTHER PROVISIONS**

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**13.1.** In case of inconsistencies or disagreement between the documents of Insurance Contract, the documents shall be considered a priority and shall be applied according to the following sequence:

**13.1.1.** Annexes to Insurance Policy (if any) to amend the Terms and Condition of Insurance policy - successively depending on the effective date as of the newest to the oldest;

**13.1.2.** Insurance Policy;

**13.1.3.** Terms and Conditions of the current Insurance Cover.

**13.2.** The parties undertake not to disclose provisions of the Insurance Contract and information received within the framework of the Insurance Contract about the parties to the Insurance Contract or third parties, as well as not to use this information opposite to the interests of the parties to the Insurance Contract. Information received in the framework of Insurance Contract may be submitted to other persons upon occasions provided for in the effective regulatory enactments of the Republic of Latvia. BTA is entitled to provide experts and reinsurers with information related to the Insurance Contract, persons engaged by BTA for Insurance Contract performance, as well as to store it in BTA databases.

**13.3.** All disputes arising between the parties to the Insurance Contract shall be settled by means of negotiations. If no mutual agreement is reached, any dispute, disagreement or claim ensuing from the Insurance Contract that is related to it or its violation, termination or invalidity, shall be finally resolved in a court of the Republic of Latvia in accordance with the procedure set forth in the effective regulatory enactments of the Republic of Latvia, unless BTA and the Policyholder have agreed upon another dispute settlement procedure in the Insurance Contract.

**13.4.** The Policyholder and the Insured are not entitled to assign any of their claim rights ensuing from the Insurance Contract to third parties, including already existing or possible claim rights.

**13.5.** 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.

**13.6.** 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.

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

**13.8.** 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.

**13.9.** Principles of personal data processing performed by BTA are published on BTA website [www.bta.lv](http://www.bta.lv).

**13.10.** BTA will not provide insurance and will not pay insurance indemnity, if such conduct of BTA:

**13.10.1.** subjects BTA to sanctions, restrictions or limitations, established by the resolutions of the United Nations or trade or economic sanctions, regulatory enactments of the European Union, the Republic of Latvia, the United States of America;

**13.10.2.** 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.

**13.11.** In case of inconsistencies or disagreement between the text of the Insurance Contract in Latvian and in any other language, of priority and binding upon the parties to the Insurance Contract shall be considered the text in Latvian.