

# TERMS AND CONDITIONS OF ERGO SURETYSHIP INSURANCE

## KT.0935.17

These terms and conditions of suretyship insurance apply to insurance contracts entered into with ERGO Insurance SE where the insured object is the non-performance or unsatisfactory performance of the policyholder's obligations for which the insurer is required to fulfil their obligations under the contract. In any matters not resolved by these terms and conditions, the parties to an insurance contract shall be guided by the general terms and conditions of insurance contracts, the Law of Obligations Act, and other legislation.

### 1. Definitions

- **Insurer means** ERGO Insurance SE.
- **Policyholder** means a person who has an insurable interest and who has entered into an insurance contract with the insurer and whose insured risk related to non-performance or unsatisfactory performance of an obligation is covered by insurance. A person with an insurable interest may be a company that has entered into a contract for services with a beneficiary or assumed the performance of some other obligation in accordance with law or an international agreement.
- **Beneficiary** means a person specified in the insurance contract who, in the case of an insured event, is entitled to an insurance indemnity or the performance of some other obligation by the insurer in accordance with the insurance contract.
- **Insured risk** means the non-performance or unsatisfactory performance of the policyholder's obligation in connection with which the beneficiary or the third party specified in the insurance contract has the right to demand compensation from the insurer.
- **The sum insured or the amount guaranteed** means the maximum amount of disbursement to the extent which the insurer performs their obligation under the insurance contract.
- **Insurance period or the period of validity of the insurance contract** means the period stated in the contract during which the policyholder and the insurer have a compensation obligation for the insured event that occurred during that period.
- **Insurance indemnity** means a sum of money that is payable to the beneficiary to compensate for damage resulting from an insured event.
- **The insurance contract documentation** means the guarantee agreement, the terms and conditions of suretyship insurance, the general terms and conditions of the insurance contracts, and the documents referred to in the insurance contract.

### 2. Insured object

The insured object is the obligation of the insurance undertaking as defined in the insurance contract, in the case of non-performance or unsatisfactory performance of which the insurer is required to perform their obligations under the contract.

### 3. Insured event

- 3.1. An insured event is an event specified in the insurance contract and/or a claim by the beneficiary against the policyholder for which the insurer is required to perform their obligations under the contract.
- 3.2. A claim against the policyholder shall be submitted during the period of validity of the insurance contract, communicated to the policyholder by any means which leaves a written record, based on the non-performance or unsatisfactory performance of the policyholder's obligation, and the amount of the claim must be proven.
- 3.3. If the insurer has performed their obligation under the insurance contract – has compensated the beneficiary for damage – the insurer shall immediately have a claim against the policyholder in the amount that was disbursed.

### 4. Sum insured or amount guaranteed

- 4.1. The sum insured, i.e., the amount guaranteed is determined on the proposal of the policyholder.
- 4.2. The policyholder is obliged to provide the correct amount guaranteed when entering into the contract. If the amount guaranteed is incorrect and the policyholder wishes to change it, he or she shall submit an application to the insurer for the amendment of the insurance contract.
- 4.3. The amount guaranteed remains the maximum amount disbursed even in a situation where the indemnity needs to be paid to more than one individual.
- 4.4. The amount guaranteed is reduced by the amount disbursed.

### 5. Entry into an insurance contract and ensuring the performance of obligations

- 5.1. In order to enter into an insurance contract, the policyholder shall submit a request as well as the documents and information which the insurer asks for before entering into an insurance contract.
- 5.2. The policyholder shall notify the insurer of all circumstances known to him or her which may have an impact on the insurer's decision to enter into the contract or do so on other conditions to be agreed upon.
- 5.3. The policyholder is required to give truthful and accurate replies even if the policyholder assumes that the insurer may be aware of such circumstances.
- 5.4. The insurer has the right to demand a surety from the policyholder before the conclusion of the insurance contract and/or during the term of the insurance contract to ensure the performance of obligations. The guarantee ensuring performance may be a money deposit, mortgage set-up, or other collateral. The manner of ensuring the performance of obligations shall be determined by the insurer. If the performance of an obligation involves performing an act (e.g., evaluation of property, formulation of a notarial document, etc.) and/or service fees, payment of a fee or charge, such costs will be borne by the policyholder. If the insurer owes expenses related to the performance of an act to a third party, the insurer is entitled to recover such expenses from the policyholder.
- 5.5. When entering into an insurance contract and determining the insurance premium, the insurer shall take into account the amount guaranteed, guarantee ensuring the performance of obligations, the length of the insurance period, the insured risk in relation to the policyholder, their previous loss statistics, and other circumstances affecting the insured risk.

### 6. Delay in payment or failure to pay the insurance premium

- 6.1. If the policyholder delays or is late with a payment of the insurance premium, he or she shall, at the request of the insurer, pay a fine for the delay in accordance with the insurance contract.
- 6.2. If the policyholder has not paid the insurance premium on time, it means that the insurance premium has become chargeable.
- 6.3. The insurer has the right to set off the insurance premium that has become chargeable, to file an action for the recovery of the insurance premium, or to transfer the insurance premium that has become chargeable to a company providing collection services in accordance with the procedure and on the grounds specified in the terms and conditions of insurance contracts.
- 6.4. The insurer has the right to transfer information about the debt liability to a company that maintains a payment disruption register.

## **7. Compensation for loss or damage**

- 7.1. The insurer shall reimburse a substantiated claim against the policyholder, the amount of which is proven. If a part of the claim is not proven, only the verified part will be reimbursed.
- 7.2. The amount of insurance indemnity for one insured event is limited to the claim against the policyholder or the amount of all claims or the amount guaranteed.
- 7.3. Compensation for loss or damage is a cash benefit
- 7.4. In compensating for loss or damage, the insurer shall be guided by the terms and conditions agreed upon in the insurance contract, these terms and conditions of suretyship insurance, and the general terms and conditions of insurance contracts.
- 7.5. As opposed to clause 19.3 of the general terms and conditions of insurance contracts, the insurer is obliged to complete the claim handling and decide on the case no later than within 30 days from the day of receipt of the claim.
- 7.6. If a shorter period of time has been agreed upon in the insurance contract regarding compensation, the time-limit indicated in the insurance contract shall be taken as the basis for the completion of claim handling and decision on the case.

## **8. Insurer recovery claim**

- 8.1. Upon satisfaction of a claim secured by the insurance contract, the insurer shall immediately have a recovery claim against the policyholder to the extent of the amount disbursed.
- 8.2. If the policyholder delays or is late with the compensation, he or she shall, at the request of the insurer, pay a fine for the delay in accordance with the insurance contract.
- 8.3. Documents, data and other materials that are in possession of the policyholder and certify the claim transferred to the insurer shall be handed over to the insurer.

## **9. Termination of the insurance contract**

- 9.1. The insurance contract shall expire:
  - 9.1.1. after the validity period elapses;
  - 9.1.2. upon disbursement of the amount guaranteed;
  - 9.1.3. on other grounds specified in the legislation.

## **10. Notification obligation of policyholder**

- 10.1. During the validity of the insurance contract, the policyholder shall immediately notify the insurer in writing about an increase of the risk, for instance:
  - 10.1.1. a significant deterioration in the economic situation, which is considered to be a situation in which the company's equity is not in compliance with the statutory requirements;
  - 10.1.2. dissolution of the company and/or its deletion from the commercial register;
  - 10.1.3. merger or division of the company;
  - 10.1.4. submission of a bankruptcy petition;
  - 10.1.5. submission of a petition for reorganisation or initiation of reorganisation;
  - 10.1.6. initiation of judicial or other proceedings;
  - 10.1.7. a fact that may be the basis for submitting a claim against the policyholder.
- 10.2. In the event of non-notification of the increase in risk, the insurer has the right to request an increase of the insurance premium or cancel the insurance contract.

## **11. Procedure for the settlement of disputes**

- 11.1. If the policyholder has a dispute with the insurer, a claim related to the dispute shall be submitted to the insurer.
- 11.2. The policyholder may turn to a conciliation body at the Estonian Insurance Association to settle a dispute that the policyholder has with the insurer. Before a conciliation procedure, the claim in the disputed matter shall be submitted to the insurer and the insurer must be provided with an opportunity to reply to the claim. If the client is not satisfied with the reply from the insurer, the client may turn to an insurance conciliation body. Additional information is available on the Estonian Insurance Association's website [www.eksl.ee](http://www.eksl.ee).
- 11.3. If an agreement is not reached in the conciliation procedure or if the policyholder is not satisfied with the insurer's response, he or she may refer the case to a court
- 11.4. Any disputes arising out of the insurance contract shall be settled in Harju County Court.
- 11.5. Insurance contracts are governed by Estonian law.

This is an unofficial translation. In case of any disputes the official original Estonian wording shall prevail.