

TERMS AND CONDITIONS OF RAILWAY ROLLING STOCK INSURANCE

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These terms and conditions of railway rolling stock insurance shall apply to insurance contracts concluded with ERGO Insurance SE, where the insured object is the proprietary interests of the policyholder, which are related to the possession, use or disposal of the means of rail transport, based on the applicable legislation.

The general terms and conditions of insurance contracts, the legislation and other regulations shall be followed in any matters not settled by the terms and conditions of railway rolling stock insurance.

1. Insured object and covered location

- 1.1. The insurance contract may insure the following means of rail transport (insured objects) which the policyholder owns under the right of ownership, possesses or uses, during the time period of their use.
 - 1.1.1. locomotives (electric locomotives, diesel locomotives, steam locomotives, gas turbine locomotives, driving trailers, railcars, etc.);
 - 1.1.2. rolling stock consisting of railcars (electric trains, diesel trains, turbo-engine trains, battery-powered trains, etc.);
 - 1.1.3. freight wagons (open wagons, flat wagons, tank wagons, covered wagons, isothermal wagons, specific-purpose wagons, refrigerated wagons, etc.);
 - 1.1.4. passenger carriages (passenger carriages, baggage wagons (vans), mail wagons, baggage and mail wagons, dining cars, specific-purpose wagons, etc.).
- 1.2. The aforementioned rolling stock units are insured on the condition that they are in good technical condition and are appropriately registered.
- 1.3. A rolling stock unit is understood as any unit specified in section 1.1 of these terms and conditions of insurance, including its body, internal chambers, wiring, insulation, finishing, equipment and systems, principle and auxiliary mechanisms, boilers, diesel generators, and other equipment and supplies.
- 1.4. The following rolling stock units cannot be insured:
 - 1.4.1. units subject to expropriation on the basis of a court decision that has entered into force;
 - 1.4.2. museum objects, whether in working order or not;
 - 1.4.3. rolling stock units not used for their intended purpose;
 - 1.4.4. rolling stock units not in good technical condition and/or which are not appropriately registered.
- 1.5. Rolling stock units are insured only if they are used in the covered location specified in the insurance contract. The covered location is the region or area specified in the insurance contract. If the insurance contract does not set out the address of the covered location or other territory, the insurance contract shall apply only in the Republic of Estonia.

2. Insured event

- 2.1. The insured event is an unexpected and unforeseeable damage, destruction or loss of the insured object in the covered location and during the insurance period for a reason that is not precluded under these terms and conditions.
- 2.2. The insured event may include, for example, a rail accident – accident, collision, derailment during a journey or manoeuvre, fire, explosion, natural disaster (flood, storm, hurricane, collapse, landslide, snowfall, thunderclap, stasis, hail), loss of the insured object, unlawful activities of third parties.

3. Sum insured and insurable value

- 3.1. The sum insured is the amount specified in the insurance contract which is the maximum limit of indemnity upon an insured event.

- 3.2. Upon conclusion of an insurance contract, the sum insured shall be determined on the basis of the expected insurable value of the insured object.
- 3.3. The insurable value is the actual value of the insured object at its location at the time of conclusion of the insurance contract. The actual value is understood as the market value of the insured object, i.e. the price that reflects the price formed by the supply of and demand for a similar product under the market conditions (in domestic and/or foreign market).
- 3.4. The policyholder is liable for submitting correct data to the insurer in order to correctly determine the insurable value of the insured object. If the sum insured is determined incorrectly, the conditions applicable to over-insurance or under-insurance shall be followed upon an insured event.
- 3.5. If the insurable value of the insured object has increased (e.g. after the improvement works of the asset) or decreased during the insurance period, the policyholder may request the increase or reduction of the sum insured to avoid under-insurance or over-insurance.
- 3.6. Upon decrease in the insurable value specified in section 3.5 of these terms and conditions, the insurer may defer the refundable portion of the insurance premium to the next insurance period on the basis of the policyholder's application.
- 3.7. In case of an insurance event, the sum insured of the insured object shall decrease by the disbursed indemnity.
- 3.8. After restoration or replacement of the insured object, the sum insured of the insured object may be increased to avoid under-insurance.

4. Insurable risk and significant circumstances influencing thereof

- 4.1. Significant circumstances influencing the insurable risk include mainly a change in the field of use of the insured object and the location of use, an increase of the insurable risk in relation to the repair, modification, expansion, construction works of the insured object or covered location, non-functioning of security systems, etc.
- 4.2. The insurer shall be immediately notified of an increase in the likelihood of the insurable risk, unless the increase in the likelihood of the insurable risk is caused by commonly known circumstances.

5. Obligations of the policyholder

- 5.1. The policyholder has the obligation:
 - 5.1.1. to maintain and use the insured object carefully and safely, make his/her best efforts to avoid an insured event and reduce any possible damage; not to increase the insurable risk and not to allow persons for whom the policyholder is liable to increase the insurable risk;
 - 5.1.2. to enable the representative of the insurer to examine the condition of the insured object and the documents related to insurance of the insured object;
 - 5.1.3. to comply with the legislation and insurance contract, safety requirements, operation instructions and rules concerning the insured object.
- 5.2. Upon occurrence of an insured event, the policyholder has the obligation:
 - 5.2.1. to immediately apply measures to save the insured object and avoid any increase in damage and reduce any possible damage;
 - 5.2.2. to notify the relevant competent authorities or persons (Police, Rescue Board) – subject to the circumstances of the event – about the occurrence of the event;
 - 5.2.3. to retain the location where the damage occurred and the insured object intact, if possible.

The location of the scene may be altered only if the inevitable work duty of the Rescue Board, Police or a corresponding emergency service requires this, otherwise it may be done only upon the consent of the insurer;

- 5.2.4. to allow the insurer to make procedures for determining the reasons for and amount of damage, and submit information and evidence necessary for determining the reasons for and amount of damage;
- 5.2.5. to submit the documents necessary for applying for indemnity:
 - 5.2.5.1. upon fire – a certificate of a body that checked fire safety, restoration calculation, photos of the damaged object, and a certified copy of the investigation report by the Ministry of Economic Affairs and Communications or a corresponding competent body;
 - 5.2.5.2. upon a rail accident, break-down, collision or derailment – the restoration calculation, photos of the damaged object, and a certified copy of the investigation report by the Ministry of Economic Affairs and Communications or a corresponding competent body;
 - 5.2.5.3. upon loss of a wagon or its parts – copies of documents certifying the search for the rolling stock (copies of letters, correspondence with the carrier of the rolling stock with regard to the loss of wagon, etc.);
 - 5.2.5.4. upon unlawful activities of a third party – a certificate from the Police concerning the commencement of criminal proceedings, restoration calculation, photos of the damaged object, and a certified copy of the investigation report by the Ministry of Economic Affairs and Communications or a corresponding competent body;
- 5.2.6. to take all necessary measures to prove his/her rights and file a claim against the offender;
- 5.2.7. to inform the insurer of the insured event, by doing so at the first possibility, personally or through a representative after learning about the insured event; by submitting data on the event, the expected amount of damage, witnesses, parties and offender, and subsequently follow the instructions given by the representative of the insurer.
- 5.3. The obligation to supply proof of the insured event rests with the policyholder.
- 5.4. The policyholder is required to submit to the insurer information that is necessary for determining the performance of the insurer's contractual obligations.

6. Rights and obligations of the insurer

- 6.1. The insurer has the obligation:
 - 6.1.1. to introduce the documents of the insurance contract to the policyholder before conclusion of the insurance contract;
 - 6.1.2. after receiving an application from the policyholder, to immediately commence the insurance event handling and determine the amount of damage to be compensated;
 - 6.1.3. at the first possibility, to inspect the scene of damage occurred and, if necessary, give the policyholder instructions for preventing any further propagation or increase of damage;
 - 6.1.4. if necessary, to introduce to the policyholder the procedure for damage handling and applying for indemnity, and the payment principles;
 - 6.1.5. to make a decision on compensation for damage or its refusal immediately, but not later than within ten (10) days as of the receipt of all requested documents and determination of the amount of damage and circumstances if its creation; upon loss of an insured object, not until after two (2) months from the date of notification of the insurer. If criminal proceedings have been commenced, the insurer has the right, on the basis of a reasonable need, to postpone the making of a deci-

sion until charges are brought against the offender or receipt of a decision on termination or suspension of the criminal proceedings. The insurer is required to notify the policyholder of refusal to compensate for damage immediately, but not later than within five (5) working days after the making of the decision, by specifying the reason and basis for refusal or reducing the indemnity.

- 6.2. The insurer has the right to appoint experts, legal representatives and other persons to investigate the circumstances of the insured event.
- 6.3. During the insurance period, the insurer has the right to examine the insured object and, upon an increased insurable risk, to demand that the policyholder apply additional security measures and pay a larger insurance premium. If the policyholder does not agree to additional safety measures, the insurer has the right to cancel the insurance contract pursuant to the procedure and within the deadlines specified in the Law of Obligations Act.

7. Compensation procedure

- 7.1. The following expenses shall be subject to compensation: the substantiated expenses for restoration, replacement or re-acquisition of a partially or fully damaged, destroyed or lost insured object or its part.
- 7.2. Upon partial damage of an insured object, where damaged parts can be restored, the following substantiated expenses for restoration and/or replacement shall be compensated:
 - 7.2.1. the expenses for disassembly and restoration of the damaged part (cost of works and auxiliary materials), as well as re-assembly expenses;
 - 7.2.2. the replacement expenses of a damaged part in relation to the transport and assembly expenses. Upon compensation for replacement expenses, the age, technical condition, level of wear and completeness of the replaceable part shall be taken into account. If a part, the level of wear of which corresponds to its age, cannot be re-acquired, the cost of a new part shall be compensated (at a maximum, the cost of the original part in the completeness prescribed by the manufacturer).
- 7.3. Upon compensation for the restoration and replacement expenses of the insured object, the insurer has the right:
 - 7.3.1. to determine the place of restoration of the insured object or arrange and order the restoration of the object;
 - 7.3.2. to determine a location where the replaceable insurance object or its part is to be procured.
- 7.4. If repairs are made at the workshop of the policyholder upon the consent of the insurer, the insurer shall compensate for the substantiated expenses for materials and salaries, also the relevant portion of overheads in accordance with the substantiated estimation of the insurer.
- 7.5. The insurer shall compensate for expenses related to temporary repair works only if such works are part of the final repairs and this does not result in an increase in the total repair expenses.
- 7.6. Upon complete destruction or loss of the insured object, the market value as at the time when the insured event takes place of the insured object shall be compensated. The market value is calculated on the basis of the building year, technical condition, level of wear, completeness, etc. of the insured object.
- 7.7. The right of ownership to the compensated insured object, its residues or part shall transfer to the insurer. If the policyholder wants to retain his/her ownership of the insured object or its part damaged due to the insurance event or does not transfer it to the insurer, the indemnity shall be reduced by the value of that asset after the insurance event. If the insurer waives the right of ownership, the indemnity shall be paid without deducting the value after the insured event.
- 7.8. The insurance indemnity shall not include fees and taxes (e.g. value added tax) that the person entitled to receive the indemnity may set off pursuant to the procedure specified by the legislation or which are to be refunded to the person entitled to receive the indemnity.
- 7.9. The amount of insurance indemnity per unit of the rolling stock may not exceed:

- 7.9.1. upon destruction – the sum insured per unit of the rolling stock;
- 7.9.2. upon damage – repair expenses of the damage if it does not exceed the sum insured per unit of the rolling stock.
- 7.10. No indemnity shall be paid if a third party has fully compensated the damage.
- 7.11. Such necessary and inevitable expenses shall also be compensated which the policyholder incurred for avoiding, reducing damage and for determining the amount of damage. The prerequisite is that damage is compensated on the basis of an insurance contract.

8. Release of the insurer from the obligation to perform the insurance contract

- 8.1. The insurer shall be partially or fully released from the obligation to perform the insurance contract if:
 - 8.1.1. the policyholder and person(s) considered equal to him (her) have violated at least one of the obligations specified in section 5 of these terms and conditions, and there exists a causal relationship between the occurrence of the insured event and/or the amount of damage resulting from this;
 - 8.1.2. the insured event has occurred as a result of gross negligence or intention of the policyholder or beneficiary, also if the policyholder has failed to comply with the requirements of legislation concerning the transport of hazardous loads. Gross negligence is understood as a situation where the person foresees the consequences of his/her behaviour, but recklessly expects that no consequences will arrive due to his/her behaviour or any other circumstances;
 - 8.1.3. at the time when the insured event took place, the policyholder was under the influence of alcohol, drugs or psychotropic substances; in such a state of illness or fatigue, which prevented accurate perception of circumstances and unconditional compliance with the requirements of regulations related to his/her work; the policyholder did not have the right to drive the insured object of a respective category. A rail accident is also deemed to have occurred under the influence of alcohol, drugs or psychotropic substances if the policyholder had used such substances before appropriate registration of the rail accident in accordance with the applicable legislation or if the policyholder chose not to have the intoxication identified after the insurance event in accordance with the applicable legislation;
 - 8.1.4. damage occurred because the policyholder used the insured object for unlawful purposes or aided an offender;
 - 8.1.5. the policyholder or beneficiary misled or tried to mislead the insurer about the circumstances underlying the occurrence of damage and/or its amount or otherwise attempted to deceive the insurer with regard to the insurance contract or circumstances of its performance.
- 8.2. The extent of release from the obligation to perform the insurance contract shall be decided by the insurer.

9. Exclusions

- 9.1. The following shall not be compensated:
 - 9.1.1. damage that is caused to the insured object upon its use outside the insurance territory;
 - 9.1.2. damage that is caused by faults in designing or producing the insured object;
 - 9.1.3. non-purposive or incorrect use of the insured object, or use of it under unusual conditions;

- 9.1.4. damage caused by the removal of the insured object from the possession of the owner or legal possessor by way of fraud or extortion, also damage caused to the insured object at a time when the object was removed from the possession of the owner or legal possessor and if the police had not been informed appropriately;
- 9.1.5. damage that appears upon maintenance and/or inspection of the insured object; also expenses incurred during regular maintenance and technical service, including the cost of replaced details;
- 9.1.6. damage and costs arising from any changes or additions upon restoration, replacement or re-acquisition of a rolling stock unit or its part, etc.;
- 9.1.7. damage that is directly caused by wear and tear, spoilage, corrosion, fatigue of material, excessive moisture; soiling and impairment (incl. due to weather conditions or stay in an external environment) or any other long-term process similar to the foregoing;
- 9.1.8. damage caused by mechanical or electrical breakdown or failure;
- 9.1.9. damage caused by unexplained loss, destruction or absence of the insured object as identified during an inventory check;
- 9.1.10. damage and expenses related to disposal of insured rolling stock parts or waste, penalties; damage to the environment, human health and assets of third parties, etc.;
- 9.1.11. damage to or destruction of carried cargo and other assets;
- 9.1.12. indirect damage to the policyholder, including damage arising from lack of possibility to use the rolling stock;
- 9.1.13. damage when the insured object was, at the time of occurrence of damage, leased out to another person and/or its economic interest was transferred to another person;
- 9.1.14. damage caused by pollution or gasification of the insured object;
- 9.1.15. monetary claims that cannot be treated as direct proprietary damage, for example, claims of third parties, unearned income, penalties, interest, interest on arrears, etc.
- 9.2. No damage and expenses shall be compensated if they are caused by:
 - 9.2.1. terrorism and/or activities of persons for political, religious, ethnic or ideological motives, which pose or may pose a threat to the life, health, security or assets of any persons or the general public;
 - 9.2.2. war, civil war, revolution, invasion, revolt, public unrest, coup d'etat, labour conflict, strike, extraordinary condition, nationalisation, misappropriation, expropriation, occupation, confiscation, seizure, restraint or detention, a consequence or attempt of such activities;
 - 9.2.3. destruction or deterioration of the insured object by authorities or by their order;
 - 9.2.4. abandoned mines, torpedo, bombs or other abandoned explosives and guns;
 - 9.2.5. activities of strikers, workers in lockout or persons participating in workers' unrest during a disorder or civil unrest;
 - 9.2.6. use of weapons, which constitute fission or fusion of atoms or their nuclei or any other similar reaction; radioactive power or substance; chemical, biological or biochemical reaction or electromagnetic effect;
 - 9.2.7. use of nuclear energy for any purpose or when such energy is permitted to get out of control, or any other damage in relation to radioactive materials, fuels or residues;
 - 9.2.8. computer viruses or someone's attempt to cause damage through computer programmes;
 - 9.2.9. any contractual obligations of the policyholder.