

REQUEST FOR PROPOSAL FOR PROCUREMENT
“Directors & Officers Liability Insurance for RB Rail AS”
No P/2016-4

The Management Board of RB Rail AS, registration No.40103845025, registered address Gogoļa iela 3, Riga, LV-1050, Latvia (hereinafter - the Company) organises procurement for “Directors & Officers Liability Insurance for RB Rail AS” (hereinafter - Procurement).

Procurement Rules:

1. Procurement Subject-Matter Description:

Directors & Officers Liability Insurance for RB Rail AS.

2. Service Delivery

- 2.1. Delivery of the liability insurance policy: within one week after entering into agreement;
- 2.2. Place: RB Rail AS, Kr.Valdemara iela 21, room 639, Riga.

3. Conditions for the exclusion of Candidates

The Company shall exclude the Candidates from further participation in the Procurement procedure as well as shall not review the Proposal in any of the following events:

- 3.1. if they are bankrupt or wound up, have suspended their business activities or are in other kind of status, which prevents or might prevent the Candidates from proper implementation of the agreement;
- 3.2. if they or persons having powers of representation, decision making or control over the Candidates have been convicted of a criminal offence relating to the professional conduct by the judgement of a court;
- 3.3. if they or persons having powers of representation, decision making or control over the Candidates have been convicted of an offence relating to fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity by the court judgement;
- 3.4. if they have misrepresented the information included in their Proposal required for particular procurement procedure;
- 3.5. if the Company has obtained information that the Candidates have entered into unlawful agreements with competitors or have influenced in any unlawful way the person or group of persons appointed by the Company to select the proposals submitted for particular procurement procedure;
- 3.6. if they are in the situation of conflict of interests due to participation in related procurement procedures organised by the Company or due to other circumstances as described in applicable laws and thus have gained unfair competitive advantage;
- 3.7. if as a matter of applicable law or other regulation the Company is prohibited from entering into commercial relations with the country of registration of the Candidate or the Candidate itself;
- 3.8. the person indicated by the Candidate, on the abilities of whom the candidate relies, in order to certify that the qualification thereof complies with the requirements referred to in sub-paragraphs 3.1. - 3.7.

4. Experience and qualification criteria:	5. The Proposal shall include the following documents:
4.1. Candidate is not binding with any condition for exclusion of Candidate (see paragraph 3);	5.1. Application (Annex No. 1);
4.2. Candidate has delivered at least 3 (three) civil liability insurance policies in the period of the last 3 (three) years where at least 1 (one) insurance policy was delivered to an entity registered in one of the Baltic States and at least 1 (one) policy delivered with a limit of liability of 10 mil. EUR or more;	5.2. Information about applicant's experience (Annex No 2) in delivering at least 3 (three) civil liability insurance policies in the period of the last 3 (three) years, where at least 1 (one) civil liability insurance policy was delivered to an entity registered in one of the Baltic States and at least 1 (one) civil liability insurance policy delivered with a liability limit of 10 mil. EUR or more;
4.3. Insurance company has been evaluated by the international credit rating agency Standard & Poor's with a rating of at least A in investment category (Financial Strength Rating) - or the equivalent of another international credit rating agency rating or no less than 90% of the insured risk is located internationally recognized and proven insurance / reinsurance companies with international credit rating agency Standard & Poor's credit ratings at least A in investment category (Financial Strength Rating) - or the equivalent of another international credit rating agency;	5.3. Candidate's statement that the insurance company has been evaluated by the international credit rating agency Standard & Poor's with rating at least A in investment category (Financial Strength Rating) - or the equivalent of another international credit rating agency rating or no less than 90% of the insured risk is located internationally recognized and proven insurance / reinsurance companies with international credit rating agency Standard & Poor's credit ratings at least A in investment category (Financial Strength Rating) - or the equivalent of another international credit rating agency;
4.4. Insurance broker who represents an insurance company (if applicable), has to be registered as insurance and reinsurance intermediaries with the Financial and Capital Market Commission or an equivalent institution in another country where the applicant is registered, which allows the insurance intermediary to provide services in the Latvian Republic;	5.4. Insurance broker who represents an insurance company (if applicable) has to submit a copy of the document certifying the registration of insurance and reinsurance intermediaries issued by the Financial and Capital Market Commission or an equivalent institution in another country where the applicant is registered, which allows the insurance intermediary to provide services in Latvian Republic;
4.5. The Candidate shall be legally capable of providing the relevant insurance services in Latvia/ Lithuania/ Estonia. The procurement procedure is open to the insurance company, insurance broker who represents an insurance company, or other insurance companies under Law On Insurance Companies and Supervision Thereof as well as other laws and regulations that are binding in the field of insurance and insurance entities that meets the procurement documentation requirements set;	5.5. A license copy (or equivalent document or prints) which allows the insurance company (other company/person which provides insurance services in accordance with the Law On Insurance Companies and Supervision Thereof as well as other binding laws and regulations in the field of insurance) to provide civil liability insurance services in the territory of the Republic of Latvia, issued by a competent authority;
4.6. Insurance broker who represents an insurance company (if applicable) must be valid professional indemnity insurance with a limit of not less than 4 million EUR	5.6. A copy of a valid professional indemnity insurance policy (if a Candidate is an insurance broker who represents insurance company);

(if applicable)	5.7. As regards a Candidate registered abroad (with its permanent place of residence abroad) - copy of a valid registration certificate or a similar document issued by a foreign authority in charge of the registration of enterprises in the country of registration of the tenderer;
(if applicable)	5.8. List of sub-contractors (if such exist), indicating the part of the procurement agreement that will be assigned to the respective sub-contractor, and an agreement with the sub-contractor on the transfer of relevant resources at the disposal of the tenderer. The list shall include all sub-contractors;
(if applicable)	5.9. Where the bid is submitted by a partnership, the bid shall include an agreement signed by all members on participation in the open tender, which lists responsibilities of each and every partnership members and a joint commitment to deliver the procurement agreement, and which lists one key member authorised to sign the bid and other documents, to receive and issue orders on behalf of the partnership members, and with whom all payments will be made;
(if applicable)	5.10. <i>in case the Proposal is not signed by the legal representative of the candidate</i> , a document certifying the rights of the persons who have signed the Proposal, to represent the candidate (powers of attorney, authorisation agreements etc.).

6. Proposal Submission:

6.1. Proposal (documents referred to in Paragraph 5 of these Rules) for participation in the Procurement shall be submitted by e-mail to vija.vitola@railbaltica.org by **February 18, 2016, 14:00 o'clock**;

6.2. the candidate is not permitted to submit variants of the Proposal;

6.3. the candidate may submit a Proposal only for the whole subject matter of the Procurement in total;

6.4. Proposals submitted after the expiry of the deadline for the submission of Proposals shall not be reviewed.

7. Preparation and layout of the Proposal:

7.1. the candidate shall submit one signed original in PDF format and one copy in MS Word format of the proposal for the procurement as an attachment to the e-mail;

7.2. a proposal shall be submitted in English.

8. Criterion for the selection of a Proposal:

the lowest price (excluding VAT) for the Procurement object in total.

9. Bid price:

9.1. the price shall be specified in EUR, (excluding VAT);

9.2. the price shall include all expenses of the candidate in relation to the delivery of the Services up to the delivery place.

10. Period of validity of the Proposal:

100 days from the day of opening of the Proposal.

11. Provision of information:

11.1. the candidate may request explanations regarding the preparation of the Proposal. All requests shall be executed in writing in English by sending to e-mail: vija.vitola@railbaltica.org no later than 4 working days prior to the deadline specified in sub-paragraph 6.1;

11.2. the Company shall prepare a written reply to the request and shall send it to all candidates together with the asked question, without specifying the candidate who has asked the question and publish answers in web page <http://www.railbaltica.org/en/procurements>.

11.3. It is the Candidate's responsibility to follow any updated information concerning procurement published on the web page <http://www.railbaltica.org/en/procurements>.

12. Proposal Verification:

12.1. after the opening of the Procurement Proposal the Company shall perform verification of the Proposal's compliance of the Proposal with the requirements of the Request for Proposal and Technical Specification, without the participation of the candidate. If the Proposal or the candidate fails to comply with the requirements of the Request for Proposal and Technical Specification, the Company can refuse the Proposal and exclude the candidate from further participation in the Procurement. If the Proposal does not comply with the layout requirements, the commission shall assess the significance thereof and make a decision regarding the solidity of refusal of the Proposal;

12.2. during the verification of the proposals the Company shall verify whether the Proposal contains any arithmetical errors. If the Company establishes such errors, they shall correct such errors. The Company shall notify the candidate whose arithmetical errors have been corrected, regarding the correction of errors and the corrected amount of the Proposal. Upon evaluating the financial Proposal, the Company shall take into account corrections;

12.3. during the course of the Proposal verification the Company shall be entitled to ask for additional information from the candidate or invite to negotiations;

12.4. during the negotiations with the Candidates, the Company may amend the technical requirements for the Procurement, if such amendments in the best way correspond to the needs and interests of the Company;

12.5. if the Proposal for the Procurement is not beneficial, the Company shall be entitled to propose that all candidates decrease the price of the Proposal, with or without making amendments to the Terms of reference, prior to making the decision regarding the results of the Procurement.

13. Decision making:

13.1. after Proposals' verification the Company shall select a winner, who has submitted the Proposal in compliance with the Request for Proposal and subject matter of the Request for Proposal with the lowest price, or shall take a decision regarding the termination of the Procurement;

13.2. if only one Proposal has been submitted for the Procurement, the Company shall decide whether it complies with the Request for Proposal, whether it is beneficial and whether the particular candidate may be announced as a winner for the Procurement;

13.3. the approval of the decision of the Company regarding entering into an agreement, in accordance with the procedure set by internal regulations of the RB Rail AS, shall serve as a basis for entering into an agreement with the winner of the Procurement.

14. Announcement of Results and Entering into an Agreement:

14.1. upon taking the decision regarding entering into the agreement referred to in sub-paragraph 13.3. the Company shall notify the results to the participants of the Procurement within 5 working days and shall enter into a respective agreement with the winner of the Procurement;

14.2. if the selected Candidate fails to enter into an agreement within the time period specified by the Company in the notification, then it shall be deemed that he has refused the rights granted to deliver Services, regarding which the minutes shall be prepared.

In such a case the Company shall take a decision regarding termination of the Procurement without selecting any Proposal, or shall select the Proposal with the next lowest price.

15. Other provisions: until the approval of Procurement results the Company shall be entitled to decrease the volume of the subject matter of the Procurement or to make a decision to enter into an agreement only regarding some part of the subject matter of the Procurement or terminate the Procurement procedure with no result due to financial or any other considerations.

16. Company Contact Persons:

16.1. Mārtiņš Blaus, telephone: +371 67234086, e-mail address: martins.blaus@railbaltica.org;

16.2. Vija Vītola, telephone +371 66967171, e-mail address: vija.vitola@railbaltica.org.

Enclosed: Annex No 1 - Sample of the application on 2 pages;
Annex No 2 - Sample of the Form for Information about Experience on 1 page;
Annex No 3 - Terms of reference on 4 pages;

Board Project Manager



V.Vītola

[Applicant’s letterhead]

_____ 2016
No. _____

APPLICATION FOR PARTICIPATION IN THE PROCUREMENT
“Directors & Officers Liability Insurance for RB Rail AS” No P/2016-4

Candidate _____, reg. No. _____,
(Name of the Candidate)

represented by _____,
(Name, surname and position of the manager or an authorised person)

by submitting this application:

1. confirms its participation in the Procurement organised by RB Rail AS “for Directors & Officers Liability Insurance for RB Rail AS”;

2. offers to deliver services in accordance with the Terms of reference and Technical Specifications for the following price¹:

No	Service	Quantity	Unit price EUR, excl. VAT	Amount EUR, excl. VAT
1	Amount of Premium (100% annual)	1 year		
2	Any other costs..			
3	...			
...	...			
Total amount of the Proposal EUR (excl. VAT):				

Total amount of the Proposal EUR (excl. VAT) in words: _____.

Please provide the following information:

No	Service	Quantity	Unit price EUR, excl. VAT	Amount EUR, excl. VAT
Extended discovery period, in case insurance for the next period will not be carried out or the limit of liability will be reduced. When one of these cases, policy holder is buying additional insurance coverage for the extended discovery period with additional premium:				
1	1 year:% of the full annual premium in effect at the expiry of the policy period			
2	2 years:% of the full annual premium in effect at the expiry of the policy period			
3	3 years:% of the full annual premium in effect at the expiry of the policy period			

3. offers the payment terms for ___ calendar days (conditions: at least 10 calendar days) from the day of signing the acceptance document;

4. confirms that it does not comply with any of the cases for the exclusion of candidates referred to in Paragraph 3 of the Request for Proposal;

5. confirms that it is informed of the fact that, upon the fulfilment of any cases regarding the exclusion of candidates referred to in Paragraph 3 of the Request for Proposal for Procurement during the period of validity of the Proposal, the Proposal of the Candidate

¹ When preparing the financial Proposal, the rules of sub-paragraph 9.1. and 9.2. of the request for proposal shall be taken into account

may be refused or, in the case of granting the right to enter into an agreement, the Company may refuse to enter into a procurement agreement;

6. confirms that the Request for Proposal for the Procurement is clear and understandable, that it does not have any objections and complaints and that in the case of granting the right to enter into an agreement it shall undertake to fulfil all conditions of the Request for Proposal;

7. admits the period of validity of its Proposal for at least 100 days from the day of opening the Proposal;

8. guarantees that all information provided is true.

(Signature)

LS

Address of the candidate _____,

telephone (fax) number, e-mail address _____.

Position, name and surname of the manager or the authorised person of the candidate

**Information about the Candidate’s Experience
in similar subject-matter service delivery
for last 3 (three) years
/Form/**

No	Experience (name of delivered services, description of services, time frame and place)	Capex of service (if disclosable) (price and amount of liability)	Customer (name of Entity, Country of residence)	Contacts (Name surname, position, phone no and e-mail)
1				
2				
3				

I certify that the information supplied in this form is accurate and to the best of my knowledge. I understand that at a later stage of this process the Company may ask for evidence as to the claims made by and information provided in this form. I understand that I understand and accept that false information could result in rejection of the application to be selected to take part in the tender process as well as in criminal liability under applicable laws.

Note: this application is to be signed by a partner, director or other authorised representative.

Signed for and on behalf of the organization

(Position, Name, Surname)

(Signature)
LS

Terms of reference for procurement “Directors & Officers Liability Insurance for RB Rail AS” No P/2016-4

Background of RB Rail AS

The Joint Stock Company RB Rail (hereinafter **RB Rail**) has been established on October 28, 2014 by the republics of Estonia, Latvia and Lithuania to coordinate the building of a fast conventional standard gauge railway Rail Baltica linking three Baltic states with Poland and the rest of the EU (hereinafter also referred to as **the project**). RB Rail is established as a consortium in Latvia for coordinating works between the three Baltic States. Its main stakeholders are its indirect shareholders - governments of Latvia (SIA Eiropas dzelzceļa līnijas - 33,33%), Estonia (OÜ Rail Baltic Estonia - 33,33%) and Lithuania (UAB Rail Baltica statyba - 33,33%) (see Figure 1).

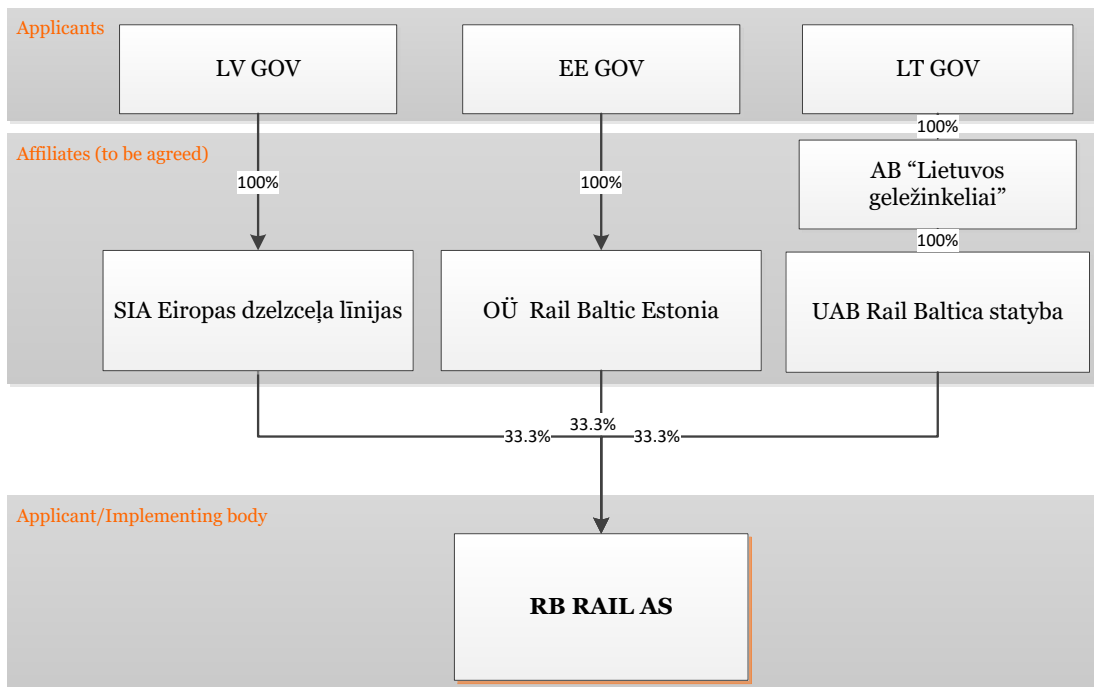


Figure 1. RB Rail AS legal structure

Main business of the Company is design, construction and marketing (including branding) of the Rail Baltic / Rail Baltica Railway - new fast conventional double track electrified railway line with the maximum design speed of 240 km/h and European standard gauge (1435 mm) on the route from Tallinn through Pärnu-Rīga-Panevezys-Kaunas to the Lithuanian-Polish border with the connection of Vilnius-Kaunas (the

Global Project 2nd stage, which is the development of a 1435 mm gauge double track mixed traffic fast conventional electrified railway line with a maximum design speed of 240 km/h in the Rail Baltica corridor through Estonia, Latvia and Lithuania on the TEN-T North Sea - Baltic Core Network Corridor). The Company is accountable for the delivery of the 2nd stage of the Global Project.

RB Rail is looking for a D&O liability insurance provider, to provide RB Rail's accountable persons with civil liability insurance in accordance with Technical specification, and other provisions set by this document. It is understood that accountable persons include existing members, ex-members and future members of the Supervisory Board, Management board and Shareholder representatives and other RB Rail employees as requested.

Candidates offering insurance have to envisage that compensation includes any financial loss, including - expenditures, financial losses, compensations and other expenses which could arise against RB Rail accountable persons by civil request of any third party, caused by performance of duties of RB Rail accountable persons including compensation of costs of expertise, law services for advocacy and other litigation costs.

Insurable persons (existing):

Names of the board and council members (indicating the name and date of appointment):

- Baiba Anda Rubesa - Chairman of the management board/CEO, 29 October 2015.

Shareholder representatives:

- Dainius Budrys 28 October 2014;
- Dins Merirands 28 October 2014;
- Indrek Orav 28 October 2014.

Supervisory Board:

- Anti Moppel;
- Edvīns Bērziņš;
- Kaspars Briškens;
- Vaidotas Balynas.
- Dainius Budrys;
- Indrek Orav.

The Shareholder representatives and Chairman of the management board have liability insurance currently in force with an Indemnity limit of 10 mill. EUR and with expiry date of 25 February 2016.

RB Rail Legal address: Gogoļa Street 3, Riga, LV-1050, Latvia.

RB Rail's head office address: Kr. Valdemāra iela 21, room 639, Riga, LV-1010, Latvia.

For preparation of the proposal, Candidate should take into account the following forecasted information about the Company:

Indicator	2015	2016
Turnover, EUR	0	Service fee to be specified
Profit, EUR	Loss 786 k EUR	Loss 3.4 M EUR (not considering service fee)
Assets, EUR	1 m EUR	13 m EUR
Fixed assets, EUR	40 k EUR	70 k EUR
*EU fund financing (CEF)	9.4 m EUR (advance received)	-
*CEF expenditure	103 k EUR	1.5 m EUR
Coverage in the Baltic states	40 k EUR, 3 assets located in LV, LT and EE	Suppliers in LV only

*Forecast according to Innovation and Networks Executive Agency (INEA) Grant Agreement under the Connecting Europe Facility (CEF) - Transport Sector

Technical Specification:

Type	Directors and Officers Liability Insurance
Policyholder	RB Rail AS, Joint Stock Company
Policyholder's address	Gogoļa Street 3, Riga, LV-1050, Latvia.
Policy Period	12 months From 26.02.2016 to 25.02.2017
Limit of Liability	EUR 10,000,000 any one claim and in the aggregate for the policy period Special Excess Protection for Non-Executive Directors (payable in addition to the limit of liability) a) Per Non-Executive Director limit: EUR 1,000,000 (10% of the limit of liability up to maximum of EUR 1,000,000) b) Aggregate limit for all Non-Executive Directors: EUR 6,000,000 (60% of the limit of liability up to maximum of EUR 6,000,000)
Minimum Insurance Covers	Insurance cover - third party liability for losses resulting from a claim against directors and officers of AS RB Rail in relation to wrongful acts they have committed (actual or alleged breach of duty, negligence, error, misstatement, omission etc.).
Insured persons	RB Rail, Joint Stock Company: a) Supervisory Board Members; b) Shareholder representatives; c) Management Board members, Employees who have been working in managerial or supervisory capacity. The cover shall extend to claims brought against directors and officers during the validity term of the insurance policy (including persons, who have become directors and officers during the validity term of the insurance policy), as well as

	against former (including the persons, who were directors and officers prior to the validity term of the insurance policy) directors and officers of the company (including subsidiaries)
Minimum Insurance Extensions	Extradition Expenses (Accredited Crisis Counsellor and / or Tax Advisor) Extension Extradition Expenses (Public Relations Consultants) Extension Personal Expenses Extension Insolvency Hearing Cover Extension Reputation Expenses Extension Circumstance/Claim Mitigation Extension Discovery Period Extension Emergency Costs Extension Civil fines and Penalties Extension Company Crisis Loss Extension The policy cover shall include also claims put forward by majority shareholders
Minimum sublimit	Extradition Expenses (Accredited Crisis Counsellor and / or Tax Advisor) EUR 50,000 in the aggregate Extradition Expenses (Public Relations Consultants) EUR 250,000 in the aggregate Personal Expenses EUR 250,000 in the aggregate Insolvency Hearing Cover EUR 50,000 in the aggregate Reputation Expenses EUR 250,000 in the aggregate Circumstance/Claim Mitigation: Mitigation Costs, Prosecution Costs and Professional Fees 10% of the limit of liability with a maximum of EUR 1,000,000 Emergency Costs 20% of the limit of liability Company Crisis Loss EUR 100,000 in the aggregate Civil fines and Penalties extension EUR 500,000 in the aggregate Responsibility for Corporate Taxes extension 10% of the limit of liability
Retroactive Date	28 October 2014
Discovery periods:	Extended discovery period, in the case if insurance for the next period will not be carried out or the limit of liability will be reduced. When one of these cases, policy holder is buying additional insurance coverage for the extended discovery period with additional premium: 1 year:% (will be set in amount of proposal) of the full annual premium in effect at the expiry of the policy period 2 years:% (will be set in amount of proposal) of the full annual premium in effect at the expiry of the policy period 3 years:% (will be set in amount of proposal) of the full annual premium in effect at the expiry of the policy period
Insurance territory	Insurance territory - worldwide
Trigger	Under this insurance, the grounds for indemnification must be a third person bringing claim within the insurance period or Extended reporting (discovery) period (if it is in force) - claims made policy
	Representative of directors & officers (sworn advocate) against the third party claims shall be selected by the member of directors & officers, in agreement with the insurer
Jurisdiction	Policy (including without limitation any issues arising out of or in connection with negotiation, validity, enforceability or other non-contractual disputes) is in all respects to be construed in accordance with and governed by Latvia law only.