



GENERAL LIABILITY INSURANCE



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CONDITIONS OF GENERAL LIABILITY INSURANCE T001/2011

In force as of 1 June 2011

This document is a part of an insurance contract made with the Estonian branch of AB "Lietuvos draudimas" (hereinafter PZU*) where the insured risk is the pecuniary obligations of the insured person under civil liability. In matters not regulated herein the parties to the insurance contract follow the Law of Obligations Act and other legislation.

Producer liability and liability relating to the quality of the provided service are not insured under the insurance contract.

1. Policyholder and insured person

- 1.1. Policyholder means a person who has an insurable interest and who has entered into an insurance contract with PZU.
- 1.2. Insured person means the policyholder or the person specified in the insurance contract whose risk has been insured.
- 1.3. The insurance contract is applicable to all the individuals who have been employed and/or contracted by the policyholder and who are used in the economic activities for the performance of duties.
- 1.4. The policyholder is obligated to introduce the terms and conditions of the insurance contract to any and all insured persons and take any steps to prevent the occurrence of insured events.

2. Insured event

- 2.1. Insured event means an unexpected and unforeseeable offence that has occurred during the insurance period (hereinafter event) and has a causal link to the activity specified in the insurance contract of the insured person and as a result of which the insured person is obligated to compensate for damage pursuant to law (civil liability).
- 2.2. Insured event does not include the damage specified in article 5 of these conditions.
- 2.3. Any and all events arising from the same cause and any and all claims arising from the same event are deemed to be the same insured event. The time of occurrence of the first event is deemed to be the time of occurrence of the insured event.

3. Term of insurance contract

- 3.1. Damage is indemnified in accordance with the legislation, terms and conditions of the insurance contract, the maximum indemnity limit, deductible and premium in force at the time of occurrence of the event.
- 3.2. PZU's performance obligation is applicable to damage that was caused by the event that occurred in the place of insurance specified in the insurance contract. If the insurance contract does not specify any place of insurance, the place of insurance is the Republic of Estonia.
- 3.3. The insurance cover extends to claims that are filed against the insured person within one year after the expiry of the insurance period, provided that the event giving rise to the claim occurred during the insurance period.
- 3.4. Upon entry into the insurance contract, the parties to the insurance contract may agree on an extended filing period of claims.

- 3.5. Upon entry into the insurance contract, the parties to the insurance contract may agree on a retroactive insurance cover. In the event of a retroactive cover, the insurance cover extends to events that have occurred before the start of the insurance period, provided that the insured person was not aware of the event.

4. Insurance indemnity, legal assistance expenses and deductible

- 4.1. Insurance indemnity means a sum of money that is paid for compensation of damage.
- 4.2. Legal assistance expenses means, for the purpose of these conditions, an amount spent on legal assistance, expert assessments and judicial proceedings by the insured person upon processing claims.
- 4.3. PZU indemnifies the legal assistance expenses if it is necessary for objecting to the claim and protecting the rights of the insured person. Only reasonable and necessary legal assistance expenses that have been approved by PZU beforehand are subject to indemnification.
- 4.4. The maximum indemnity limit (for the purpose of law, the sum insured) is the maximum amount of all the obligations and payments agreed on in the insurance contract.
- 4.5. The maximum indemnity limit per insured event is the maximum amount that is paid out for all claims arising from the same event. If no separate maximum indemnity limit per insured event has been agreed, it is deemed to be equal to the maximum indemnity limit.
- 4.6. The maximum indemnity limit decreases by the indemnity paid out on the basis of the insurance contract. By agreement of the parties the maximum indemnity limit may be restored on the basis of an application of the policyholder and mutual agreement.
- 4.7. Deductible means the amount of money agreed in the insurance contract, which the policyholder is to cover upon the occurrence of each insured event.
- 4.8. With regard to claims arising from the same cause or event the deductible is calculated only for the first insurance indemnity paid.
- 4.9. The deductible is not applied to legal assistance expenses, unless agreed otherwise.
- 4.10. If the policyholder has come to an agreement with the claimant or indemnified the claim or a portion thereof, it shall not be binding upon PZU if the actual amount of the claim has not been certified and/or the indemnification obligation of the insured person is disputable.
- 4.11. PZU shall not be obligated to settle the claim if the insured person waives their claim against a third party, provided that an indemnity could have been claimed from the third party if the insured person had not waived their claim.
- 4.12. Upon payment of the indemnity, PZU has the right to a set-off of the insurance premium payable until the end of the insurance period under the insurance contract.

4.13 If the insurer has been released of the obligation to perform the insurance contract towards the policyholder, but pays the insurance indemnity to the injured party (e.g. in the event of mandatory insurance), the insurer shall have the right of claim against the policyholder to the extent of the paid indemnity.

5. Exclusions

Unless agreed otherwise in the insurance contract, PZU does not indemnify the following damage or expenses:

- 5.1. fines, penalty payments, fines, interest, etc. imposed in misdemeanour or criminal proceedings;
- 5.2. non-proprietary damage (incl. moral damage), loss of profit, except the loss of profit relating to a personal injury;
- 5.3. *negotiorum gestio*;
- 5.4. unjust enrichment;
- 5.5. a public promise to pay;
- 5.6. the presentation of a thing;
- 5.7. an event that the policyholder was informed of before the entry into the insurance contract;
- 5.8. obligations assumed under a contract (incl. written and other guarantees, failure to adhere to deadlines, contractual penalties, etc.), unless the respective obligation to indemnify for damage would arise even without the contract made;
- 5.9. failure to provide a service (e.g. the claim of a refund of a contract fee) and expenses to be incurred by the insured person for mending or redoing work that has been done improperly;
- 5.10. product liability;
- 5.11. *Force majeure*: war, coup d'état, revolution, strike, mass disruption, emergency, confiscation, nationalisation, crime, terrorism, cyber attack, natural disaster. If damage has been caused by a crime, the insurer may indemnify the damage, unless the crime has been committed deliberately or with direct intent and if the policyholder did not participate in committing the crime and if the crime is not insurance fraud. If the insurer indemnifies the damage caused by a crime, the insurer shall have the right of recourse of the indemnity and adjustment expenses against the person who committed the crime;
- 5.12. an act committed in a state of intoxication by alcohol, drugs or toxic substances or in another state of intoxication. If a person for whom the policyholder is responsible was in the aforementioned state, the damage shall be indemnified, but the right of claim against the person liable for causing the damage shall transfer to the insurer;
- 5.13. professional liability, provision of a professional service by the insured person (consultations, advice, measurements, calculations, design, planning, medical services, etc.); damage caused outside the economic activities of the policyholder;
- 5.14. damage to be indemnified under the Motor Third Party Liability Insurance Act or another mandatory insurance contract;
- 5.15. fines, interest, default interest payable by the insured person and other sanctions added to the damage;

- 5.16. damage caused by asbestos, toxic mould, genetically modified substance or organism, electromagnetic field, infection, infectious disease or chemical or biological substance that was not used for a peaceful purpose;
- 5.17. damage arising from the mutual claims of persons covered by the same insurance contract (cross liability);
- 5.18. claims filed by the parent company or a subsidiary or an affiliate;
- 5.19. damage caused to the property, incl. documents or data media, that is in the possession or custody of the insured person or that is being processed or repaired by the insured person;
- 5.20. damage relating to underwater work;
- 5.21. damage relating to shipbuilding and repair;
- 5.22. damage relating to the use, maintenance or other service of aircraft;
- 5.23. damage relating to the use, maintenance or other service of ships and other watercraft;
- 5.24. damage relating to an airport or air traffic control centre;
- 5.25. damage relating to the management of a landfill or waste management centre;
- 5.26. claims arising from regular pollution, pollution charges, operation of landfills or the Environmental Liability Directive (ELD), except for removal costs of a pollution arising from unexpected and unforeseeable environmental damage;
- 5.27. damage related to the radioactivity, radiation, toxicity or explosiveness of a substance;
- 5.28. intentionally caused damage.

6. Multiple insurance

- 6.1. Multiple insurance means a situation where the insured object has been partially or fully insured against the same insured risk by the same insurer or multiple insurers and the total amount of the indemnities payable by the insurers would exceed the amount of damage. In the event of multiple insurance the insurers bear joint and several liability.

7. Policyholder's obligations

- 7.1. The policyholder is obligated to:
 - 7.2.1. follow the legislation in force in the Republic of Estonia, user manuals of equipment and materials or other such things, safety requirements set out in the insurance contract and the special and additional conditions of the insurance contract;
 - 7.2.2. explain the duties and obligations arising from the insurance contract to persons who are equal to the policyholder, i.e. to persons whose acts may bring about the policyholder's liability and persons who, based on their employment duties, are required to ensure the performance of the policyholder's duties and obligations under the insurance contract;
 - 7.2.3. allow the representative of PZU to inspect the place of insurance, the risks and the required documentation;
 - 7.2.4. submit full and correct information for assessment of the insured risks and inform of any and all substantial circumstances known to the policyholder, which affect PZU's indemnification obligation, incl.

the likelihood of occurrence of an insured event, the size of the damage caused and PZU's decision to enter into the insurance contract on the agreed terms and conditions;

- 7.2.5. immediately inform PZU of an increase of the likelihood of occurrence of an insured event and/or an increase of the possible damage (changes in comparison with the provisions of the insurance contract or the time of signature of the insurance contract);
- 7.2.6. take any steps to prevent an insured event and reduce damage, prevent an increase of the possibility of the insured risk and ensure that the persons equalised to the policyholder do the same;
- 7.2.7. immediately inform of the emergence of multiple insurance.
- 7.3. Upon the occurrence of an insured event, the policyholder is obligated to:
 - 7.3.1. immediately take measures to limit and reduce damage;
 - 7.3.2. immediately inform the following authorities of what happened:
 - a) in the event of an offence, the police;
 - b) in the event of fire or an explosion, the Rescue Board;
 - c) in other events, a competent authority or person;
 - 7.3.3. inform PZU of an insured event personally or via a representative in a format that can be reproduced in writing as soon as possible after learning of the insured event. If the exact time of occurrence of the insured event cannot be determined, the time when the policyholder or a person equal to the policyholder should have learned of the insured event shall be deemed as the time of occurrence of the insured event;
 - 7.3.4. where possible, keep the place of occurrence of the insured event intact until receiving instructions from PZU;
 - 7.3.5. follow the instructions received from PZU.
- 7.4. The policyholder must submit to PZU the entire information available to the policyholder, which is necessary for determining the contractual obligations of PZU, incl. any and all documents regarding the causes and size of damage, and authorise PZU to obtain the required information and documents.
- 7.5. If a third party indemnifies the damage, the policyholder shall immediately inform PZU thereof.
- 7.6. The aforementioned list of the policyholder's duties and obligations is not exhaustive. Other articles of these conditions and other documents of the insurance contract may contain other duties and obligations.

8. Safety requirements

- 8.1. The policyholder and the persons equal to the policyholder are obligated to follow the safety requirements that arise from the legislation in force in the Republic of Estonia, relevant user manuals, good practice and the insurance contract.
- 8.2. The policyholder is obligated to act with prudence and diligence in order to prevent any harmful consequences and take the usual measures for prevention of damage.

- 8.3. During the term of validity of the insurance contract and in the course of loss adjustment, PZU has the right to inspect the implementation of the safety requirements and other circumstances pertaining to the insured risks and demand that the policyholder and the insured person submit information about the aforementioned circumstances.

9. PZU's obligations

PZU is obligated to:

- 9.1. introduce to the policyholder the document relating to the insurance contract before signing the insurance contract;
- 9.2. not to disclose the information disclosed to it in connection with the insurance contract. Information may be communicated to the insurer's partners for signing new insurance contracts, loss adjustment and for the purpose of obtaining an expert opinion;
- 9.3. immediately after receiving a loss notice from the policyholder, commence the loss adjustment and identify the size of the damage to be indemnified;
- 9.4. register a loss notice and, at the request of the applicant for the indemnity, issue the respective confirmation;
- 9.5. inform the policyholder as soon as possible of the documents required for identification of the cause and size of the damage caused by the insured event;
- 9.6. make a decision on the indemnification of damage or refusal to indemnify not later than within 10 working days as of the receipt of all the required documents and identification of the size and the circumstances of occurrence of damage. In the event a criminal procedure has been initiated, PZU shall have the right to postpone a decision being made if the criminal procedure concerns an insurance fraud and/or the indemnification obligation depends on the outcome of the procedure;
- 9.7. explain the amendments made to PZU's standard conditions and/or the insurance premium during the term of validity of the insurance contract;
- 9.8. Indemnify the damage immediately or as soon as possible after making an indemnification decision, provided that indemnification depends of the applicant for the indemnity. At the request of the person entitled to an indemnity, PZU shall pay the indemnity in advance to the extent that the size of the indemnification obligation and the indemnity is known.

10. Release of PZU from obligation to perform insurance contract

PZU shall be partially or fully released of the obligation to perform an insurance contract if:

- 10.1. the insured person has violated their duties and obligations and it has a causal link to the occurrence of the insured event and/or the size of the damage resulting from it;
- 10.2. the insured event has occurred due to the gross negligence or intent on the part of the policyholder, a person equal to the policyholder or the beneficiary;

10.3. the insured event was caused by the acts of the insured person who was in a state of intoxication by alcohol or drugs or under the influence of other psychotropic substances.

11. Refunding insurance indemnity

The policyholder shall return the insurance indemnity to PZU if after indemnification of damage circumstances precluding indemnification have become evident or if a third party has indemnified the damage pursuant to the procedure provided by law.

12. Resolution of disputes

Any and all disputes arising from this insurance contract are subject to resolution by way of negotiations, by using a mediator, in the Insurance Dispute Committee or in the Harju County Court.

13. Notification

Any and all notices between the parties to the insurance contract regarding performance of the contract shall be submitted in a format that can be reproduced in writing or by calling PZU.

14. Insurance contract made for period exceeding 12 months

- 14.1. If an insurance contract is made for a period exceeding 12 months, PZU shall have the right to amend the standard conditions and/or the insurance premium of the insurance contract, but not with regard to the first 12 months of the insurance contract.
- 14.2. If an insurance contract is made for a period exceeding 12 months, the policyholder may withdraw from the contract within 14 days after signature. Sending a withdrawal application within the term is sufficient for adherence to the term. The

term shall not start before PZU has informed the policyholder of the right of withdrawal and the policyholder has confirmed the receipt of the notice by their signature. If the policyholder is not informed of the right of withdrawal, the right of withdrawal shall terminate as of one month passing from the payment of the first portion of the insurance premium.

- 14.3. If during the term of validity of an insurance contract the insurance contract is amended, PZU shall send to the policyholder a new policy and amended contract documents and the old policy shall become invalid as of the issue of the new policy.
- 14.4. Upon amendment of a contract, the amended contract documents shall be sent at the e-mail address communicated to PZU or, upon absence thereof, to the postal address given to PZU, at least 14 days before the date of entry into force of the amendments. An amendment must not be retroactive. Sending documents to the said e-mail address or postal address is deemed delivery of the documents.
- 14.5. If a policyholder does not consent to the amendment of an insurance contract, the policyholder may terminate the insurance contract within 14 days as of the entry into force of the amendments. Sending an application within the term is sufficient for adherence to the term. The term shall not start before PZU has informed the policyholder of the right of cancellation and the policyholder has confirmed the receipt of the notice by their signature. If the policyholder is not informed of the right of cancellation, the right of cancellation shall expire within one month as of payment of the portion of the insurance premium following the entry into force of the amendment.