

Professional liability insurance

Insurance product information document

AB Lietuvos draudimas Estonian branch



This information document provides a general overview of the insurance product. It does not reflect the specificities of the contract being entered into. The complete information on the insurance contract being entered into can be found in other documents, such as the proposal, policy conditions and insurance policy.

What is this type of insurance?

Professional liability insurance insures specialists whose field of activity requires professional training and/or attestation against risks arising from their activity. Professional liability insurance can be voluntary or obligatory. In the case of obligatory insurance, the insurance obligation is imposed by law (e.g. the Notaries Act and the Auditors Activities Act), which lays down the risks that must be covered by the insurance, the sum insured, etc. In the case of voluntary professional liability insurance, the parties agree on the extent of the cover and the sum insured in the insurance contract.



What is insured?

- ✓ Professional liability insurance covers any damage caused by professional negligence, as a result of which the insured person becomes obliged to indemnify the damage caused. That is, if the insured person is guilty of causing the damage, it will be indemnified by the insurer.
- ✓ The insurance covers the costs of legal representation and expert analysis required to counter or manage the claim and/or the damage caused by the insured person.
- ✓ The insurance cover extends to damage related to the professional activities agreed on in the insurance contract. For instance, if the insured person's field of professional activity is the provision of health services, the insurance will only cover damage that occurs during the provision of said services.
- ✓ Conditions can be negotiated upon the policyholder's request. Specificities are laid down in the insurance contract.
- ✓ An insured event is a mistake made during the insurance period, as a result of which the insured person becomes obliged to indemnify the damage caused.
- ✓ The limit of indemnity and the excess are specified in the insurance contract. The limit of indemnity is reduced by the indemnity paid and legal costs.



What is not insured?

- ✗ The insurance does not cover any risks related to producer's, employer's or professional activity liability or
- ✗ activities that are not specified in the insurance contract. It must always be ensured that the field of activity specified in the insurance contract is correct and exhaustive.
- ✗ The insurance cover does not extend to damage that was known to have occurred before entry into the insurance contract.



Are there any restrictions on cover?

- ! The list of damage types not covered by the insurance and restrictions is given in the policy conditions. For instance, the insurance does not cover:
 - ! intentionally caused damage;
 - ! claims related to non-patrimonial damage (e.g. pain and suffering);
 - ! damage caused by activities unrelated to the insured field of activity; and
 - ! claims related to returning the contract fee and costs that the insured person has to cover to improve or redo the work that was done improperly.



Where am I covered?

- ✓ Professional liability insurance applies in the location agreed on in the insurance contract. If the contract does not specify the place of insurance, the place of insurance is the Republic of Estonia.



What are my obligations?

- Before entering into an insurance contract, you must provide the insurer with the required data. The data submitted must be complete and correct. Additionally, the insurer expects the client to submit data that is of substantial, recognisable interest to the insurer and has an important effect on the insurance premium without being asked to do so. Such information includes the description of the professional field of activity, turnover and information about prior damage or events that may develop into claims.
- The insurer must be notified of any changes to the submitted data that occur after entry into the insurance contract.
- The policyholder's main obligation is to pay the insurance premium.

- They must also behave reasonably during the insurance period in order to avoid insured events.
- Upon an occurrence of an insured event, the insurer must be notified immediately. The policyholder must also take appropriate measures to avoid any further damage.



When and how do I pay?

The insurance premium or a part thereof must be paid in the amount and by the date specified in the policy. The premium is usually paid by bank transfer on the basis of an invoice.



When does the cover start and end?

The insurance cover begins and ends on the dates specified in the policy.

The insurance cover may end before the date specified in the policy if the insurance contract expires or is terminated prematurely. For instance, the insurer may terminate the contract if the insurance premium is left unpaid.



How do I cancel the contract?

The policyholder cannot terminate their insurance contract prematurely.

The insurance contract can only be terminated prematurely upon mutual agreement between the parties under extraordinary circumstances. for instance, when the insured company ceases to operate.

In order to terminate the contract, you must submit a respective application to the insurer.