

# Product Liability Insurance

## Information Document of Insurance Service

AB Lietuvos draudimas Estonia branch



The information document gives a general overview of the insurance service. The information document does not cover the specific features of the contract to be entered into. Complete information about the insurance contract to be entered into is given in other documents, such as the quote, the terms and conditions of insurance, the insurance policy.

### What kind of insurance service is it?

Producer's liability insurance is generally voluntary liability insurance.



#### What does it cover?

- ✓ The insurance covers the damage caused by the insured person to third party with a deficiency in a product intermediated or sold by insured and in respect of which the insured person has become liable to indemnify the damage. This means that if the insured person is guilty of causing the damage, the insurer will indemnify the damage caused.
- ✓ The legal costs and expenses of an expert analysis the insured person had to pay in order to counter or handle the damage and/or claim caused by the product intermediated or sold by the insured person will be indemnified.
- ✓ The insurance cover extends to damage related to the products agreed on in the insurance contract. For example, if dairy products have been specified as the product in the insurance contract, then only the damage caused by a deficiency in a dairy product intermediated or sold will be covered.
- ✓ It is possible to negotiate the terms and conditions if the policyholder wishes to do so. Any differences will be specified in the insurance contract.
- ✓ Insured event means damage that has occurred during the insurance period as a result of which the insured person is obliged to indemnify damage.
- ✓ The limit of indemnity and deductible will be specified in the insurance contract. The limit of indemnity will decrease by the indemnity paid out and the legal fees.



#### What does it not cover?

- ✗ Insurance will not cover risks related to general third party liability, employer's liability or professional liability.
- ✗ Insurance will not cover damage that was not caused by deficiencies in the product specified in the insurance contract. Always make sure that the list of the products specified in the insurance contract is correct and complete.
- ✗ Insurance does not cover any damage that was known before the insurance contract was entered into.



#### What are the limits of insurance cover?

- ! The list of exclusions and damage not subject to indemnity is given in the terms and conditions of insurance, for example:
  - ! intentionally caused damage;
  - ! claims related to non-proprietary damage (e.g. pain and suffering);
  - ! claims caused by *Force majeure* (e.g. a natural disaster);
  - ! the fines, interest, default interest and other punishments imposed on the insured person;
  - ! the claim and expense of repayment of contractual fees, which the insured person has to incur in order to replace or recall the product that does not comply with requirements.



#### Where is the insurance valid?

- ✓ Operational liability insurance is valid in the location agreed on in the insurance contract. If the insurance contract does not specify a location of insurance, then the location of insurance is the Republic of Estonia.



#### What are my obligations?

- You must submit the data requested by the insurer before you enter into the insurance contract. The submitted data must be true and complete. The insurer presumes that even without being asked by the insurer, the client will submit any information in which the insurer has significant recognisable interest and which has a significant impact on the insurance premium. Such information is, for example, the company's area of activity, turnover and information about previous damage or events that may develop into a claim.
- The insurer must be notified if the submitted data change after the entry into the insurance contract.
- The main obligation of the policyholder is to pay the insurance premium.

- Reasonable behaviour is required during the term of the insurance contract in order to prevent an insured event.
- The insurer must be immediately informed about the occurrence of an insured event. Reasonable steps must also be taken to prevent the damage from increasing.



### **How and when do I have to pay the insurance premium?**

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



### **When does insurance cover start and end?**

Insurance cover starts and ends on the dates indicated in the policy.

Insurance cover may also end before the date indicated in the policy if the insurance contract expires or is terminated before this date. For example, the insurer may terminate the contract if the insurance premium is not paid.



### **How can I terminate the insurance contract?**

Early termination of the insurance contract by the policyholder is not possible.

Early termination of the insurance contract is only possible by agreement between the parties in extraordinary circumstances. For example, if the insured company ceases its operations.

A contract termination request must be submitted to the insurer in order to terminate the contract.