

# Terms and conditions of employer's liability insurance T003/2020

Effective as of 20.02.2021



This is an unofficial text. In case of the dispute the Estonian wording shall prevail

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 proprietary obligations of the insured person under civil liability. The parties to the insurance contract will follow the agreements made in the insurance contract, the Law of Obligations Act and other legislation in matters not regulated herein.

These terms and conditions only apply to damage for which the insured person is liable as an employer (e.g. occupational accident or occupational disease caused by risk factors in the working environment). The terms and conditions are not applied to liability based public liability, product liability or professional liability. Separate terms and conditions are applied to public liability, product liability and professional liability.

## 1. Policyholder, insured person

- 1.1. **Policyholder** means the 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.

## 2. Insured event

- 2.1. **Insured event** means an occupational accident occurred to an employee during the insurance period (hereinafter event), as a result of which damage was caused to the injured party and the insured person as the employer is obliged to compensate for such damage pursuant to law. An insured event may also be an employee's occupational disease which has been diagnosed during the insurance period. Occupational disease cover is valid if it has been separately agreed.
- 2.2. **Employee** means a person who works for the insured person under an employment or service contract. Trainees, procurators and members of the management board are also considered equivalent to employees within the meaning of these terms and conditions. The insurance cover also extends to an occupational accident suffered by a person employed on the basis of an authorisation agreement or rental agreement, provided that the person is a natural person and the person followed the procedure and rules applicable in the insured person's company when performing the work and complied with the instructions given by the insured person.
- 2.3. **An occupational accident** is damage to the health of an employee or death of an employee which occurred in the performance of a task assigned by an employer or in other work performed with the employer's permission, during a break included in the working time, or during other activity in the interests of the employer. Health damage or death that has no causal link to the employee's work or working environment is not regarded as an occupational accident.
- 2.4. **An occupational disease** is a disease that has been caused by a risk factor specified in the list of occupational diseases or nature of work. The definition of occupational disease arises from the Occupational Health and Safety Act, according to which it is a long-term health disorder the main cause of which is a physical, physiological, chemical or biological risk factor related to work.
- 2.5. The exclusions specified in point 5 are not insured events.
- 2.6. 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. In this case, the time of occurrence of the first event is deemed the time of occurrence of the insured event.  
**For example, an employee suffered an occupational accident and several problems and claims emerge in the subsequent years as a result of the same accident – this is a single insured event.**

## 3. Term of the insurance contract

- 3.1. The insurance contract remains valid for the period and at the location agreed in the contract. If the insurance contract does not specify the location of insurance, the location of insurance is the Republic of Estonia. The insurance cover extends to trips of employees outside the country of location of the insured person. If an employee is dispatched to a foreign country, the insurer's liability is limited to the extent prescribed by the laws of the Republic of Estonia and subject to conditions thereof.  
**For example, if the employees of a construction company located in Estonia work in Finland, the location of insurance may be in Estonia and the cover also applies to occupational accidents that occurred when the employees worked in Finland.**
- 3.2. The insurance cover extends to claims that are filed with PZU within three years after the expiry of the insurance period, provided that the event giving rise to the claim occurred during the insurance period.
- 3.3. Upon entry into the insurance contract, the parties to the insurance contract may agree on an extended period for filing claims. The extended period for submission of claims lengthens the period for submission of claims by the agreed time.

## 4. Insurance indemnity, legal expenses, deductible and indemnification procedure

- 4.1. Insurance indemnity means the sum of money that is paid as compensation for damage. The medical expenses caused by the health damage, the damage caused by the decrease in income due to incapacity for work, maintenance expenses, the cost of prostheses, aids, prescription medicines and the reasonable funeral costs in the case of an employee's death are primarily regarded as damage.
- 4.2. Legal expenses means, within the meaning of these terms and conditions, the amount spent on legal assistance, expert assessments and judicial proceedings by the insured person upon the processing of claims.
- 4.3. PZU indemnifies for legal expenses if this is necessary in order to object to the claim and protect the rights of the insured person. Only the legal expenses approved by PZU in advance are subject to indemnification. PZU does not indemnify for legal expenses if they are not related to an insured event or if indemnification for damage is ruled out with the terms and conditions of insurance.
- 4.4. The indemnity limit (i.e. the sum insured) is the maximum amount of the payouts of the obligations agreed in the insurance contract.
- 4.5. The indemnity limit per insured event is the maximum amount that is paid out for all claims arising from the same event. If no separate indemnity limit per insured event has been agreed, it is deemed equal to the limit of indemnity of the insurance contract.
- 4.6. The indemnity limit decreases by the indemnity and legal expenses paid out on the basis of the insurance contract. The indemnity limit may be restored by agreement of the parties. PZU may charge an extra fee for restoring the indemnity limit.
- 4.7. Deductible means the amount of money agreed in the insurance contract, which will be covered by the policyholder upon the occurrence of each insured event.
- 4.8. In the case of claims arising from the same cause or event, the deductible is only calculated for the first insurance indemnity to be paid out.
- 4.9. A deductible is not applied to legal expenses, unless otherwise agreed.
- 4.10. Damage is indemnified in accordance with the legislation, terms and conditions of the insurance contract, the indemnity limit

and deductible in effect at the time of occurrence of the event.

- 4.11. 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.
- 4.12. If the insured person has come to an agreement with the claimant or already indemnified the claim or a portion thereof, it will not be binding on PZU if the actual amount of the claim has not been proven and/or the indemnification obligation of the insured person is disputable.

## 5. Exclusions

- 5.1. PZU does not indemnify for the fines, penalty payments, cautionary fines, default interest, etc. imposed in misdemeanour or criminal proceedings.
- 5.2. PZU does not indemnify for non-material damage.
- 5.3. PZU does not indemnify for loss of profit, excl. the decrease in income related to damage to the health.  
**For example, the difference in a person's salary during sick leave is damage subject to indemnification.**
- 5.4. PZU does not indemnify for damage caused by an event or circumstance of which the policyholder or insured person was aware before the entry into the insurance contract.  
**For example, the insured person knows before insuring a risk that the employee has symptoms of an occupational disease.**
- 5.5. PZU does not indemnify for damage caused by an occupational disease, unless this cover has been separately agreed in the insurance contract. Irrespective of the agreement, occupational disease cover does not extend to damage related to persons working for the insured person on the basis of a rental contract.
- 5.6. PZU does not indemnify for sanctions, fines and other penalties accrued in addition to damage.  
**For example, if the insured person has agreed on a contractual penalty payable when damage is caused.**
- 5.7. PZU does not indemnify damage claims arising from the contract if they expand the insured person's liability, restrict the insured person's rights or differ from the terms and conditions for indemnifying damage set forth by law in any other way. The claim for additional compensation arising from a collective agreement is also not followed upon indemnification, unless this has been otherwise agreed in the insurance contract.  
**For example, agreements that expand the scale or scope of the damage.**
- 5.8. PZU does not indemnify for damage subject to indemnification on the basis of mandatory liability insurance (e.g. motor insurance).
- 5.9. PZU does not indemnify for damage subject to indemnification on the basis of some other insurance (e.g. health insurance or pension insurance).
- 5.10. PZU does not indemnify for damage caused by asbestos, genetically modified substance or organism, electromagnetic field, infection or pandemic, radioactive radiation, weapons, explosive substance or device, tobacco or tobacco product, medicinal products, narcotic substance or toxin, incl. pesticides.
- 5.11. PZU does not indemnify claims between insured persons and claims between the policyholder and the insured persons.
- 5.12. PZU does not indemnify for damage caused by force majeure, war, coup d'état, revolution, strike, mass disruption, emergency, confiscation, nationalisation, terrorism, cyber attack or a natural catastrophe.
- 5.13. PZU does not indemnify for damage caused with a crime, unless the crime was not pre-meditated or intentional and if the crime does not constitute financial or insurance fraud. If PZU indemnifies for damage caused due to a crime, it has the right of recourse against the person who committed the crime in terms of the indemnity and adjustment expenses.
- 5.14. PZU does not indemnify for damage caused intentionally.
- 5.15. The insurance cover does not extend to claims and/or liability related to a region or a country in relation to which financial and/or trade restrictions (e.g. an embargo) are applied. Neither does the insurance cover extend to a person who has been declared subject of an international financial, economic or another trade sanction on the basis of a national or an international law, resolution or agreement even if an insurance contract has been entered into in relation to this person. The insurer is not obligated to indemnify in the above cases and upon the occurrence of the above circumstances, the insurance un-

dertaking reserves the right to terminate the insurance contract prematurely.

- 5.16. PZU does not indemnify for damage related to failure to comply with the requirements established in regulation (EU) 2016/679 of the European Parliament and the Council (General Data Protection Regulation) and in the national implementation acts of the Republic of Estonia adopted on the basis of the regulation or damage caused by any breaches of the personal data processing requirements.

## 6. Safety requirements

Insured persons are regarded as equal to the policyholder in terms of safety requirements.

- 6.1. The policyholder and the persons equal to the policyholder are obliged to follow the safety requirements that arise from the legislation in force in the Republic of Estonia, relevant guidelines, good practices and the insurance contract.
- 6.2. The policyholder and the persons equal to the policyholder are obliged to act with prudence and diligence in order to prevent any harmful consequences and take the usual measures for prevention of damage.
- 6.3. During the term 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 persons equal to them submit information about the aforementioned circumstances.

## 7. Obligations of the policyholder

The policyholder is responsible for the conduct of the insured person in the performance of the obligations arising from the insurance contract in the same way as for the policyholder's own conduct.

- 7.1. The policyholder must:
  - 7.1.1. 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 scale of the damage caused and PZU's decision to enter into the insurance contract on the agreed terms and conditions;
  - 7.1.2. allow the representative of PZU to inspect the place of insurance, the risks and the required documentation;
  - 7.1.3. immediately inform PZU of an increase in the likelihood of the occurrence of damage and/or an increase in the damage that has already occurred (changes in comparison with the provisions of the insurance contract or the circumstances presented at time the insurance contract was signed);
  - 7.1.4. immediately notify the insurer about multiple insurance;
  - 7.1.5. introduce the terms and conditions of the insurance contract to all insured persons;
  - 7.1.6. follow the legislation in force in the Republic of Estonia, instructions on use, storage, etc. of materials or other things, the safety requirements and the special and additional conditions set out in the insurance contract;
  - 7.1.7. make every effort to prevent an insured event and reduce damage, prevent an increase in the possibility of the insured risk and ensure that the persons whose activities may bring about the liability of the insured person do the same.
- 7.2. Upon the occurrence of a loss event or when becoming aware of damage, the policyholder must:
  - 7.2.1. immediately take measures to limit and reduce the scope and scale of the damage;
  - 7.2.2. immediately notify the following of the event:
    - 7.2.2.1. the police in the event of an offence;
    - 7.2.2.2. the Rescue Board in the event of a fire or an explosion;
    - 7.2.2.3. the Occupational Health Board or another competent authority or person in the case of other events that call for the notification obligation;
  - 7.2.3. notify PZU of the event or damage in a format that can be reproduced in writing as soon as possible after becoming aware of the above either personally or via a representative. If the exact time when the event occurred cannot be determined, the time when the insured person should have learned of the event will be deemed the time of occurrence of the event;
  - 7.2.4. where possible, keep the scene of the event intact until re-

- ceiving instructions from PZU;
- 7.2.5. follow the instructions received from PZU;
- 7.2.6. submit to PZU all of the information required for determining the contractual obligations of PZU or exercising the right of recourse, incl. all documents concerning the causes and scale of the damage, and authorise PZU to obtain the required information and documents;
- 7.2.7. immediately notify PZU if the damage is indemnified for by a third party;
- 7.2.8. the aforementioned list of the insured person's obligations is not exhaustive. Other articles of these terms and conditions and other documents of the insurance contract may also include other obligations.

## 8. Obligations of PZU

PZU is obliged to:

- 8.1. introduce the document relating to the insurance contract to the policyholder before the insurance contract is signed;
- 8.2. explain the amendments made to the standard terms and conditions of PZU and/or the insurance premium during the term of the insurance contract;
- 8.3. maintain the confidentiality of the data disclosed to them in connection with the insurance contract. Information may be transferred to the insurer's partner or the representative of the policyholder for signing new insurance contracts, loss adjustment, requesting an expert opinion or exercising the right of recourse;
- 8.4. register a loss notice and, at the request of the insured person, issue the respective confirmation;
- 8.5. start with loss adjustment immediately after receiving a loss notice and identify the scale of the damage to be indemnified;
- 8.6. inform the insured person as soon as possible of the documents required for identification of the cause and scale of the damage caused by the event;
- 8.7. make the decision on the indemnification for the damage or the decision of refusal thereof not later than within 10 working days after receiving all the required documents and identification of the extent of the damage and the circumstances of occurrence thereof. In the event a criminal procedure has been initiated, PZU has the right to postpone making a decision if the criminal procedure concerns an insurance fraud and/or the indemnification obligation depends on the outcome of the procedure;
- 8.8. indemnify the damage immediately or as soon as possible after making an indemnification decision. At the request of the insured person, PZU will pay out the indemnity in advance to the extent in which the scale of the indemnification obligation and the size of the indemnity are known.

## 9. Release of PZU from obligation to perform insurance contract

PZU is released from the obligation to perform the insurance contract in part or in full if:

- 9.1. the policyholder or the insured person has breached their contractual obligations or safety requirements and it causally related to the occurrence of the insured event and/or the scale of the damage resulting from it;
- 9.2. the insured event has been intentionally caused;
- 9.3. the insured person waives their right of recourse, provided that indemnification for the damage could have been claimed from a third party if the claim had not been waived.

## 10. Multiple insurance

- 10.1. 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 are jointly liable as debtors.

## 11. Right of recourse of PZU and repayment of insurance indemnity

- 11.1. If PZU has been released of the obligation to perform the in-

surance contract in respect of the policyholder, but pays out the insurance indemnity to the injured party, PZU has the right of recourse against the insured person to the extent of the indemnity paid out.

- 11.2. The insured person must repay the insurance indemnity to PZU if any circumstances ruling out indemnification have become evident after the damage was indemnified for or if a third party has indemnified for the damage.

## 12. Notification

- 12.1. All notices between the parties to the insurance contract regarding the performance of the contract must be submitted in a format that can be reproduced in writing.

## 13. Insurance contract made for period exceeding 12 months

- 13.1. If an insurance contract is entered into for longer than 12 months, PZU has the right to amend the standard terms and conditions and/or the insurance premium of the insurance contract, but not with regard to the first 12 months of the insurance contract.
- 13.2. If an insurance contract is entered into for longer than 12 months, the policyholder may withdraw from the contract within 14 days after signing the contract. Sending a withdrawal application within the deadline is sufficient for adherence to the deadline. The term will not start before PZU has informed the policyholder of the right of withdrawal and the policyholder has confirmed receipt of the notice with their signature. If the policyholder is not informed of the right of withdrawal, the right of withdrawal will end after one month has passed from the payment of the first insurance premium.
- 13.3. If an insurance contract is amended during its term, PZU will send the documents of the amended contract to the policyholder and the amended part of the old policy is invalid as of the date of entry into force of the new amendment specified in the amendment agreement.
- 13.4. Upon amendment of a contract, the amended contract documents will be sent to the e-mail address given 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 may not be retroactive. Sending documents to said e-mail address or postal address is deemed delivery of the documents.
- 13.5. If the policyholder does not consent to the amendment of the insurance contract, the policyholder may terminate the insurance contract within 14 days of entry into force of the amendments. Sending an application within the deadline is sufficient for adherence to the deadline. 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 will expire within one month of payment of the insurance premium of the month following the amendment's entry into force.

## 14. Data processing

- 14.1. The insurer processes customer data in accordance with the privacy policy of PZU Kindlustus, which are available on the insurer's website [www.pzu.ee/isikuandmete-tootlemine](http://www.pzu.ee/isikuandmete-tootlemine).

## 15. Procedure for resolution of disputes

- 15.1. The parties will seek to resolve any disagreements and disputes arising from insurance contracts by way of negotiations. If the parties fail to reach an agreement, the dispute will be resolved pursuant to the legislation of the Republic of Estonia.
- 15.2. The policyholder has the right to refer the dispute with the insurer to the insurance conciliation body of the Estonian Insurance Association. Before the conciliation procedure, the insurer must file a complaint with the insurer and give the latter an opportunity to respond. Additional information about the conciliation proceedings is available on the website of the Estonian Insurance Association [www.eksl.ee](http://www.eksl.ee).
- 15.3. The policyholder has the right to file a complaint about the activities of the insurer with the Financial Supervision Authority. Additional information about filing complaints with the Financial Supervision Authority is available on the website

[www.fi.ee](http://www.fi.ee).

- 15.4.** In order to resolve disputes the policyholder is entitled to have recourse to the Harju County Court pursuant to the conditions and procedure set out by legislation.