

Common terms and conditions for liability insurances VY1

1 Liability insurance cover

Liability insurance covers the insured's legal liability for damages in accordance with a liability insurance contract between LocalTapiola and the policyholder.

A liability insurance contract comprises the insurance policy and the special clauses and product terms and conditions specified for each type of liability insurance in the policy, as well as these common terms and conditions of liability insurance and general terms and conditions of contract.

2 Liability insurance terminology

In addition to this terminology, the terms and concepts defined in LocalTapiola's general terms and conditions of contract are applied.

The insured is the policyholder and the party who is specified as the insured in the insurance policy or in a special clause or product term specified in the policy.

Insured activity is the activity which the insured engages in and which is specified in the policy for each type of liability insurance.

Insured product is specified in section 1 of the product liability insurance terms and conditions.

Loss or damage coverable under liability insurance refers to loss or damage

- which is coverable on the basis of grounds specified in product terms and conditions or special clauses included in the liability insurance contract;
- which has not been excluded from insurance cover by an exclusion clause in the above-mentioned terms and conditions or these common terms and conditions of liability insurance; and
- which exceeds the deductible amount.

Bodily injury; Damage or loss occurred in Finland: Bodily injury refers to bodily injury in accordance with existing Finnish law.

Damage or loss occurred outside of Finland: Bodily injury refers to physical injury, physical illness or death of a natural person.

Property damage refers to physical damage to or destruction of tangible property or a situation where the owner cannot use his or her property.

Pure financial loss refers to loss measurable in money which is not a consequence of bodily injury or property damage.

Sum insured is defined in section 5.3.1 of these common terms and conditions of liability insurance.

Deductible is defined in section 5.3.5 of these common terms and conditions of liability insurance.

Underinsurance is defined in section 5.3.6 of these common terms and conditions of liability insurance.

Financial indicator is the estimated turnover during the insurance period for the activity or product covered under the liability insurance or another indicator specified in the product terms.

3 Territorial scope of liability insurance

Liability insurance is valid in the geographical area specified in the insurance policy.

USA and Canada refers to all those territories, vessels and aircraft

- which are under the authority of these states; or
- which are subject to the legislation of these states.

4 Common exclusions

These common exclusions are applied to all types of liability insurance, in addition to the exclusions specified in the product terms and special clauses.

4.1 Loss or damage caused to self

Liability insurance shall not cover loss or damage caused to the insured.

4.2 Damage caused to a party under the same authority

Liability insurance shall not cover loss or damage caused

- to a legal entity belonging to the same group of companies as the insured; or
- to a legal entity who is under the same control as the insured, based on ownership or voting power.

4.3 Loss or damage caused to personnel

Liability insurance shall not cover loss or damage caused to the insured's personnel, personnel leased by the insured or similar.

Exception to general third party liability insurance

However, general third party liability insurance covers bodily injury and property damage occurred to the above-mentioned person in Finland in accordance with the product terms and conditions insofar as the person is not entitled to receive compensation from statutory accident insurance or motor liability insurance.

4.4 Intent and gross negligence

Liability insurance shall not cover damage or costs caused through intent or gross negligence.

Exception to general third party liability insurance and publisher's liability insurance

However, in accordance with the product terms and conditions, general third party liability insurance and publisher's liability insurance cover loss and damage

- which was caused by work performed by an employee of the insured or similar; and
- which the insurer is liable for as the employer and
- while the insured or the insured's work supervisor did not know about the employee's action.

4.5 Defamation or violation of personal privacy

Liability insurance shall not cover loss or damage resulting from defamation or violation of personal privacy.

4.6 Faulty Performance

Liability insurance shall not cover costs resulting from correcting defective or incomplete work or redoing the work in accordance with the original assignment. Costs are not covered even if the work was performed by someone other than the insured.

4.7 Environmental damage

Liability insurance shall not cover loss or damage caused

- by contamination or pollution of water, air, soil, flora or fauna;
- by noise, vibration, radiation, light, heat, smell, smoke, soot, dust, vapour, gas or other similar disturbance;
- as a direct or indirect consequence of the above-mentioned contamination, pollution or disturbance.

Exception to general third party, product and consultants' liability insurance

However, general third party, product and consultants' liability insurance cover sudden and unexpected bodily injury and property damage that has occurred in Europe and is coverable in accordance with the product terms

and conditions, when

- the reason for the injury or damage was a sudden, unexpected single event;
- the injury or damage was detected within fourteen (14) days and reported to LocalTapiola within sixty (60) days of the beginning of the contamination, emission or disturbance.

The reason for damage cannot be considered sudden or unexpected when it is based on, for example

- slow or gradual effect;
- continued act of negligence; or
- otherwise recurring events.

4.8 Costs associated with environmental damage incurred by authorities

Liability insurance shall not cover costs incurred by authorities based on the Act on Compensation for Environmental Damage.

4.9 Other insurance

Liability insurance shall not cover damage or costs insofar as they are covered by other liability insurance or other insurance of the insured.

4.10 Knowledge of defect

Liability insurance shall not cover damage or costs that are based on or caused by a circumstance, error or other basis of indemnity about which the insured knew or should have known when the insurance cover commenced.

4.11 Breaking of laws and regulations

Liability insurance shall not cover damage or costs that were caused by action which was in violation of law, decree or authorities' regulations and which the insured knew or should have known about.

4.12 Fines or punitive damage

Liability insurance shall not cover fines, punitive fees (such as restraint of trade fees and punitive damage), forfeiture or other sanctions, regardless of who is subject to the sanction.

4.13 Contractual penalty

Liability insurance shall not cover contractual penalty, warranty, special obligation or similar, upon which the insured or a third party has agreed.

4.14 Special risks excluded from liability insurance

Liability insurance shall not cover damage or costs that were directly or indirectly caused by any of the following substances, illnesses or phenomena or are associated with any of them:

- Asbestos
- silicon (such as silica dust, all-silica fibre, etc.)
- lead or lead paint

- latex (natural rubber)
- polychlorinated biphenyl compounds (PCB)
- chlorinated hydrocarbons
- formaldehyde
- gases generated during welding
- exposure to cigarette smoke or other effects of tobacco or a tobacco product
- genetically modified organisms (GMO)
- hormonal contraceptives
- veterinary diseases (such as BSE, TSE, CJD)
- the HI virus and its consequences, such as AIDS
- an extensive epidemic (pandemic)
- mould or other fungus or bacterium in buildings or other constructions
- electromagnetic fields (EMF)
- nanotechnological features of a product.

4.15 Exclusions in emergencies

Liability insurance shall not cover damage or costs caused by

- nuclear damage referred to in the Finnish Nuclear Liability Act or a corresponding overseas act, nuclear weapons, radioactive radiation or contamination, or a comparable incident;
- war, civil war, uprising, revolution, coup d'état or a comparable circumstance or occurring in an area where such a circumstance prevails;
- strike, industrial stoppage or lockout; or
- terrorist attack.

5 Indemnification regulations for liability insurance

In addition to these liability insurance indemnification regulations, the regulations set out in LocalTapiola's general terms and conditions of contract are applied.

5.1 Notification of loss or damage

Notification of loss must be submitted to LocalTapiola immediately and no later than within one (1) year of the day when the claimant found out about the validity of liability insurance and the specified claim.

In any event, a notification of loss must be submitted to LocalTapiola within three (3) years of the damaging consequence to the party suffering loss or damage.

After the expiry of liability insurance cover, the notification of loss must be submitted within twelve (12) months of the expiry date.

If the notification is not submitted to LocalTapiola within the time limits specified above, the claimant loses the right to compensation.

5.2 Claim settlement

Once LocalTapiola has received a notification of loss from the insured and a description of the loss or damage coverable under liability insurance, LocalTapiola

- examines whether the insured is liable for damage under existing law; and

- negotiates with the party claiming damage, if necessary.

The insured must

- provide LocalTapiola with the opportunity to assess the amount of damage and assist LocalTapiola in bringing about an amicable settlement;
- take part in the claim settlement at the insured's own expense;
- provide LocalTapiola with any information in the insured's possession that is relevant to the settlement of the claim;
- obtain and conduct any necessary clarification and studies available to the insured at a reasonable expense.

5.3 Amount of indemnity under liability insurance

5.3.1 Maximum amount of compensation

In each type of liability insurance, the maximum limit of LocalTapiola's liability to indemnify is the sum insured agreed upon with the policyholder and specified in the insurance policy. The sum insured is the aggregate maximum amount of indemnity paid under one type of liability insurance for one insured event and for several insured events occurring in one insurance period.

The amount of indemnity to be paid is determined by the insurance terms and conditions specified in the insurance policy. The amount of indemnity paid can be lower than the sum insured.

Losses caused by the same event or circumstance are considered a single loss event (serial loss). If such single loss events are discovered during different insurance periods, they are attributed to the insurance period during which the first loss was discovered. If the first loss event in the series was discovered before the commencement of insurance cover, no part of the serial loss is covered by the liability insurance.

The sum insured includes

- damage and accrued interest
- claim settlement costs that LocalTapiola is liable for
- legal expenses
- reasonable costs of preventing impending damage.

Liability insurance does not cover the part of damage and/or above-mentioned costs that exceed the sum insured.

5.3.2 Amount of compensable damage

The compensation for damage coverable under liability insurance is calculated based on the amount of damage the insured is liable to pay under existing law, taking into account the applicable insurance terms and conditions.

If several parties are liable to indemnify for the same damage jointly and severally, the liability insurance only covers the amount that corresponds to the blame

apportioned to the insured. If the degree of blame cannot be demonstrated, the maximum indemnity under the insurance is the per capita share of the total damage or loss.

5.3.3 Coverable legal expenses

Liability insurance covers reasonable and necessary legal expenses resulting from legal proceedings concerning the insured's liability for damage or the amount of loss, in the event and to the degree that

- the claim for compensation presented to the insured concerns loss or damage coverable under liability insurance;
- the insured has informed LocalTapiola about receiving a summons or a claim for initiation of arbitration without delay and before responding to it;
- LocalTapiola has had the opportunity to appoint an attorney to represent the insured and decide on measures relating to the legal proceedings.

Compensation for legal costs and expenses covered by the insurance is payable in accordance with the provisions pertaining to legal expenses of the Code of Judicial Procedure and the Criminal Procedure Act. The value of the benefit under dispute, the complexity and scope of the case, and the amount and quality of services provided shall be taken into account in assessing the reasonability of the fee and expenses. Liability insurance does not cover the arbitrator's fees or costs in arbitration.

If the legal proceedings address more than one matter, the insurance only covers costs attributable to the compensation claim concerning the damage or loss coverable under the liability insurance.

5.3.4 Coverable costs of preventing impending damage

LocalTapiola's general terms and conditions of contract contain regulations on the insured's obligation to prevent and mitigate impending damage.

Liability insurance covers reasonable and necessary costs resulting from the prevention of impending damage, in the event and to the extent that

- they were caused by measures taken to prevent or eliminate imminent damage to a third party; and
- they were incurred in order to prevent damage coverable under liability insurance.

Measures taken after the danger of damage was no longer imminent are not covered by liability insurance.

In the event of environmental damage, impending damage to another party only refers to a situation where the property of a party other than the insured is subject to imminent danger, such as environmentally harmful substances being carried by groundwater or soil away from land owned or possessed by the insured.

Loss or damage to owned or possessed property is not covered by the liability insurance.

After the occurrence of environmental damage, more extensive measures may be necessary than prevention of imminent danger. These may include transport of contaminated masses of soil or disposal or neutralisation of hazardous waste. The costs caused by these measures are not covered by liability insurance as prevention costs, even if they are incurred from measures based on imperative orders by the authorities.

5.3.5 Deductible

Deductible is the amount of money and/or the percentage for which the insured is liable in each occurrence of damage coverable under liability insurance. When the amount of damage claimed from the insured is less than the deductible, the insured does not have liability insurance cover.

In each occurrence of damage coverable under liability insurance, the deductible is deducted from the total amount of loss and costs compensable under the insurance terms and conditions. The deductible is deducted after other possible deductions.

5.3.6 Underinsurance

Underinsurance refers to a situation where the financial indicator reported as a basis for a liability insurance premium by the policyholder and specified in the policy document is lower than the actual value of the indicator.

In cases of underinsurance, liability insurance only covers the part of the loss indicated by the ratio of the reported financial indicator value to the actual financial indicator value.

5.3.7 Settlement

If the insured settles the claim or enters into or approves an agreement in respect of the claim, this is not binding on LocalTapiola, unless the grounds for and amount of the settlement are manifestly correct.

If LocalTapiola is willing to pay compensation that is within the sum insured and has been approved by the party suffering the damage of loss, but the insured does not agree to this, LocalTapiola is not obliged to pay more compensation in this matter. Furthermore, LocalTapiola is not liable to indemnify for costs incurred after submitting a notification to the insured, and LocalTapiola is not liable to further inspect the matter.

5.3.8 Value added tax

VAT payable by the insured is not covered by liability insurance insofar as it is tax deductible to the recipient of indemnity under existing law.

In case of any dispute under these terms and conditions the original Finnish wording shall prevail.