

**COMMERCIAL GENERAL
LIABILITY INSURANCE**
(EXCLUDING PRODUCT LIABILITY)
GENERAL INSURANCE TERMS AND CONDITIONS

Valid as January 1, 2006



COMMERCIAL GENERAL LIABILITY INSURANCE

1 PURPOSE OF INSURANCE

On the basis of these terms and conditions and the General Terms of Contract (YL), Pohjola Non-Life Insurance Company Ltd (hereinafter referred to as the insurance company) undertakes to

- cover the losses referred to under section 3.1 and the other expenses referred to separately in these terms and conditions,
- investigate the grounds for and amount of indemnity,
- negotiate with the claimant, and
- appear in court or pay the legal expenses if the claim for damages leads to legal proceedings.

The insurance covers the business activities practised by the policyholder which were notified to the insurance company when the insurance was taken out and which are recorded in the insurance policy (insured activity).

2 TERRITORIAL SCOPE OF VALIDITY

The insurance is valid throughout Europe, unless otherwise agreed and recorded in the insurance policy.

3 COVERABLE LOSSES AND RELATED RESTRICTIONS

3.1 Coverable losses

The insurance covers bodily injury and material damage caused to a third party in the insured activity and within the territorial scope of the insurance, provided that

- such injury or damage is discovered during the insurance period, and
- the policyholder is held legally liable for it.

The insurance also covers financial loss as referred to under section 42 of the Act on Personal Data Register (471/87) or section 47 of the Personal Data Act (523/99), caused by unlawful use of personal data in the insured activity during the insurance period.

3.2 Restrictions

3.2.1 Loss incurred by policyholder

The insurance does not cover any loss incurred by the policyholder.

3.2.2 Property at the disposal of the policyholder

The insurance does not cover any damage to property which, at the time of the act or omission causing the loss, was

- **in the possession of, borrowed by or otherwise at the disposal of the policyholder for policyholder's benefit.**

3.2.3 Property being handled by or in the care of the policyholder

The insurance does not cover any damage to property which, at the time of the act or omission causing the loss, was

- **being manufactured, installed, repaired or otherwise handled by the policyholder or a third party on behalf of the policyholder**
- **stored by the policyholder or a third party on behalf of the policyholder**

- **subject to the safety or prevention obligation in view of the nature and the immediate sphere of influence of the activity of the policyholder or of the work causing the loss, or**
- **otherwise being taken care of by the policyholder.**

3.2.4 Product liability

The insurance does not cover any loss caused by a product delivered to a third party.

3.2.5 Products sold or delivered

The insurance does not cover any loss caused to

- **delivered products by reason of a characteristic of the products themselves or by errors or shortcomings in the products or in information or instructions given in connection with the products, or**
- **products sold but not yet delivered.**

3.2.6 Work performed

The insurance does not cover expenses caused by rectifying or redoing work incorrectly performed, even when this work is performed by a party other than the policyholder.

3.2.7 Contractual liability

The insurance does not cover any loss insofar as the liability is based on a contract, guarantee or other obligation, unless the liability would be incurred even without such an obligation being in force.

3.2.8 Plans, advice or instructions

The insurance does not cover any loss caused by errors or shortcomings in the plans, research or measurement results, calculations, drawings, work specifications or reports, or advice or instructions pertaining to a product given to a third party.

3.2.9 Environmental damage

The insurance does not cover any damage resulting from

- **pollution of water, air or soil,**
- **smoke, soot, dust, steam, gas,**
- **noise, vibration, radiation, light, heat or smell, or**
- **other similar disturbance.**

The insurance does, however, cover sudden loss caused by a random or single error or omission or, for a reason forming the grounds for the policyholder's liability, by a sudden or unforeseeable fault or defect in a building, plant or piece of equipment. In addition, it is required that the loss incurred for a reason fulfilling the above conditions took place suddenly, unforeseeably and quickly and is not based on a slow, gradual effect or repeated act or omission or otherwise recurring events.

A further precondition for payment of indemnities is that the policyholder became aware of the pollution, emission or other disturbance no later than fourteen days after it started, and submitted a written claim to the insurer within sixty days from the commencement of the pollution, emission or other disturbance.

For measures to be taken to prevent environmental damage and for indemnification of expenses incurred from such measures, see section Prevention costs.

3.2.10 Costs incurred by the authorities in cases of environmental damage

The insurance does not cover costs arising from preventive and rehabilitation measures taken by the authorities under section 6, paragraph 1, subparagraph 2, of the Act on Compensation for Environmental Damage (737/94).

3.2.11 Moisture and flooding

The insurance does not cover any loss caused by

- **moisture, or**
- **flooding due to rainwater or thaw.**

The insurance does, however, cover sudden loss caused by a random or single error or omission or, for a reason forming the grounds for the policyholder's liability, by a sudden or unforeseeable fault or defect in a building, plant or piece of equipment. In addition, it is required that the loss incurred for a reason fulfilling the requirements specified above took place suddenly, unforeseeably and quickly and is not based on a slow, gradual effect or repeated act or omission or otherwise recurring events.

The insurance does not, however, cover any loss incurred from flooding caused by a planning, measurement or construction defect in water pipes or sewers.

3.2.12 Groundwater

The insurance does not cover any loss caused by a change in the groundwater level.

3.2.13 Ownership and possession of real estate

The insurance does not cover any loss arising from the ownership, possession or maintenance of real estate.

The insurance does, however, cover the loss if

- the real estate is recorded in the insurance policy, or
- the greater part of such real estate is used by the policyholder for purposes related to the insured activity.

3.2.14 Loss caused by use of watercraft or aircraft

The insurance does not cover any loss caused by

- **use of a craft or vessel subject to registration, unless the use is connected with work performed by the policyholder for policyholder's own benefit, or**
- **use of an aircraft for aviation when the policyholder is held liable in the capacity of owner, possessor or user of the aircraft, as someone carrying out a task or duty aboard the aircraft or in the capacity of the employer of any of those mentioned above.**

Please pay special attention to the restriction printed in italics

3.2.15 Quarrying and blasting operations

The insurance does not cover any loss caused by quarrying or blasting operations performed with external labour or for a third party, or by any consequential subsidence or landslide.

3.2.16 Financial loss

The insurance does not cover financial loss that is not connected with bodily injury or material damage.

Financial loss as defined in the Act on Personal Data Register or Personal Data Act is, however, covered (see section 3.1).

3.2.17 Employment accident and treatment injury

The insurance does not cover

- **injury to the extent that it is covered by the policyholder's statutory workers' compensation insurance, nor**
- **injury covered under the Patient Injury Act (585/86)**

3.2.18 Traffic accident

The insurance does not cover any loss caused by use of a motor vehicle in traffic under the provisions of the Motor Liability Insurance Act (279/59) or corresponding foreign legislation.

The insurance does, however, cover damage caused in Finland to another motor vehicle involved in loading, unloading or some other operation while this is in progress, insofar as the part of the vehicle in question was not in the care of the performer of the work (see section 3.2.3).

If the country where the loss occurs has no law which corresponds to the Finnish Motor Liability Insurance Act, the insurance does not cover loss caused by use of a motor vehicle in traffic.

3.2.19 Losses caused by asbestos

The insurance does not cover any loss caused by asbestos.

3.2.20 Tobacco

The insurance does not cover any loss or damage caused by tobacco, tobacco products or tobacco smoke.

3.2.21 Nuclear accident

The insurance does not cover loss caused by a nuclear accident as referred to in the Nuclear Liability Act (484/72) or corresponding foreign legislation.

3.2.22 Losses caused wilfully or through gross negligence

The insurance does not cover any loss caused wilfully or through gross negligence (see General Terms of Contract (YL), section 7).

The loss can be deemed to be caused wilfully or through gross negligence when, for instance, the act, operating method or omission causing the loss included a major risk of loss in view of the circumstances.

The insurance does, however, cover loss caused wilfully or through gross negligence if the policyholder in the capacity of employer is held liable for loss caused by an employee in work and is able to show that the

policyholder or the work supervisors were not, and did not have to be, aware of the employee's action.

3.2.23 Defamation of character or invasion of privacy

The insurance does not cover any loss caused by defamation of character or invasion of privacy.

3.2.24 Fines

The insurance does not cover fines or other similar sanctions.

3.2.25 Known risk of loss

The insurance does not cover any loss caused by an error, deficiency or other grounds for liability of which the policyholder was or should have been aware at the inception of the insurance cover.

3.2.26 Other liability insurance

The insurance does not cover any loss coverable under some other liability policy held by the policyholder.

4 SAFETY REGULATIONS

The policyholder shall comply with the safety regulations given below, recorded in the insurance policy or otherwise issued in writing (see General Terms of Contract (YL), section 6.1).

4.1 Hot work

This clause refers to work where sparks occur or where a gas flame, other open flame or a hot-air blower is used (for deductible, see section 7.7).

Hot work shall be performed in a regular or temporary place designated for such work as defined in the safety regulations for hot work included in the insurance policy. A written permit is required to perform hot work in a temporary place.

The policyholder shall follow the provisions of the safety regulations for hot work included in the insurance policy, and the equipment and machinery used for the work must be in accordance with current regulations.

4.2 Waterproofing

This clause refers to construction or renovation work which does not incorporate rainwater or thaw insulation or where such insulation is being constructed, renewed or repaired (for deductible, see section 7.7).

The risk of loss caused by rainwater or thaw must be investigated in advance and a protection plan drawn up by the contractor.

The work area must be waterproofed. Any valuable or damage-prone property in premises below the work area must be removed or separately protected. The users of such premises must be informed of the work.

4.3 Excavation and earthmoving work

This clause refers to all excavation and earthmoving work (for deductible, see section 7.7).

Before starting the work, the policyholder must acquire information on the location of any cables and pipes in the work area from their owner and take this location into account in performing the work.

In the event of loss involving a subsurface cable or pipe, the insurance company must be provided with a written certificate from the owner of the cable or pipe stating that a map had been supplied or the cable or pipe location had been pointed out in situ before the work began.

5 CLAIMS SETTLEMENT

5.1 Obligations of the insurance company

The insurance company shall investigate whether the policyholder is liable to pay damages for any reported loss covered under the insurance, for the part exceeding the deductible, and shall negotiate with the claimant.

If the policyholder makes good the loss, agrees thereon or accepts the claim, this will not be binding on the insurance company, unless the amount and basis of the damages are manifestly correct.

If the insurance company has reached an agreement on compensation with the party who has suffered a loss coverable under the insurance, and the policyholder does not agree to this, the insurance company will not be held liable to indemnify for any subsequent expenses or for more than it would have been liable on the basis of the above-mentioned agreement. Nor will the insurance company be under any obligation to conduct further investigations into the matter.

5.2 Obligations of the policyholder

The policyholder shall

- participate in the investigation into the loss at policyholder's own expense,
- provide the insurance company with all information, documents and other material in policyholder's possession relevant to the claims settlement,
- obtain or conduct any necessary clarifications and studies available to him/her at a reasonable expense, and
- allow the insurance company the opportunity to help bring about an amicable settlement.

6 LEGAL PROCEEDINGS

If the claim for damages leads to legal proceedings and is based on grounds which constitute a loss coverable under the insurance, the policyholder shall notify the insurance company without delay as soon as he/she has been informed about the legal proceedings.

If the claim for damages concerns a loss that, as to its grounds and quantum, is coverable under the insurance, the insurance company will pay the legal expenses provided that

- the notification of loss has been submitted before the statement of defence is given, and
- the attorney is approved by the insurance company.

If the legal process also concerns other issues, the insurance shall only cover the part of the expenses incurred from the claim for damages covered by the insurance.

The insurance company is always entitled to assume the policyholder's defence at the legal proceedings.

7 INDEMNIFICATION REGULATIONS

7.1 Damages

The insurance covers the damages for which the policyholder is liable. The amount of damages is calculated according to damages regulations and legal practice. If several parties are jointly responsible for the same loss, the insurance shall only cover the part of the loss that corresponds to the policyholder's share of the liability. If no other grounds exist, the indemnity is paid per capita.

7.2 Prevention costs

7.2.1 Costs incurred from eliminating the danger of an impending loss

The insured is under obligation to prevent or limit the loss from an impending or actual insurance event (see General Terms of Contract (YL), section 6.2). This obligation only concerns measures that eliminate the immediate threat of liability for a loss caused to a third party but not any further measures after the event unless these measures are separately agreed on with the insurance company. Costs incurred from such necessary measures are covered under the insurance.

7.2.2 Supplementary requirements for indemnification of costs incurred from prevention of environmental damage to property owned by or in the possession of the policyholder.

If the policyholder causes environmental damage to property in policyholder's ownership or possession, such as soil, the following requirements must be met in addition to those mentioned in section 7.2.1.

No indemnity is paid for damage caused to property in the ownership or possession of the policyholder.

Prevention costs are covered only and exclusively in situations where there is imminent danger of damage to property of a third party, for example by substances which pollute the environment via groundwater or the soil, passing beyond the boundary of the policyholder's land.

Coverable measures are only those measures which are necessary to eliminate the impending threat of coverable damage to property of a third party as referred to under the insurance.

After the occurrence of environmental damage, more extensive measures than merely the prevention of imminent danger might be necessary to remedy the situation completely. **These may, for example, include**

the transport of polluted soil and the disposal or neutralisation of problem waste. Costs from such preventive measures are not coverable under the liability policy even when the measures are mandatory under official regulations.

7.2.3 Measures in the event of environmental damage

The policyholder must inform the insurance company without delay of any threat or occurrence of environmental damage (see section 3.2.9) to confirm which prevention measures are coverable under the liability policy (see sections 7.2.1 and 7.2.2).

7.3 Investigation and legal expenses

The insurance also covers reasonable and necessary expenses incurred in settling claims, but not the investigation expenses for which the policyholder is liable under the insurance terms and conditions or that have not been specifically agreed on with the insurance company.

Legal expenses are covered as specified in section 6.

7.4 Maximum amount of indemnity

The aggregate maximum amount of all indemnities paid for a single loss, including all expenses incurred from investigations, negotiations, interest payments and legal proceedings, is the sum insured indicated in the insurance policy. Loss prevention expenses are indemnified in accordance with section 6.2 of the General Terms of Contract (YL).

In cases of financial loss under the Act on Personal Data Register or the Personal Data Act, the maximum amount of indemnity is EUR 20,000 for any one loss, and an aggregate maximum of EUR 40,000 for all losses caused by illegal use of personal data and discovered during one insurance period.

Special terms and conditions may specify different sums insured.

7.5 Serial loss

Losses caused by the same event or circumstance will be considered a single loss event regardless of whether they are discovered during one or more insurance periods. If such losses are discovered during different insurance periods, they will be attributed to the insurance period in which the first loss was discovered.

7.6 Deductible

For each and every loss, the policyholder's deductible specified in the insurance policy

will be subtracted from the total amount of indemnity including any expenses incurred from loss prevention, investigations, negotiations, interest payments and legal proceedings, all calculated in accordance with the insurance terms and conditions.

7.7 Special deductibles

In cases of loss resulting from hot work, waterproofing, excavation or earthmoving work or the loss of a key, the policyholder's deductible is 10% of the amount of loss, but no less than EUR 3,000 and no more than EUR 20,000 or the amount of deductible, if greater than that, indicated in the insurance policy.

The insurance policy or any special terms and conditions may include different deductibles.

8 CALCULATING THE INSURANCE PREMIUM

If, owing to the nature of the business practised, the insurance premium can only be estimated in advance, the final premium will be determined after the expiry of the insurance period, at which time the difference between the final premium and the advance premium shall be paid immediately by or to the policyholder.

If the policyholder does not, within one month, provide the insurance company with the information it has requested for the purpose of calculating the final insurance premium, the company will be entitled to set the final premium at an amount it considers reasonable.

Instructions in the event of liability loss

When the policyholder receives information on a loss or when a claim for damages has been made, this must be notified to the insurance company. No fixed form is required for submitting the notification. The notification shall, however, be made at the earliest opportunity. Loss notification forms are available from all offices of the insurance company. As events develop, the insurance company must be provided with further information on any relevant factors that emerge.

Information, minutes, reports and any other available material must be provided in the greatest possible detail on the cause of the loss and the loss itself. The names and addresses of the party or parties incurring loss must be recorded so that they may be contacted.

Please see also sections 6.2, 10.2 and 10.3 of the General Terms of Contract (YL).