

# Common terms and conditions for liability insurances VY1

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## Contents

<b>1</b>	<b>Liability insurance.....</b>	<b>2</b>		
<b>2</b>	<b>Concepts.....</b>	<b>2</b>		
<b>3</b>	<b>Territorial limits.....</b>	<b>2</b>		
<b>4</b>	<b>Common liability insurance cover restrictions and exclusions .....</b>	<b>2</b>		
4.1	Claims suffered by the insured itself .....	2	4.9	Other insurance .....
4.2	Claims suffered by entities subject to unitary control.....	2	4.10	Knowledge of error.....
4.3	Claims suffered by workers.....	2	4.11	Infringement of laws and regulations .....
4.4	Intent and gross negligence .....	3	4.12	Fines or punitive sanctions .....
4.5	Violation of dignity or privacy .....	3	4.13	Contractual penalty or other special commitment .....
4.6	Flawed work performance .....	3	4.14	Special risks excluded from liability insurance cover.....
4.7	Environmental damage, emissions and interference .....	3	4.15	Perils excluded in exceptional circumstances.....
4.8	Environmental damage-related costs of public authorities.....	3	<b>5</b>	<b>Indemnification regulations .....</b>
			5.1	Reporting a loss, and claim settlement .....
			5.2	Calculating the amount of covered liability insurance loss .....
			5.3	Calculating the amount of compensation .....

## 1 Liability insurance

Liability insurance is designed to cover the insured's legal liability for damages. Cover is in accordance with the insurance contract which the insurer and the policyholder have concluded between themselves, taking into account the applicable mandatory statutory provisions.

A liability insurance contract is composed of the following documents, in accordance with the order of application shown below:

- the policy document, and any special conditions that may be shown in the policy document;
- the separate product-specific terms of each liability insurance, and these Common terms and conditions for liability insurances (VY1);
- the General terms and conditions for companies indicated in the policy document.

The Common terms and conditions for liability insurances set out the concepts, exclusions and indemnification regulations that are common for all liability insurances.

The General terms and conditions for companies set out the regulations and exclusions that apply to all corporate property and business insurances.

The separate product-specific terms of each liability insurance describe the insured events which the insurance in question covers, as well as detailing any related exclusions. In addition, special clauses may be included in the policy document which either extend or restrict the range of insured events that are covered under the product-specific terms.

## 2 Concepts

**Insured** means the policyholder or the entity named as insured in the policy document or in any special conditions or product-specific terms that are indicated in the policy document.

**Insured activity** means an activity that the insured carries on which is indicated in the policy document individually for each liability insurance.

**Insured product** means any tangible, movable item which the insured has put into circulation in the course of its business activities that is shown in the policy document as a product or product group.

**Covered liability-insurance insured events** are defined in the product-specific terms or in the special conditions. Their exclusions are set out in the aforementioned terms and conditions, in these Common terms and conditions for liability insurances (VY1) and in the General terms and conditions for companies. Compensation claims that are below the deductible shown in the policy document are not treated as covered insured events.

**Bodily injury;** Injury caused in Finland: Bodily injury means personal injury as defined under the laws in force in Finland.

Injury caused outside Finland: Bodily injury means a natural person's physical injury, physical illness or death.

**Property damage** is when tangible property is physically damaged, destroyed or lost.

**Pure financial loss** means a financial loss or expense which is not linked to any bodily injury or property damage.

**Sum insured** is the maximum possible amount of compensation per claim and per all multiple claims that arise during an insurance period, unless otherwise indicated in the policy document.

The sum insured is shown in the policy document. In addition, the product-specific terms or the special conditions may lay down a separate pro-rata sum insured for certain insured events. The pro-rata sum insured is part of the sum insured indicated for the entire policy.

**Deductible** is the portion of loss, shown in the policy document or in the terms and conditions, for which the insured remains liable.

## 3 Territorial limits

Liability insurance cover is in force in the geographical region shown in the policy document.

### Cover exclusion for the USA and Canada

If the territorial limits where liability insurance cover is in force also include the USA, Canada or both, and the insured acquires or establishes a subsidiary in that region, liability insurance cover will not, from the date of establishing or acquiring the subsidiary, be in force in the USA or Canada without specific agreement with the insurer.

## 4 Common liability insurance cover restrictions and exclusions

In addition to the cover restrictions and exclusions laid down in the applicable product-specific terms and special conditions, every liability insurance is subject to these common liability insurance cover restrictions and exclusions.

### 4.1 Claims suffered by the insured itself

This insurance does not cover claims that the insured itself suffers.

### 4.2 Claims suffered by entities subject to unitary control

This insurance does not cover claims suffered by:

- any legal person that belongs to the same group of companies with the insured; or
- any legal person that, based on ownership or voting rights, or otherwise, is subject to the same control as the insured.

### 4.3 Claims suffered by workers

Liability insurance does not cover claims suffered by the insured's workers or temporary workers that the insured has hired, or by any equivalent persons.

However, general third party liability insurance covers bodily injury and property damage caused in Finland to any of the above persons insofar as that person is not entitled to claim compensation under the statutory Workers' Compensation Act or Motor

Liability Insurance Act. That cover is in accordance with the applicable product-specific terms. In any case, occupational disease-related claims are not accepted.

#### **4.4 Intent and gross negligence**

This insurance does not cover any claim or expense that is caused intentionally or through gross negligence.

However, where the policyholder is a company or self-employed person that operates on the same footing as consumers, the provisions of Section 7 of the General terms and conditions for companies apply that govern how intent and gross negligence impact the eligibility of claims.

#### **Exception for general third party liability insurance and publisher's liability insurance**

General third party liability insurance and publisher's liability insurance nevertheless cover claims:

- caused by the insured's worker or an equivalent person in the course of work; and
- for which the insured, in the capacity of employer, is held liable and the worker's conduct was not known to the insured or to its work supervision.

#### **4.5 Violation of dignity or privacy**

This insurance does not cover claims caused by any violation of dignity or privacy.

#### **4.6 Flawed work performance**

This insurance does not cover expenses incurred by remedying a flawed or defective work performance or by any reperformance of work. Such expenses are excluded from cover even where the work is carried out by someone else than the insured.

#### **4.7 Environmental damage, emissions and interference**

This insurance does not cover claims caused directly or indirectly by:

- pollution or contamination of water, air or soil; or
- noise, vibration, radiation, light, heat, smell, smoke, soot, dust, steam, gas or some other equivalent type of interference.

#### **Exclusion for general third party liability, product liability, consultants' liability and blasting liability insurance**

In deviation of the above, general third party liability, product liability, consultants' liability and blasting liability insurance nevertheless cover sudden and unexpected bodily injury and property damage caused in Europe by any of the aforementioned emissions and types of interference, when:

- the injury or damage is due to the insured's random and single error or neglect or it is due to a failure or defect which arises suddenly and unexpectedly in a building or in any equipment for any reason that is based on the insured's compensation liability; and
- the injury or damage is detected within six months from the event that caused it; and
- the injury or damage occurs suddenly, unexpectedly and quickly and is not based on any delayed, gradual impact or continuing activity or neglect or events that are otherwise recurring.

#### **4.8 Environmental damage-related costs of public authorities**

This insurance does not cover any costs charged by a public authority that are based on the Act on Compensation for Environmental Damage.

#### **4.9 Other insurance**

This insurance does not cover any claim or expense insofar as it is covered by some other liability insurance or the insured's any other insurance policy.

#### **4.10 Knowledge of error**

This insurance does not cover any claim or expense that is based on or is caused by a circumstance, error or other basis of indemnity of which the insured was or should have been aware when cover commenced.

#### **4.11 Infringement of laws and regulations**

This insurance does not cover any claim or expense caused by any measure which violates the applicable laws, decrees, official regulations or official instructions and of which the insured was or should have been aware.

#### **4.12 Fines or punitive sanctions**

This insurance does not cover fines, punitive fees or damages (including payments imposed for restriction of competition, or punitive damages), forfeiture or other punitive penalties, regardless of the party to whom the penalty is applied.

#### **4.13 Contractual penalty or other special commitment**

This insurance does not cover contractual penalties, warranties, special commitments or similar that the insured or a third-party person agrees or concludes.

#### **4.14 Special risks excluded from liability insurance cover**

This insurance does not cover any claim or expense that is caused directly or indirectly as a result of, or that is related to, any of the following materials, diseases or phenomena:

- asbestos;
- silica (for example, quartz dust, all-silica fibre or similar);
- lead or lead paint;
- latex (natural rubber);
- polychlorinated biphenyls (PCB);
- chlorinated hydrocarbons;
- formaldehyde;
- gases generated during welding;
- exposure to tobacco smoke or to other effects of tobacco or tobacco products;
- genetically modified organisms (GMO);
- contraceptive preparations with hormonal effect;
- animal diseases, excluding salmonella and listeriosis;
- HI virus or its consequences, such as AIDS;
- endemic epidemics (pandemics);
- mould, other fungi or bacteria found in buildings or other structures;
- electromagnetic fields (EMF);
- nanoscale characteristics of products;
- perfluoroalkyl substances (PFAS).

#### 4.15 Perils excluded in exceptional circumstances

This insurance does not cover any claim or expense caused by:

- nuclear damage as defined in the Finnish Nuclear Liability Act or corresponding foreign legislation, or by a nuclear weapon, radioactive radiation or contamination or any comparable incident;
- war, civil war, rebellion, revolution, coup d'état or some other comparable state, or any claim or expense caused in an area which is in any of the foregoing states;
- strike, industrial stoppage or lockout; or
- a terrorist act.

This insurance also does not cover any claim, compensation liability, loss or expense which is a direct or indirect consequence of a communicable disease as defined in the applicable legislation, of a threat or a prevention measure of a communicable disease, or of any measure taken to mitigate the consequences of a communicable disease. This exclusion does not apply to salmonella or listeriosis.

Indirect consequences include:

- loss of customers, changes in customers' purchase behaviour, loss of the use of assets, lost operating profit, reduced turnover or other financial loss;
- damage to reputation.

## 5 Indemnification regulations

### 5.1 Reporting a loss, and claim settlement

#### Reporting a loss

A loss report must be filed with the insurer immediately and in any case within one year from the day on which the claimant becomes aware of the compensation claim and the validity of liability insurance cover.

In any case, the loss report must be filed within 10 years of the date on which the loss, damage or injury was caused to the victim.

After liability insurance cover has terminated, the loss report must be filed not later than one year from the date on which cover terminated.

In the event of failure to file a loss report with the insurer within the above time limits, the claimant will forfeit their entitlement to claim compensation.

#### Claim settlement

After receiving from the insured a loss report and an account of the covered liability insurance claim, the insurer will:

- determine whether the insured is held legally liable for damages;
- negotiate with the claimant where necessary.

The insured is required:

- to provide the insurer with an opportunity for assessing the amount of loss and to contribute to an amicable resolution;
- at their own cost to contribute towards the settlement of the claim;
- to provide the insurer with all information, documents and other materials which the insured holds that are necessary for settling the claim; and

- to obtain and prepare any necessary information, documents and examinations that are available to the insured at a reasonable expense.

### 5.2 Calculating the amount of covered liability insurance loss

The amount of covered liability insurance loss is calculated as including the following:

- damages, with interest;
- claim settlement costs for which the insurer is responsible;
- legal expenses;
- reasonable costs of preventing imminent damage.

#### 5.2.1 Serial loss

All losses caused as a result of the same event or circumstance are considered to constitute one loss (serial loss). In the event that individual losses are discovered in the course of different insurance periods, they are deemed to be attributed to the insurance period in which the first case of loss was discovered. If the first loss of a series of losses is discovered before cover commences, the entire serial loss is excluded from liability insurance cover.

#### 5.2.2 Damages claims that are smaller than the deductible

If the amount of the compensation claim presented against the insured is smaller than the deductible shown in the policy document, the insurer will not undertake to determine the amount of compensation liability or the amount of loss.

#### 5.2.3 Damages

The amount of covered liability insurance loss is calculated as including damages based on what the insured is legally liable to pay, taking into account the applicable insurance terms and conditions.

Where several parties are held liable in solidum to compensate the same claim, the amount of liability insurance loss is calculated as including only that part of the claim which reflects the degree of guilt apparent in the insured. Unless proof of the degree of guilt is furnished, the maximum total damage that is calculated as included in the amount of liability insurance loss is in proportion to the number of the liable parties.

Where the insurer is prepared to pay an amount of compensation which the injured party has accepted but the insured does not consent to this, the insurer will not be under an obligation to pay any more compensation in the matter. The insurer is also not under an obligation to cover any expenses incurred after informing the insured of this or to investigate the case any further.

#### Agreement concluded by the insured on damages

If the insured pays any compensation for the claim, settles it or accepts a compensation demand, this will not be binding on the insurer unless it is apparent that the amount and criteria of compensation are correct.

#### 5.2.4 Legal expenses

The amount of covered liability insurance loss is calculated as including the reasonable and necessary legal expenses of the legal proceedings which concern the question of compensation liability or the amount of loss, if and to the extent that:

- the compensation demand presented to the insured concerns a claim that is covered under liability insurance;
- the insured has, without undue delay and in any case before issuing a response, informed the insurer of the summons or the demand to initiate arbitration proceedings which the insured has received;
- the insurer has had an opportunity to appoint an attorney who will represent the insured and to decide on the appropriate measures relating to the legal proceedings.

Covered legal expenses are taken into consideration in accordance with the guidance governing legal expenses laid down in the Code of Judicial Procedure and in the Criminal Procedure Act. When determining the reasonableness of fees and expenses, account will be taken of the value of the benefit at issue, the complexity and scope of the case, and the volume and quality of the work carried out. The amount of liability insurance loss is calculated as excluding any arbitrators' fees and expenses.

If the legal proceedings concern multiple matters, the amount of loss is calculated as including only that portion of the expenses which concerns a compensation issue that is based on a claim covered under liability insurance.

#### 5.2.5 Costs of preventing imminent loss

The General terms and conditions for companies contain provisions on the insured's obligation to prevent and limit loss that is imminent.

The amount of covered liability insurance loss is calculated as including the reasonable and necessary costs of preventing imminent liability loss if and to the extent that:

- they are incurred by measures which are necessary to prevent or eliminate an immediate risk of third-party loss; and
- they prevent the materialisation of covered liability insurance loss or limit the loss.

The amount of loss is calculated as excluding costs that are incurred by any measures taken after the immediate risk of loss has ceased.

#### 5.2.6 Value added tax

The amount of loss is calculated as excluding value added tax insofar as the insured or the recipient of compensation is legally entitled to deduct the amount of this tax for tax purposes.

### 5.3 Calculating the amount of compensation

The amount of compensation is calculated based on the amount of covered liability insurance loss by deducting from it the deductible and the other deductions and reductions set out in the product-specific terms, in the policy document or in the General terms and conditions for companies.

#### 5.3.1 Maximum amount of compensation

In every covered liability insurance claim, the insurer's maximum compensation liability is limited to the sum insured shown in the policy document or to the pro-rata sum insured indicated in the product-specific terms or the special conditions.

In a single covered liability insurance claim, as well as in multiple claims that arise during a single insurance period, maximum total cover is limited to the sum insured.

#### 5.3.2 Deductible

Every covered claim is subject to the deductible shown in the policy document. In addition to this, the product-specific terms or the policy document may set out deviating deductibles.

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

Insurance is granted by the following mutual insurance companies in LocalTapiola Group (business ID):

LähiTapiola **Etelä** (0139557-7) | LähiTapiola **Etelä-Pohjanmaa** (0178281-7) | LokalTapiola **Sydusten** -  
LähiTapiola **Etelärannikko** (0135987-5) | LähiTapiola **Itä** (2246442-0) | LähiTapiola **Kaakkois-Suomi**  
(0225907-5) | LähiTapiola **Kainuu-Koillismaa** (0210339-6) | LähiTapiola **Keski-Suomi** (0208463-1) |  
LähiTapiola **Lappi** (0277001-7) | LähiTapiola **Loimi-Häme** (0134859-4) | LähiTapiola **Länsi-Suomi** (0134099-8) |  
LähiTapiola **Pirkanmaa** (0205843-3) | LokalTapiola **Österbotten** - LähiTapiola **Pohjanmaa** (0180953-0) |  
LähiTapiola **Pohjoinen** (2235550-7) | LähiTapiola **Pääkaupunkiseutu** (2647339-1) | LähiTapiola **Savo**  
(1759597-9) | LähiTapiola **Savo-Karjala** (0218612-8) | LähiTapiola **Uusimaa** (0224469-0) |  
LähiTapiola **Varsinais-Suomi** (0204067-1) | LähiTapiola **Vellamo** (0282283-3) |  
LocalTapiola General Mutual Insurance Company (0211034-2)

The companies' contact details are available at [www.lahitapiola.fi](http://www.lahitapiola.fi).

