



Directors and Officers' Extended Liability Insurance

VA 26, insurance terms and conditions 1 January 2021

1 Purpose of insurance

On the basis of these terms and conditions and the General Terms of Contract (YL), Pohjola Insurance Ltd (hereafter 'the insurance company') undertakes to

- cover the losses referred to in clause 3.1 below and other expenses specified separately in these terms and conditions;
- investigate the grounds for and amount of damages,
- negotiate with the claimant, and
- handle court proceedings or pay legal expenses if the indemnity issue is subjected to legal proceedings.

2 Those insured and territorial limits

2.1 Companies covered by the policy

The policy covers the policyholder and its subsidiaries. A company is considered a subsidiary if it fits the definition of the Finnish Limited Liability Companies Act.

2.2 Those insured

Those insured are the following of the insured company:

- a. the management, consisting of legally elected former, current and future members of the supervisory board and the board of directors and their deputies, the managing director, his/her deputy and the chairman of the general meeting.
- b. employees, provided the claim is based on an employee's act or negligence in a management duty or if the employee, together with a person belonging to management, is in the position of defendant or the object of a claim.

If the insured person is dead, insolvent or bankrupt, or his/her competence is restricted, the policy is valid for the benefit of the insured person's spouse, heir, estate, assignee or guardian, should any of these be subject to a claim on the basis of an act or negligence of the insured person.

Those insured do not include the administrator appointed under the Restructuring of Enterprises Act (47/1993), the trustee in bankruptcy, or any other party that assumes the position of or replaces the insured.

2.3 Territorial scope

Unless otherwise agreed and recorded in the insurance policy, the policy is valid throughout the world excluding the United States and Canada. The policy applies to claims within this area under the appropriate law.

3 Coverable losses and investigation and defence expenses

3.1 Coverable losses

A. Insured person's indemnification liability

The insurance covers losses

- caused by the insured person while acting as a member of an administrative body of the insured company; and
- for which the insured person is liable under the Limited Liability Companies Act or any special enactment regarding the liability of a company's administrative bodies.

B. Compensation of company expenses

The insurance company will compensate the insured company for expenses the company has had to pay in claims or expenses on behalf of the insured persons provided that the insurance company would have compensated such expenses directly to the insured persons under the terms and conditions. The insurance company will not compensate any expenses to the insured person for which they already have been compensated.

3.2 Coverable investigation and defence expenses

The insurance compensates investigation and defence expenses as specified below in clause 6.

The insurance compensates expenses in advance as specified in clause 7.3.

3.3 Loss events and corresponding insurance periods

The insurance covers losses

- for which a written claim has been presented to the insured person during the validity of the insurance policy or extended reporting period; and

- which are a consequence of an act committed or omission occurred after the date specifically stated in the insurance policy (retroactive date).

In case no retroactive date appears from the policy, it is the inception date of the policy.

The insurance will also cover a loss if a written claim is presented to the insured person within five years of the expiry of the insurance period, provided that the insured person informed the Insurance Company in writing during the policy's validity of the event or circumstance that has come to his/her notice and on which the claim is based.

With regard to a newly established subsidiary, the retroactive date is the company's registration date or some other equivalent date specified abroad. The retroactive date of a new purchased subsidiary is the date when ownership was transferred.

3.4 Extended loss reporting period

The insured person has the right, without extra charge, for a reporting period of twelve (12) months if the insurance company or the policyholder refuses to renew the policy at the end of the insurance period or if either party terminates the policy in the middle of the insurance period. The duration of the reporting period is calculated from the date when the insurance policy terminates.

However, there is no right for a reporting period if:

- a corporate transaction took place before the insurance policy terminated;
- the policy was cancelled because the premium was unpaid;
- the policyholder took out another liability insurance policy for management to replace this policy or a liability insurance policy with similar coverage.

4 Exclusions

4.1 Loss incurred by policyholder

The insurance does not cover any loss incurred by the policyholder or a shareholder, if the insured person or a company in which the insured person has a majority shareholding, together or separately have or has a shareholding of more than 30% in the company acting in the capacity as the policyholder.

4.2 Loss related to work performed under contract

The insurance does not cover expenses arising from work performed in order to rectify the result of work included in the insured persons responsibilities or work redone, not even in the case the work is performed by a party other than the insured person.

4.3 Bodily injury and material damage

The insurance does not cover bodily injury or material damage or any related financial loss or expense.

Material damage is also deemed to include the destruction of, damage to or loss of cash, securities, unused postage stamps, coupons, bills of exchange, cheques and other similar certificates of claim.

The insurance compensates, nevertheless, the insured person's necessary and reasonable legal expenses related to his/her defence in trials relating to the Finnish Occupational Safety and Health Act or equivalent legislation outside Finland.

The prerequisite for the policy's validity is that the policyholder and its subsidiary:

- have a designated person or persons dealing with risk management and/or safety
- have an electronic safety management system or method
- have a notification and investigation method for accidents and related dangerous situations.

4.4 Loss caused by environmental damage

The insurance does not compensate environmental damage for which the insured company or insured party is liable under legislation on the compensation of environmental damage or equivalent foreign legislation. The policy does, however, compensate the insured person's reasonable and necessary defence expenses concerning his/her personal indemnification liability regarding environmental damage.

4.5 Contractual liability

The insurance does not cover any loss insofar as the liability is based on a provision of a contract under which the insured person has assumed greater responsibility than would apply to him/her under current legislation in the absence of such contractual provision.

4.6 Loss related to payment in or acceptance of cash

The insurance does not cover any loss caused by miscalculations or another reason in accepting cash or making payments in cash. Neither does the insurance cover any expense related to such a loss.

4.7 Loss related to the insured person's remuneration

The insurance does not cover any loss caused by a decision on the salary, bonuses or other personal benefits or compensation paid to the insured person. Neither does the insurance cover any expense related to such a loss.

4.8 Loss caused wilfully or through gross negligence

The insurance does not cover any loss caused wilfully or through gross negligence, nor any expense related to such a loss (see clause 7 of the General Terms of Contract, YL). A loss can be considered to have been caused wilfully or through gross negligence if, for example, the act, operating method or neglect has involved a considerable risk for the loss to take place.

4.9 Loss related to fines and taxes

The insurance does not cover any fines, punitive damages, taxes, additional taxes, tax increases or other similar sanctions or expense.

4.10 Loss related to legal expenses arising from a summary penal order

The insurance does not cover legal expenses arising from a summary penal order.

4.11 Loss caused by defamation of character or invasion of privacy

The insurance does not cover any loss caused by defamation of character or invasion of privacy. Neither does the insurance cover any expense related to such a loss.

4.12 Loss related to maintenance of insurance policies

The insurance does not cover any loss caused by the insured person's error or failure in taking out and maintaining the necessary and sufficient insurance policies on behalf of the insured company. Neither does the insurance cover any expense related to such a loss.

4.13 Share issue

Unless otherwise agreed and recorded in the insurance policy, the policy does not compensate for a loss that relates to a share issue of a company covered by policy.

4.14 Loss related to employment contract, Employment Contracts Act and Act on Equality between Women and Men

The insurance does not cover loss in case liability for damages is based on breach of an employment contract, collective agreements, the Employment Contracts Act (Act no. 320 of 1970) or the Act on Equality between Women and Men (Act no. 609 of 1986). Neither does the insurance cover any expense related to such a loss.

4.15 Loss caused by known risk of loss

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

4.16 Loss caused by asbestos and silica

The insurance does not cover loss or losses which directly or indirectly arise out of, result from or in any way involve asbestos, silica (silicon dioxide) or silica-related dust, or any material containing asbestos, silica or silica-related dust in whatever form or quantity. Neither does the insurance cover any expense related to such a loss.

4.17 Loss caused by war and terrorism

The insurance does not cover losses caused either directly or indirectly by, or connected with, war or warlike activity (whether war has been declared or not), civil war, rebellion, unrest caused by civil uprising, coup, revolution or terrorism. Neither does the insurance cover any expense related to such a loss.

4.18 Loss caused by tobacco

The insurance does not cover any loss caused by tobacco, tobacco products or tobacco smoke. Neither does the insurance cover any expense related to such a loss.

4.19 Loss related to public procurement

The insurance does not cover loss or damage or compensatory fees resulting from public procurement procedures as referred to in the Public Procurement Act (1505/1992). Neither does the insurance cover any expense related to such a loss.

4.20 Loss caused by violation of intellectual property rights

The insurance does not cover any loss or costs caused by or in a way resulting from violation of intellectual property rights.

4.21 Other liability insurance policies

The insurance does not cover any loss coverable under some other or previously effective liability insurance. Neither does the insurance cover any expense related to such a loss.

4.22 Data security breach

The insurance does not cover any loss caused by a data security breach. A data security breach refers to the illegitimate or unlawful processing of personal or confidential data or the unauthorised disclosure, distribution, destruction, loss or alteration of such data. Neither does the insurance cover any expenses incurred by the insured party due to measures taken to mitigate the potential adverse effects of a data security breach or as the result of communicating the data security breach to data subjects or notifying the supervisory authority of the data security breach.

5 Claims settlement

5.1 Insurance company's obligations

The Insurance Company must investigate whether the insured person is liable to pay damages for a reported loss covered under the insurance, for the part exceeding the deductible, and must negotiate with the claimant.

If the insured company or person makes good the loss, agrees thereon or accepts the claim, this will not be binding on the Insurance Company unless the amount of and grounds for the damages are manifestly correct. If the insurance company has reached an agreement on compensation with the party who has sustained a loss coverable under the insurance, and the insured party does not agree to this, the insurance company will not be held liable for any subsequent expenses or for more than it would have indemnified on the basis of the aforementioned agreement. Nor is the insurance company liable to conduct any further investigations into the matter.

5.2 Policyholder's and insured person's obligations

The policyholder and those insured shall

- after having become aware of a claim or any event or circumstance that might give rise to a claim, notify the insurance company thereof without delay;
- provide the insurance company with all information, documents and other material in his/her possession that are relevant to the claim settlement

- obtain or prepare any necessary clarifications and studies available at reasonable expense and
- reserve the insurance company the opportunity to participate in bringing about an amicable settlement.

6 Trial or other administrative proceeding

If a claim for damages, based on grounds which constitute a loss coverable under the insurance, is submitted to the court, the policyholder and the insured person must promptly notify the Insurance Company thereof as soon as such legal proceedings have been brought to the policyholder's or the insured person's attention. If a claim for damages concerns a loss that, as to its grounds and amount, is coverable under the insurance, the Insurance Company will pay the resulting legal expenses provided that

- the claim notification was submitted before the rejoinder and
- the insurance company has approved the attorney being used.

The insurance company not under an obligation to handle a trial.

What is stated above within this clause also applies to expenses related to an administrative proceeding or legal defence that are not related to the claim and is otherwise coverable under the insurance terms and conditions.

If the legal proceedings also concern other issues, the insurance shall only cover that part of the expenses arising from the claim for damages covered by the insurance or otherwise coverable under the insurance terms and conditions. The insurance company always has the right to assume the policyholder's defence at the legal proceedings.

7 Indemnification regulations

7.1 Damages

The insurance covers the damages for which the insured party is liable. The amount of damages is calculated according to damages regulations and legal practice.

If several parties are jointly and severally liable for the same loss, the insurance covers only that part of the loss which corresponds to the insured person's share of the liability. If no other grounds exist, the indemnity is paid per capita.

7.2 Costs incurred due to preventing risk of an impending loss

The policyholder and the insured are 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 arising from such necessary measures are coverable under the insurance.

7.3 Compensation of investigation and legal expenses in advance

The insurance covers in advance reasonable and necessary loss investigation costs before the actual obligation to indemnify costs has been determined. Inasmuch as the insured person has been found guilty of a crime or the expenses are otherwise not coverable under the policy, the expenses will be collected from the insured person, or should the insured person be insolvent, from the policyholder.

7.4 Maximum indemnity

The maximum amount of compensation paid out from the policy during a single insurance period is the sum insured recorded in the insurance policy, which includes the expenses incurred from investigations, negotiations, interest payments and legal proceedings.

Loss prevention costs are coverable in accordance with clause 6.2 of the General Terms of Contract, YL.

7.5 Serial loss

Losses caused by the same event or circumstance will be considered a single loss regardless of when the related claim or loss report was filed as specified in clause 3.2 above.

If the above-mentioned claim or loss report is filed during different insurance periods, they will be attributed to the insurance period in which the first claim or report was filed.

7.6 Deductible

For each and every loss, the insured person's deductible specified in the insurance policy will be subtracted from the total amount of indemnity including any expenses incurred due to loss prevention, investigations, negotiations, interest payments and legal proceedings, all calculated in accordance with the insurance terms and conditions.

7.7 International sanctions

Pohjola Insurance, its subsidiary or a partner in a network underwriting insurance locally is under no obligation to pay indemnity, prevention costs or investigation and legal expenses if paying them is contrary to UN Security Council decisions, EU sanctions or regulations or United States sanctions or legislation.

8 Local liability insurance policies

8.1 Local liability insurance policies incorporated in this insurance

If the insured company has a local liability insurance policy taken out with Pohjola insurance that is incorporated in this policy, the sum insured of such local insurance policy will be included in the sum insured under this policy in such a way that the maximum aggregate amount payable out of this policy and the local policy is equal to the sum insured in this policy. Should Pohjola insurance have to pay out indemnity in excess of the sum insured, the policyholder must refund to Pohjola insurance any such excess amount.

A policyholder that is the parent company of the locally insured company or otherwise in charge of arranging the insurance cover must inform the locally insured subsidiaries of the existence of this insurance programme and of their duty to pay the premiums of their local policies arranged in connection with this insurance programme.

8.2 Other local liability insurance policies

Where the insured company has taken out liability insurance policies other than those referred to in clause 8.1, the sum insured under such policies is the deductible under this policy.

8.3 Indemnification under different liability insurance policies

If the insured company has local liability insurance policies referred to in clause 8.1 above, the loss will first and foremost be covered under them. This insurance covers, according to the terms and conditions, any loss not covered under local liability insurance policies referred to in clause 8.1 above.

If the deductible of a local liability insurance policy referred to in clause 8.1 is higher than the deductible under this policy, the deductible of the local liability insurance policy will always apply.

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Domicile: Helsinki, main line of business: non-life insurance companies

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