

Directors and Officers' Liability Insurance

Product guide
Valid as of 1 April 2020



This product guide provides a general outline of what Directors and Officers' Liability Insurance covers and what the main exclusion clauses are.

Please also read the insurance terms and conditions because they define the content of the insurance. The following are applied to this policy:

- Directors and Officers' Liability Insurance, terms and conditions VA 06
- General Terms of Contract YL

Customer-specific special clauses can also apply.

An extended, international version of the Directors and Officers' Liability Insurance terms and conditions is also available. Please contact your Pohjola Insurance contact person if necessary.

Corporate management can become personally liable for their activities

Any actions or omissions of the managing director or member of the board of directors can cause loss to the company, a shareholder or a third party, such as the company's creditor.

According to the Limited Liability Companies Act, a member of the company's administrative body can become personally liable for any loss which

- he or she has deliberately or negligently caused to the company, or
- he or she has deliberately or negligently caused to the company, a shareholder or a third party in violation of the Limited Liability Companies Act or the Articles of Association.

What does Directors and Officers' Liability Insurance cover?

Directors and Officers' Liability Insurance covers losses which members of management (insured persons) have caused in this role and for which they are per-

sonally liable under the Limited Liability Companies Act or any special enactment regarding the liability of a company's or other legal person's administrative bodies.

Directors and Officers' Liability Insurance covers financial losses

- for which a written claim has been presented to the insured person during the validity of the insurance policy; and
- which are a consequence of an act committed or omission occurred after the date specifically stated in the insurance policy (retroactive date) or the policy's inception date.

We will determine the insured's liability

We will determine whether the insured member of management is liable for the reported loss which is covered under Directors and Officers' Liability Insurance and exceeds the deductible. If the indemnity issue is subjected to legal proceedings, we will defend the insured against the claimant. Investigation and legal defence expenses are also covered.

Liability insurance does not cover everything the insured is liable for

Directors and Officers' Liability Insurance does not cover everything that the insured can be liable for. Liability insurance always covers less than what the indemnification liability is under the law in force. Directors and Officers' Liability Insurance includes restrictions, read them carefully!

For example, Directors and Officers' Liability Insurance does not cover

- loss incurred by the policyholder

- bodily injuries and material damages
- fines and taxes
- loss incurred by a company belonging to the same Group as the policyholder
- loss caused wilfully or through gross negligence
- loss related to legal expenses arising from a summary penal order.

Examples of losses

We have provided examples below showing which kind of losses are indemnified under liability insurance and which are not. These examples cannot be generalised, as the circumstances of each insurance event affect the claims settlement decision.

Example

The Board decided to secure a company receivable in a bankruptcy. This was the Managing Director's responsibility. The Managing Director was leaving his post, and the matter was forgotten. The receivable was a loss to the company and the Managing Director was liable for it to the company. The loss was compensated from the Directors and Officers' Liability Insurance less the deductible.

Example

According to the Articles of Association, shareholders had the right to redeem the company's shares put on offer. A member of the Board of Directors was responsible for notifying those who had the right to redeem shares. However, the Board member gave the wrong share redemption period and a claim for redemption arrived late. The shareholder entitled to redemption claimed damages from the Board member for the loss incurred due to missing the opportunity to redeem shares. According to the court decision, both the member of the Board of Directors personally and the company were liable for the loss. The Board member's personal liability was indemnifiable under Directors and Officers' Liability Insurance and the loss was compensated, less the deductible. The insurance did not cover the company's share of the liability because the insurance does not cover losses for which a court has found the policyholder company to be liable.

Example

A company had to dismiss an employee who had repeatedly and seriously neglected his duties. The employee was of the opinion that he was discriminated against and sued the Board member who had been in charge of the dismissal. The matter was not indemnified from Directors and Officers' Liability Insurance because the insurance does not cover claims related to employment. (If the company has legal expenses insurance, it can claim compensation for the legal expenses arising from the employment dispute.)

Example

The Managing Director owned 35 % of the company's shares and a member of the Board of Directors 15 %. The company went bankrupt and the bankruptcy estate found that the negligent acts of the Managing Director and the member of the Board of Directors had caused damage to the company. The Managing Director was not protected by Directors and Officers' Liability Insurance. With respect to the Board member, the claim was processed under the insurance since his holding of the company did not exceed 30 % of the company's shares. This was because 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.

Territorial scope, maximum indemnity and deductible

Directors and Officers' Liability Insurance is valid in Finland unless otherwise stated in the insurance policy.

The maximum amount of compensation is entered in the policy document. The maximum amount of compensation for one loss and during one insurance period is EUR 200,000, or any other sum entered in the insurance policy. In addition to the compensation, the maximum amount includes the costs of investigation, negotiation, interest and legal expenses.

The deductible is subtracted from the coverable expenses. The deductible is subtracted for each loss. The deductible is EUR 2,000 per insured person or another deductible specified in the policy. The insured persons must themselves pay the deductible amount to the injured party.

Factors affecting the premium

The premium of Directors and Officers' Liability Insurance is affected by factors such as the company's line of business and turnover. The premium is also affected by the chosen sum insured and deductible. In some specific cases, other factors, such as whether the company has recently been listed or is about to list on the stock exchange, may affect the premium.

In the event of loss or damage

Instructions

The insurance company must be given the opportunity to assess the loss in cooperation with the policyholder and the insured person. The insurance company must get as detailed as possible an account of the factors that led to the loss, and any action or neglect that contributed to it.

How to claim indemnity under liability insurance

The loss must be reported as soon as possible once a claim has been made or the insured has been notified of an event or circumstance that might give rise to a claim. A loss report does not have to be filed in a specific format, and you can do it on our website or Internet Service. The loss report should be made with care in order to ensure maximum speed and correctness in the processing of the claim.

Appeals

An insured person or party suffering loss who is not satisfied with the claim settlement decision may appeal it. See the instructions on filing a complaint or appeal appended to the claim settlement decision. For more information about appealing, go to op.fi.

Handling of personal data

Pohjola Insurance processes customers' personal data in accordance with regulations in force and in a manner described in greater detail in the Privacy Statement and the Privacy Policy. It is recommended that the customer read such privacy protection information. The Privacy Statement and the Privacy Policy are available at op.fi and the Pohjola Insurance's customer service outlets.

Insurance sales commissions

The insurance company will pay a commission that is either a percentage of the insurance premium or a fixed fee based on the number of policies sold. The commission and its amount is affected by the insurance product and sales channel. The commission is paid to the agent or insurance company employee.



Our services

Manage your insurance matters at op.fi

Login to op.fi using the user identifiers for your own bank.

Once logged in, you can

- report a loss and file claims
- make changes to your company's policies
- order a Green Card
- print out certificates of insurance

Pohjola Claim Help at your assistance 24/7

Pohjola Claim Help provides clear instructions for all types of accidents and losses. In the event of loss or damage, Pohjola Claim Help also lists the contact details of our doctor, repair shop and other partners.

Pohjola Claim Help is available at claimhelp.pohjola.fi and the OP Business mobile app.

Our telephone services

Pohjola Insurance

- Insurance and Claims Settlement 0303 0303*

Service numbers for statutory insurance**

- Motor third party liability accidents 030 105 502
- Work-related accidents 030 105 503
- Motor third party liability and occupational accident insurance 030 105 501

* From mobile phones and landline networks in Finland, EUR 0.0835 per call plus EUR 0.12 per minute. The price includes VAT.

** Call charge: local/mobile network rate (lnr/mnr).

We record customer calls to assure the quality of customer service, among other purposes.

Advice on claims and insurance policies

Our insurance and claims advisors provide personal assistance in our telephone service. You can also file a complaint or appeal an insurance or claim settlement decision with our customer ombudsman. For more information on filing an appeal, visit op.fi/filing-a-complaint

For independent advice, contact the Finnish Financial Ombudsman Bureau (FINE), tel. +358 9 685 0120, www.fine.fi/en

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

Regulatory authority: Financial Supervisory Authority, finanssivalvonta.fi/en

