



Professional Indemnity Insurance for Construction Supervisor

VA 09, general insurance terms and conditions 1 April 2020

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 (hereafter the insurance company) undertakes to

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

The insurance covers the supervision 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

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

The insurance covers insured operations within this territory and any claims handled in accordance the legislation in force therein.

3 Coverable loss events and related exclusions

3.1 Coverable loss events

The insurance covers bodily injury, material damage and financial loss caused to a third party in the insured operations, provided that

- a written claim has been presented to the insured person during the validity of the insurance policy
- it is a consequence of an act or case of neglect occurring after the inception date of the insurance
- the policyholder is liable for it under current legislation
- indemnification liability is based on an error, deficiency or neglect in building work supervision.

By building work supervision we mean construction supervision to ensure that construction is carried out in a way that is technically correct and technically in agreement with the construction contract. The technical supervision of building services engineering and excavation is also considered construction supervision. The insurance will also cover a loss if a written claim is presented to the insured person within two 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.

The insurance covers loss or damage only to the extent and amount that the policyholder would be liable for it on the basis of the liability provisions contained in the general terms of contract for consultancy (KSE), valid from time to time, even if these terms of contract had not been applied. However, the scope of compensation liability specified herein does not apply when work has been ordered by a private individual or institution considered to be a consumer.

3.2 Restrictions

3.2.1 Loss incurred by policyholder or partner

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

3.2.2 Company under same ownership

The insurance does not cover any loss incurred by

- a company belonging to the same Group as the policyholder, or
- a company which, on the basis of majority ownership or otherwise, is under the same control as the policyholder.

3.2.3 Loss related to work performed under contract

The insurance does not cover any work performed in order to repair the results of work done on the basis of a commission agreement, nor does it cover any work redone, even if such work is performed by a party other than the policyholder.

3.2.4 Contractual liability

The insurance does not cover any loss insofar as the policyholder has agreed to assume greater liability than that specified in clause 3.1 above.

3.2.5 Loss caused by termination of a contract

The insurance does not cover any loss caused by termination of a contract between the policyholder and a client.

3.2.6 Feasibility studies, cost/benefit analyses and other calculations

The insurance does not cover any loss caused by errors, shortcomings or omission in bills of weight and quantities or in feasibility studies and cost-benefit analyses.

3.2.7 Appearance and faults in quality of object of design

The insurance does not indemnify against loss caused by the object of design not being successful in terms of its shape, material or other aspect of appearance, or does not fulfil the client's quality requirements. However, the policy indemnifies losses resulting from the building not conforming with the relevant building or other official regulations.

3.2.8 Loss caused by delay

The insurance does not cover any loss caused by a delay in the policyholders work performance.

3.2.9 Consequential or indirect loss

The insurance does not cover consequential or indirect loss such as lost output or profit or other financial consequence. However, this exclusion does not apply when the injured party is a private person who is considered a consumer.

3.2.10 Experimentation

The insurance does not cover loss caused by the use of new, as-yet-untested materials, structures or methods.

3.2.11 Operating capacity or performance

The insurance does not compensate for loss that was caused because the person assigned with the job had too low an operating capacity or poor performance level. This exclusion is not applied, however, if plans, examination or measurement results, calculations, drawings, specifications, instructions or guidelines clearly contain an error.

3.2.12 Loss related to test excavation and blasting

The insurance does not cover any loss occurring in connection with test excavation or blasting.

3.2.13 Loss caused by work supervision

The insurance does not cover any loss caused by work supervision or administrative supervision by a person in charge of construction or by some other person in charge.

3.2.14 Computer errors

The insurance does not cover any loss caused by the policyholders operations to the data media, software or data files of the client.

3.2.15 Loss related to fines and taxes

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

3.2.16 Nuclear accident

The insurance does not cover any loss caused by a nuclear accident as referred to in the Nuclear Liability Act (484/1972) or corresponding foreign legislation.

3.2.17 Chemical and other substances or products

The insurance does not cover any loss or damage caused either directly or indirectly by:

- asbestos
- lead or lead paint
- polychlorinated biphenyl (PCB)
- chlorinated hydrocarbons
- ureaformaldehyde
- diethylstilbestrol (DES)
- electromagnetic fields (EMF)
- welding fumes
- silica or silica-related dust
- genetically modified organisms (GMO)
- nanotechnology elements in products
- fungi, mould or bacteria on or within a building or other structure.

3.2.18 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.

3.2.19 Loss caused wilfully or through gross negligence

The insurance does not cover any loss caused wilfully or through gross negligence by the policyholder or a third person for whom the policyholder is liable (see General Terms of Contract (YL), section 7).

3.2.20 Loss caused by known risk of loss

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

3.2.21 Other liability insurance policies

The insurance does not cover any loss to the extent that the loss is covered by another liability insurance policy taken out by the policyholder.

3.2.22 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.

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 Policyholders must ensure that a sufficient number of staff that is suitably qualified is used to perform the work.

4.2 When employing subcontracted consultants, the policyholder must obligate them to take out a professional liability insurance and to keep it in force.

5 Claims settlement

5.1 Policyholder's obligations

The policyholder must seek to allow the Insurance Company the opportunity to assess the amount of loss and contribute to reaching an amicable settlement.

The policyholder must

- participate in the investigation into the loss at his own expense
- provide the insurance company with all information, documents and other material in his possession relevant to the claims settlement, and
- obtain any necessary reports and carry out any essential enquiries available to him at a reasonable expense.

If a loss event gives rise to legal proceedings, the policyholder must promptly notify OP thereof.

5.2 Insurance company's obligations

The Insurance Company must investigate whether the policyholder is liable to pay damages for any reported loss event covered under the insurance, for the part exceeding the deductible, and must 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 of and grounds for the damages are manifestly correct. If the Insurance Company has notified the policyholder that it is prepared to settle with the party who has suffered a loss in order to indemnify, within the limits of the sum insured, for any loss coverable under the insurance but the policyholder is not agreeable to this, the Insurance Company will not be held liable to indemnify for any subsequent expenses or conduct further investigations into the matter.

6 Compensation

The insurance covers the expenses referred to in clauses 6.1-6.3, within the limits permitted by the sums insured and deductibles specified in the insurance policy.

6.1 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 and severally liable for the same loss, the insurance will cover only the portion of the loss that corresponds to the policyholders share of the liability and to any advantage he/she may have gained from the event causing the loss. If no other grounds exist, the indemnity is paid per capita.

Legal provisions on value added tax will be taken into account when calculating the loss amount. The portion accounted for by the tax will not be paid if it is deductible in the insured party's or beneficiary's taxation. Value added tax will not be compensated in case the insured party or beneficiary has the right of refund with respect to value added tax.

6.2 Costs incurred from eliminating the danger of an impending loss

The insurance also covers costs incurred due to preventing the immediate risk of a loss coverable under the insurance, caused by necessary measures without which loss would be inevitable.

6.3 Investigation and legal expenses

The insurance covers reasonable and necessary expenses incurred in investigating the loss, but not the investigation expenses for which the policyholder is liable under the insurance terms and conditions or on which have not been specifically agreed with the Insurance Company.

If a claim matter is submitted to the court and is based on grounds which obviously constitute a loss coverable under the insurance, the Insurance Company will appear in court on behalf of the policyholder and pay the resulting legal expenses.

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.

7 Sum insured

7.1 Maximum indemnity

The aggregate maximum amount of all indemnities paid for losses claimed during one insurance period, including any expenses incurred due to loss prevention, investigations, negotiations, interest payments and legal proceedings, is the sum insured indicated in the insurance policy.

7.2 Serial loss

Losses caused by the same error, shortcoming or omission will be considered a single loss (serial loss) regardless of when they are claimed. If such losses are claimed during different insurance periods, they will be attributed to the insurance period in which the first loss was claimed.

8 Deductible

For each and every loss, the policyholder has a deductible specified in the insurance policy. Losses to the target of a supervision agreement are considered as one loss. The deductible 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.

9 Calculating the insurance premium

If, due to the nature of the policyholders business, the insurance premium can only be estimated in advance, the final premium will be determined after the expiry of the insurance period, when the difference between the final premium and the advance premium must 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 setting the final premium at an amount it considers reasonable.

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

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

