



Directors and Officers' Liability Insurance

VA 06, general 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 indemnity,
- 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 Those insured

Those insured include the policyholder's legally elected 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.

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.

2.2 Territorial scope

The insurance is valid in Finland and covers claims handled in accordance with current Finnish legislation.

3 Coverable losses and related exclusions

3.1 Coverable losses

The insurance covers losses

- caused by the insured person while acting as a member of an administrative body of the policyholder; 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 or other legal person's administrative bodies.

3.2 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; 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.

3.3 Restrictions

3.3.1 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.

However, the insurance compensates losses caused by the insured shareholder to other than the policyholder or its shareholders.

3.3.2 Loss related to liability to a company under the same ownership

The insurance does not cover any loss incurred by

- a company belonging to the same group as the policyholder, or
- a company under the same control as the policyholder on the basis of ownership or voting rights or otherwise.

3.3.3 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 person's responsibilities or work redone, not

even in the case the work is performed by a party other than the insured person.

3.3.4 Bodily injury and material damage

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

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.

3.3.5 Loss caused by environmental damage

The insurance does not cover environmental damage for which the policyholder or the insured person is liable by virtue of the Act on Compensation for Environmental Damage.

3.3.6 Loss caused by 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.

3.3.7 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.

3.3.8 Loss related to the insured person's remuneration

The insurance does not cover any loss caused by a matter concerning the salary, bonuses or other personal benefits or compensation paid to the insured person.

3.3.9 Loss caused wilfully or through gross negligence

The insurance does not cover any loss caused wilfully or through gross negligence (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.

3.3.10 Loss related to fines and taxes

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

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

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

3.3.12 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.

3.3.13 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 policyholder.

3.3.14 Loss related to share purchases

The insurance does not cover any loss caused by the insured person buying, directly or indirectly, on behalf of the policyholder shares of the company acting as the policyholder or of its parent company or subsidiary.

3.3.15 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 or the Act on Equality between Women and Men.

3.3.16 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 person was or should have been aware at the inception of the insurance cover.

3.3.17 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.

3.3.18 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.

3.3.19 Loss caused by tobacco

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

3.3.20 Loss related to public procurement

The insurance does not cover loss or damage or compensatory fees resulting from tender procedures referred to in the Public Procurement Act.

3.3.21 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.

3.3.22 Other liability insurance policies

The insurance does not cover any loss coverable under some other or previously effective liability insurance held by the policyholder or the insured person.

3.2.23 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 Claims settlement

4.1 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 policyholder or the insured 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, and the policyholder or the insured person 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 will the Insurance Company be under any obligation to conduct further investigations into the matter.

4.2 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;
- participate in the investigation into the loss at his own expense
- provide the Insurance Company with all information, documents and other material in the policyholder's possession relevant to the claims settlement
- obtain or prepare any necessary clarifications and studies available to the policyholder at reasonable expense and
- reserve the Insurance Company the opportunity to participate in bringing about an amicable settlement.

5 Legal proceedings

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 loss report has been submitted before the statement of defence is given and
- the legal representative is approved by the Insurance Company.

If the legal proceedings also concern other issues, the insurance will cover only the portion of the expenses incurred due to the claim covered by the insurance.

The Insurance Company always has the right to assume the policyholder's defence at the legal proceedings.

6 Indemnification regulations

6.1 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.

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.

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.

6.2 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.

6.3 Investigation and legal expenses

The insurance also 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.

Legal expenses are covered as specified in clause 5 above.

6.4 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.

6.5 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.

6.6 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 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

