



Cyber-insurance

General insurance terms and conditions

KY 01, valid as of 1 January 2023

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1. Cyber-insurance

1.1 Structure of insurance

The insurance includes business interruption (KE) and general liability insurance (VA) covers.

1.2 Purpose of insurance

On the basis of these terms and conditions and the General Terms of Contract (YL), Pohjola Insurance Ltd (hereinafter referred to as the "Insurance Company") undertakes to

- cover financial loss caused to the object of insurance by damage referred to in clause 3.1 below and other expenses specified separately in these terms and conditions, and
- cover the losses referred to in section 3.2 below and other expenses specified separately in these terms and conditions, investigate the grounds for and amount of damages, negotiate with the claimant and appear in court or pay the legal expenses if the claim for damages leads to legal proceedings.

The insurance covers the policyholder's business activities that were reported to the insurance company when the insurance was taken out and which are recorded in the insurance policy (insured activity).

1.3 Territorial limits

The insurance is valid throughout Europe, unless otherwise agreed and recorded in the insurance policy. The insurance covers insured activities within this territory and any claims handled in accordance with the legislation in force therein.

2. Object and validity of insurance

2.1 Loss incurred by policyholder

The object of the insurance consists of business operations engaged in by the policyholder and specified in the insurance policy. The insurance covers financial loss caused by interruption of business in accordance with clause 3.1 when the loss is a consequence of a data system break-in, computer virus, denial of service attack or malicious software in an internal or outsourced information network. The maximum amount of indemnity paid under the insurance is the sum insured stated in the insurance policy on a first loss basis.

The indemnity period is a continuous period for which a business interruption loss is covered. Unless otherwise agreed and recorded in the insurance policy, the indemnity period is 12 months.

2.2 Damage caused to a third party

The insurance covers financial loss caused to a third party due to a data security breach that has taken place in the insured party's own data network or in an outsourced or distributed web service, and which is not connected to bodily injury or material damage.

2.3 Period of validity

The insurance covers business interruption losses and other expenses specified in clause 3.3

- which are a consequence of a data system break-in, computer virus, denial-of-service attack or malicious software 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 covers liability losses

- for which a written claim has been presented to the insured party during the validity of the insurance policy; and
- which are a consequence of a data security breach 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 liability loss if a written claim is presented to the insured party within two months of the expiry of the insurance period, provided that the insured party 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. Coverable losses and related exclusions

3.1 Business interruption loss sustained by the policyholder, and file recovery

The insurance covers financial loss caused by interruption of business, which is a direct consequence of a data system break-in, computer virus, denial-of-service attack or malicious software in an internal or outsourced network.

The insurance also covers necessary and reasonable expenses incurred by the insured party for investigating the cause for the data system break-in and recovering data, files, software or networks that have been destroyed or deleted or that have otherwise become unusable.

3.1.1 Disruption, slowdown or interruption in the distribution of production factors

The insurance does not cover any loss caused by a fault or interruption in electricity supply or telephone or telecommunications services due to a failure in the general electrical power system or information network.

3.1.2 Poor performance

The insurance does not cover any loss caused by ageing, wear and tear, reduced performance or poor maintenance of hardware, equipment, software, data networks or other property used by the insured.

3.1.3 Incompleteness

The insurance does not cover any loss caused by the use of programs, applications or software whose development or testing has not yet been completed or which have not been approved for use in a real operating environment. Any software in use must be official release versions by the software supplier.

3.2 Damage caused to a third party (liability losses)

The insurance covers financial loss caused to a third party due to a data security breach that has taken place in the insured party's own data network or in an outsourced or distributed web service, and which is not connected to bodily injury or material damage and for which the insured is liable for damages.

- to the policyholder's client under a contract made with the policyholder or
- to a party other than the policyholder's client on the basis of valid legislation, and
- where the liability is based on a data security breach affecting personal data, or the disclosure of information defined as business secret in the Criminal Code of Finland or equivalent foreign legislation.

Under this provision, the insurance also covers necessary and reasonable expenses incurred by the insured party for investigating the cause for the data security breach and the expenses of recovering data, files, software or networks that have been destroyed or deleted or that have otherwise become unusable.

3.2.1 Company under the same ownership

The insurance does not cover any loss incurred by

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

3.2.2 Contractual liability

The insurance does not cover any loss insofar as the liability is based on a contractual provision under which the policyholder has assumed greater responsibility than would apply to the policyholder under current legislation in the same contractual relationship in the absence of such contractual provision.

3.2.3 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 Other coverable expenses

The insurance indemnifies expenses incurred by the insured as a result of a loss event and approved in advance by the insurance company, arising from necessary crisis management measures, such as investigating and mitigating the loss event, providing information as required by law, using legal counsel and handling communications.

The insured is under obligation to prevent or limit the loss from an impending or actual insurance event (see General Terms of Contract (YL), clause 6.2).

With respect to liability insurance claims, 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.

3.4 Restrictions

3.4.1 Sanctions

The insurance does not cover fines, liquidated damages or other similar damages or consequences which are based on law or an agreement.

3.4.2 Known risk of loss or damage

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

3.4.3 Bodily injury and material damage

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

3.4.4 Other insurance

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

3.4.5 Non-updated firewall and antivirus software

The insurance does not cover any loss arising from insufficient and non-updated firewall or antivirus software.

3.4.6 Neglect of backup

The insurance does not cover any loss arising from the neglect of backup. The policyholder must ensure on a daily basis that up-to-date backups exist of all files. Backups must be kept separate from the original files so as to prevent any simultaneous damage.

3.4.7 War, cyber war, cyber operations, government influence and circumstances comparable to war

The insurance does not cover any loss incurred by war, circumstances preceding or following a war, cyber war or cyber operation, or government influence or attempt thereof.

When assessing the cause of the cyber operation or government cyber influence, the primary but not the sole basis for assessment is whether the central government (including intelligence and security services) of the country where the information system is located has confirmed that it considers the cyber operation or influence to have been carried out by another named state or a party acting on behalf of such a state.

This restriction does not apply to policyholders comparable to a consumer in insurance policies that have commenced on or after 1 January 2023.

4. Indemnification regulations

4.1 Loss incurred by policyholder

4.1.1 The amount of business interruption loss

The amount of business interruption loss is assessed on the basis of a decrease in net sales. The amount of loss is calculated from the estimated gross profit in the indemnity period which would have been realised if the loss had not occurred. The amount of loss is, in other words, the difference between the estimated gross profit in the specified indemnity period and the realised gross profit, but no more than the sum insured entered in the insurance policy.

The estimated gross profit is obtained by deducting variable costs from the turnover (12 months).

The amount of loss is calculated up to the indemnity period specified in the insurance policy, even if the business interruption loss extended beyond the indemnity period.

Each clause herein must be interpreted in accordance with the principle that the purpose of this insurance is not to benefit the policyholder but to cover a real loss arising from business interruption in accordance with these terms and conditions.

The insurance company is discharged from any liability if the policyholder's accounting has not been performed as required by the Finnish Accounting Act and Ordinance.

The amount of business interruption indemnity consists of the loss amount calculated in accordance with the above rules, less

- any amount saved during the indemnity period because it was unnecessary to pay the expense included in the sum insured as a result of the loss event or because the expense was reduced, has or will be paid by another party or under another insurance or was otherwise saved
- the amount by which the operating profit of the policyholder, a company in the same group of companies or other party acting for the policyholder increased during the indemnity period owing to the loss, and
- any gross margin included in the indemnity received for the loss event.

4.1.2 Expenses paid to reduce business interruption loss

The coverable loss also includes expediting costs and other additional financially justifiable expenses paid by the policyholder in order to reduce a business interruption loss.

4.1.3 Other regulations for calculating the amount of business interruption loss

Termination of business operations

If business operations are discontinued after the loss event, the loss amount is the operating profit lost and the paid expenses included in the sum insured for the period it would have taken to resume business operations up to the indemnity period.

Expansion of business operations

Any reduction in net turnover due to use of part of the indemnity period for development or expansion of busi-

ness operations, or for other changes, are not taken into account in calculating the reduction in net turnover.

Delays in repairs

Business interruption loss is covered only for the time needed to rectify the loss or damage using effective rectification methods.

4.2 Damage caused to a third party

4.2.1 Insurance company's obligations

The insurance company must investigate whether the policyholder is liable to pay damages for any reported loss covered under the insurance, for the part exceeding the deductible, and negotiate with the claimant.

If the policyholder covers the loss, makes an agreement concerning it 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 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. The insurance company will also not be required to conduct any further investigations into the matter.

4.2.2 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 must immediately notify the insurance company thereof as soon as the policyholder has been informed of such legal proceedings.

If a claim for damages concerns a loss or damage 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 insurance company has approved the attorney being used.

If the legal proceedings also concern other issues, the insurance shall only cover the share of expenses arising from the claim for damages covered by the insurance.

The insurance company always retains the right to assume control of the legal proceedings.

4.2.3 Investigation and legal expenses in liability losses

The insurance also covers any reasonable and necessary expenses arising from the investigation of a loss, but not those investigation expenses which are the liability of the policyholder under the insurance terms and conditions, or which have not been separately agreed upon with the insurance company. Legal expenses are compensated in the manner described in section 4.2.2.

4.2.4 Damages

The insurance covers the damages for which the policyholder is liable. The amount of compensation is calculated according to compensation 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. Value added tax will not be compensated in the event that the insured party or beneficiary has the right of refund with respect to value added tax.

If several parties are jointly liable for the same loss, the insurance will only cover that share of the loss which corresponds to the policyholder's share of the indemnification liability. If no other grounds exist, the indemnity is paid per capita.

Losses caused by the same act or neglect will be considered a single loss regardless of whether they are discovered during one or more insurance periods. If such losses are discovered during different insurance periods, they will be attributed to the insurance period in which the first loss was discovered.

4.3 Maximum indemnity

The maximum indemnity paid per loss and per insurance period is no more than the sum insured stated in the insurance policy. The amount of indemnity includes any loss of profit margins, damages, crisis management and loss prevention costs as well as investigation, negotiation, interest and legal expenses.

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

4.4 Deductible

For each loss, the policyholder has a deductible specified in the insurance policy, which will be subtracted from the total amount of expenses arising from the loss event. The amount of loss includes any loss of profit margins as well as damages, loss prevention costs, investigation, negotiation, interest and legal expenses and any other expenses arising from the loss event.

4.5 Calculating the insurance premium

Unless otherwise specified in the insurance policy or otherwise provided by these terms and conditions, the premium is a fixed sum. The insurance premium is based on the turnover and sector of insured companies reported to Pohjola Insurance, and on the risk of loss relating to these.

5 Definitions

Information system

An information system is a system in which data is electronically processed, stored or transmitted.

Data security breach

A data security breach refers to a violation that results in an accidental or unlawful destruction, loss or alteration of personal data or business secrets transmitted, stored or otherwise processed. Unauthorised disclosure of, or unauthorised access to, data is also regarded as a data security breach.

Data breach

A data system break-in refers to a situation in which a person unlawfully intrudes into an information system by

using a username that does not belong to him or her or by otherwise breaking or bypassing a security feature in an information system.

Validity of cyber-insurance

Cyber-insurance can only be granted and remains effective if the policyholder has at least property and general liability insurance; if the latter are terminated, the insurance company has the right to terminate cyber-insurance.

Pohjola Insurance Ltd, Business ID 1458359-3

Helsinki, Gebhardinaukio 1, FI-00013 OP, Finland

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Regulatory authority: Finnish Financial Supervisory Authority, www.fiva.fi

