



# General conditions for liability insurance



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TVÜ-20211

*Unofficial translation. In case of differences in interpretation of following document, the Estonian text will be regarded as the original.*

## Application of conditions

1. These insurance conditions are a part of the **voluntary** liability insurance contracts of If P&C Insurance AS (hereinafter referred to as "If") if so referred to.
2. The insurance contract consists of the policy, insurance conditions, and any other documents referred to in the Insurance Contract. The General Conditions are used together with the terms and conditions of the class of liability insurance indicated on the policy, e.g. together with the "Professional Activities Liability Insurance Conditions." The rights and obligations set out in various documents shall be applicable together, without being mutually exclusive.
3. An exclusion of or limitation to the insurance conditions or any other provision of the insurance conditions is not applicable if a special agreement on an exclusion of, limitation to or provision of the insurance conditions has been indicated on the policy.
4. These General Conditions are a part of the **obligatory** liability insurance contract only based on an agreement between If and policyholder, which shall be indicated on the policy.
5. Any prior expressions of will, actions, or agreements by If and the policyholder shall not be considered as being part of the insurance contract.
6. In the case of any disputes arising, the Estonian version of the insurance contract shall prevail.

## Policyholder

7. The policyholder is a person who has concluded the insurance contract (hereinafter referred to as the "Contract") with If.

## Insured person

8. The insured person or the insured is a policyholder or any other person whose liability has been insured within the scope of the Contract.

### If the policyholder and the insured are not one and the same person

9. The policyholder is liable to ensure that the insured performs the terms and conditions of the insurance contract.
10. The policyholder shall explain to the insured the terms and conditions of the insurance contract, first and foremost the obligation to notify If and prevent as well as limit any damages.

## Transfer of claims

11. Persons whose products or services are used by the insured, are considered insured only if they are indicated on the policy.
12. If a person whose products or services are used by the insured are not considered as insured, then in the event of payment of the indemnity, the right of claim of the insured against such person shall be transferred to If to the extent of the indemnity.
13. In the event of payment of the insurance indemnity the right of recourse of the insured against other solidary obligors shall be transferred to If to the extent of the indemnity.

## Injured party

14. An injured party (third party) is a person for the indemnification of damages caused to whom the insured is liable.

## Personal injury, material damage and financial loss

15. The types of indemnifiable damages (personal injury, material damage, direct financial loss, indirect financial loss) shall be indicated in the terms and conditions of the class of liability insurance (e.g. Conditions for the Specialist Activities Liability Insurance) or established with an agreement.

### Personal injury

16. Personal injury shall be the following damages arising as a result of bodily harm, damages to the health or death caused to the injured party:
  - 16.1. reasonable and necessary treatment and maintenance costs;

- 16.2. reasonable and necessary costs of technical aids necessary for coping;
- 16.3. decreased income of the injured party as a result of incapacity for work;
- 16.4. loss or decrease of maintenance support of dependents;
- 16.5. reasonable and necessary funeral expenses.

## Material damage

- 17. Material damage shall be following damages caused as a result of destruction of or physical damages to the object that belongs to the injured party:
  - 17.1. reasonable and necessary costs on repairing the object;
  - 17.2. reasonable and necessary costs on replacing the object with an equivalent object;
  - 17.3. decreasing of the usual value of the damaged object.

## Direct and indirect financial loss

- 18. Direct financial loss shall be material damage that is not personal injury or material damage, but arises directly from personal injury or material damage indemnifiable under this insurance contract.
- 19. Indirect financial loss shall be material damage that is not personal injury, material damage or direct financial loss.

## Expertise, legal assistance and legal costs

- 20. If shall indemnify within the limits of the sum insured the reasonable expertise, legal assistance and legal costs if it is necessary for establishing the insured liability. If shall indemnify such costs without the deductible even if the claim proves to be unfounded.
- 21. The expertise, legal assistance and legal costs must be previously aligned with If in writing or in a format that can be reproduced in writing.
- 22. If shall not indemnify the expertise, legal assistance and legal costs if the event is not an insurance event or if the indemnification of damages is excluded with the terms and conditions of the insurance.

**Examples.** If shall not indemnify legal assistance costs related to intentionally caused damages. If shall not indemnify legal assistance costs that are related to claims for interest, claims for contractual penalty, claims for indemnity of damages caused in the state of intoxication etc.

- 23. If the damages subject to indemnification on the basis of the insurance contract are less than the deductible, If shall not indemnify the expertise, legal assistance and legal costs.
- 24. If the sum of the expertise, legal assistance and legal costs and damages exceeds the sum insured, the indemnity shall be limited with the sum insured.

**Example.** The sum insured is 50,000 euros. The claim for indemnity is 40,000 euros. The legal assistance cost for the protection of the insured's interests is 15,000 euros. If shall compensate in total 50,000 euros for the claim for indemnity and legal assistance costs.

## Settlement of a claim with an agreement

- 25. Should If be of the opinion that it is reasonable to settle a dispute by way of an agreement, the insured shall be obliged to respond to If's proposal in writing within 5 days, unless a longer term is established by If.
- 26. If the insured fails to respond to If's proposal in due time or conclude an agreement, If shall not indemnify expertise, legal assistance and legal costs or increase of damages caused after the term for responding to If's proposal or concluding the agreement has passed.

## General exclusions

- 27. The general exclusions are applicable together with exclusions set out in other documents of the insurance contract.
- 28. The general exclusions are applicable regardless of the fact if the circumstance set out in an exclusion is caused by the activities of the insured, activities of another person or an external circumstance.

## Event is not an insurance event

- 29. If shall not indemnify if an event is not an insurance event.
- 30. If shall not indemnify if the damages do not meet the characteristics of indemnifiable damages.

## Intentionally caused damages

- 31. If shall not indemnify if the insured caused the damages intentionally or intentionally violated the contract, legal norm, instructions foreseen for the use for the object or safety requirements.

## Unavoidable expenses

32. If shall not indemnify expenses that the client or another person should have made if the insured's service or the object delivered by the insured would have been of good quality, according to the terms and conditions of the contract or order.

**Examples.** The project foresees a regular door, but according to fire safety requirements, there must be a fire door. If shall not indemnify the cost of purchasing a fire door.

An order foresees that the building must have five storeys. The project mistakenly foresees only four floors. If shall not indemnify the cost of building the fifth floor. If shall indemnify additional works that should not have been required if the project had been according to the requirements.

According to the expertise, the building is in good condition and does not require major repairs. Thereafter it is discovered that the assessment is not correct, the building requires substantial repairs. If shall not indemnify the costs of repairs.

## Known circumstances

33. If shall not indemnify if the policyholder or insured was aware or should have been aware of a circumstance related to the claim for the indemnification of damages (e.g. violation of an obligation, occurrence of damages, claim etc.) before the conclusion of the insurance contract. This exclusion is applicable even if the policyholder had notified the aforementioned circumstance to If.

## Persons whose damages are not indemnified

34. If shall not indemnify damages caused to the policyholder or insured.
35. If shall not indemnify mutual claims between persons insured with the same contract.
36. If the insured is a legal entity, then in addition to the provisions of Articles 34 – 35, If shall not indemnify damages caused to the following persons:
- 36.1. legal representative, member of the managing body, liquidator, procurator, trustee in bankruptcy of the insured;
  - 36.2. person in employment or service relationship with the insured;
  - 36.3. person who the insured uses as a temporary employee;
  - 36.4. legal entity, parent company or affiliate belonging to the same group as the insured.
37. If the insured is a natural person, then in addition to the provisions of Articles 34 – 35, If shall not indemnify damages caused to the following persons:
- 37.1. spouse, domestic partner, mother-in-law, father-in-law of the insured;
  - 37.2. children, grandchildren, foster children of the insured;
  - 37.3. persons under guardianship of the insured;
  - 37.4. parents, grandparents, foster parents, foster grandparents of the insured;
  - 37.5. sisters, brothers, half-sisters, half-brothers of the insured;
  - 37.6. other family members of the insured living together with the insured;
  - 37.7. persons in employment relationship with the insured.

## Damages caused to the temporary employer by a temporary employee

38. If shall not indemnify damages caused to the temporary employer by a temporary employee.

## Intoxication

39. If shall not indemnify if the person who caused the damages was in the state of alcoholic, narcotic, toxic etc. intoxication during the causing of the damages.

## Illegal activity

40. If shall not indemnify, if a claim arises from activities for which the insured, its employee or a person whose services the insured used for the respective activities did not have the qualifications, training, licence, registration, activity permit, driver's licence required with legal acts.

## Compulsory insurance

41. If shall not indemnify damages that are subject to indemnification under a compulsory insurance.
42. If shall not indemnify recourses of motor third party liability insurance.

## Defective object or service

43. If shall not indemnify the expenses of conversion, repairing or replacement of a defective object, work or service. This exclusion shall be applicable regardless of who owns the object, who converted, repaired or replaced the object, work or service, or made the expenses.

## Data and property entrusted to the insured

44. If shall not indemnify if a claim arises from:
- 44.1. the destruction of or damages to the movable that is in the possession, use of the insured or the direct object their activity;

**Example.** The insured replaces the windscreen of a client's car and damages the door of the vehicle. The car is the direct object of the insured's activity. If shall not indemnify the cost of repairing the door.

**Example.** The insured has rented a construction machine that is damaged during the course of work. If shall not indemnify the damages.

44.2. the destruction of or damages to the immovable that is in the possession, use of the insured or the direct object their activity;

**Example.** The insured is cleaning snow from the roof of client's building and damages the roof. The roof is the direct object of the insured's activity. If shall not indemnify the cost of repairing the roof.

44.3. the damages to, loss or deletion of the data entrusted to the insured or unauthorised access to such data.

## **Loss, theft, robbery of an object and other offences against property**

45. If shall not indemnify if a claim arises from the fact that an object is lost, has been stolen, robbed or lost due to other offences against property.

## **Non-patrimonial damage**

46. If shall not indemnify non-patrimonial damages.

## **Loss of profit**

47. If shall not indemnify loss of profit, except loss or decrease of income or support considered as personal injury set out in Article 16.

## **Public law sanctions, including fines**

48. If shall not indemnify damages arising from public sanctions (financial penalty, financial fine, penalty payment, imprisonment arrest etc.) imposed on the insured.

## **Increased responsibility arising from the contract**

49. If shall not indemnify if a claim is based on agreement establishing conditions for indemnification of damages that are stricter than those established in the law, e.g. surrendering of the right to file objections, simplified proof, extension of the limitation period, establishing the extent of damages, format of guilt or liability etc.

## **Contractual penalties, fines for delay, interests**

50. If shall not indemnify contractual penalties, fines for delay or interests claimed under a contract, irrespective of who are the parties to such contract.

**Example 1.** The insured caused damages to a client. A contractual penalty is foreseen for such case in the contract concluded between them. If shall not indemnify the contractual penalty.

**Example 2.** The insured (sub-contractor) caused damages to the main contractor. Therefore the main contractor was unable to fulfil the contract concluded with the client. A contractual penalty is foreseen for such case in the contract concluded between the client and the main contractor. The client claims the contractual penalty from the main contractor, who in turn forwards this claim to the sub-contractor (the insured). If shall not indemnify the contractual penalty.

## **Prices and deadlines**

51. If shall not indemnify if a claim arises from any violation of a deadline or exceeding of the budget by the insured.

## **Expired claims**

52. If shall not indemnify if a claim filed against the insured has expired.

## **Environmental damages**

53. If shall not indemnify damages caused to the environment, except expenses for the elimination of pollution caused as a result of a sudden, unforeseeable and one-off event and unavoidably necessary initial costs for limiting the damages if the insured is responsible for the indemnification of such expenses.

54. If shall not indemnify if the damages were caused to the environment as a result of a circumstance that is gradual, repeated or continuing.

**Example.** If shall not indemnify if a pollutant drips on the soil that must be removed over time.

55. If shall not indemnify the fee for remedying the damages caused to the environment, e.g. claims and obligations arising from the Estonian Environmental Liability Act or any other legal European Union act based on the directive regulating the environmental liability.

## **Asbestos or tobacco**

56. If shall not indemnify personal injury caused as a result of health hazardous characteristics of asbestos or tobacco.

## Chemicals

57. If shall not indemnify damages caused by growth stimulator DES (diethylstilbestrol), urea formaldehyde (UF) or dioxin.

## High risk objects

58. If shall not indemnify a claim is based on any of the objects listed below, any activities, services or products related thereto:

- 58.1. firearms, explosives;
- 58.2. trampolines, climbing walls, inflatable playgrounds, slides in swimming pools;
- 58.3. watercrafts or parts thereof;
- 58.4. aircrafts or parts thereof, including drones;
- 58.5. space crafts, space equipment and parts thereof;
- 58.6. airports, airport facilities;
- 58.7. railway vehicles, railway infrastructure;
- 58.8. power stations, including hydro-electric stations, nuclear power stations, wind parks etc., but also combined heat and power producers; boiler plants and other heat production stations;
- 58.9. gas network, gas installations or parts thereof;
- 58.10. water structures, including wharfs, jetties, dams, water reservoirs, dykes, bridges;
- 58.11. oil or gas platforms, oil or gas drilling rigs;
- 58.12. land improvement systems or parts thereof;
- 58.13. tunnels. Tunnels are structures erected by closed method (without opening the pit from the top) in the soil, which is meant for pedestrian or vehicle traffic.

## Mining

59. If shall not indemnify if a claim is based on removing of natural resources from the natural state (e.g. mining) or any related activities, services or products.

## Intellectual property

60. If shall not indemnify if a claim arises from damages to or violation of intellectual property, e.g. trademark, copyright or patent right.

## Viruses

61. Notwithstanding any provision to the contrary, this insurance does not cover claims originating from or relating to:

- 61.1. any actual, alleged, fear or threat of virus, including but not limited to diseases arising out of any type of virus as well as unknown viruses and any mutation or variation of virus and/or
- 61.2. any action taken or failure to take action in controlling, preventing, suppressing the spread of or in any way responding to such actual, alleged, fear or threat of virus.

## Other restrictions

62. If shall not indemnify if the damages were caused:

- 62.1. in relation to war, civil war, revolution or mass disorder;
- 62.2. by an earthquake, landslide or erosion;
- 62.3. as a result of nuclear energy, including nuclear weapon or nuclear fuel or radioactivity;
- 62.4. as a result of using or handling chemical weapons, biological weapons, bio-chemical weapons or electro-magnetic weapons;
- 62.5. directly or indirectly by terrorism or measures applied for preventing it, e.g. stopping or redirecting traffic, additional control, restrictions applied to transport of objects etc.;
- 62.6. directly or indirectly by illegal blocking of information systems or hindering work of such systems;
- 62.7. as a result of compulsory acquisition or confiscation of property;
- 62.8. by an electro-magnetic field, including electro-magnetic field of mobile communication devices;
- 62.9. due to the use of raw materials sourced from genetically modified organisms in a product;
- 62.10. by any infectious disease, including AIDS, HI virus or hepatitis;
- 62.11. by the infectious agent of any animal disease or hazardous plant pest;
- 62.12. by mould, fungus, including dry rot;
- 62.13. in relation to a strike or lock-out.

## Restrictions arising from international sanctions

63. All risks with which the insurance is in conflict or with which it comes into conflict in terms of restrictions, bans, or sanctions imposed by the United Nations, European Union, United Kingdom of Great Britain and Northern Ireland or the United States of America, are excluded from the insurance cover starting from the day upon which the aforementioned restrictions, bans, or sanctions become applicable to the corresponding insurance contract.

64. In cases in which the sanctions that have been imposed by the United Nations, the European Union, United Kingdom of Great Britain and Northern Ireland or the United States of America directly or indirectly restrict the provision of the insurance service based on the respective insurance contract, If shall have the right to cancel the insurance contract by sending a written notice to the policyholder. The contract shall be considered as having been cancelled after fourteen days have passed from the day upon which the cancellation notice was received by the policyholder. In the case of any interruption in communications, it shall be considered that the cancellation notice was delivered after the notice was sent out or attempts were made to send out the notice.



## Sending notifications

65. The policyholder shall send notices to If by post, e-mail or via If's e-office.
66. If will send any and all notices to the policyholder, the insured party or beneficiary via email, normal postal services, or by text message. If shall use the postal address or e-mail address or telephone number indicated on the policy or the person's homepage or otherwise notified to If.
67. If will consider as the sender of the email any person from whose email address the message has been sent if this address is indicated in the documents contained within the insurance contract, or where such an email address is shown on the website of the individual in question, or which has been provided to If in any other manner.

## If's obligation to notify the policyholder

68. In circumstances in which If changes its name or legal format, or its address, or the address of its insurance supervisory body during the insurance period, If will provide notification to the policyholder via If's own website or via the mass media

## The policyholder's obligation to notify If

69. Upon establishing the terms and conditions of the insurance contract (including insurance premiums, special conditions etc.), If shall rely on the data submitted by the policyholder and/or their representative, e.g. insurance broker.
70. Should the data submitted to If prove to be incorrect or deficient or if the circumstances related to the insurance object have changed significantly, the policyholder shall notify If thereof without delay.
- Example. If shall be notified of the significant increase in turnover.
71. The policyholder shall notify If promptly of any increase in risk.
72. If shall have the right to rely on the data submitted on the insurance object, risk circumstances and insurance interest when concluding any insurance contracts in the future.
73. If shall have the right to check application of safety requirements and other circumstances related to the insured risks during the validity of the insurance contract and/or during the course of handling an insurance event, and request data regarding the aforementioned circumstances from the policyholder and insured.
74. The policyholder shall notify If promptly of any filing of claims and any circumstances that may be the basis for a claim. Such circumstances shall be for example, violation of an obligation, causing of damages, a client's claim, initiation of judicial proceedings or extra-judicial proceedings etc.

## Cancellation of the insurance contract

75. Both the policyholder and If may cancel the insurance contract within three months from the day when the policyholder notified If of a circumstance underlying the potential claim. The cancellation shall be notified 31 days in advance.

## Activities in case of a loss event

76. In the case of a loss event taking place, the policyholder is required to provide If with correct and full information regarding the circumstances of the loss event, extent of the loss and potential responsible persons.
77. The policyholder shall allow If inspecting of the site of the event and the damaged property as well as questioning the persons for whom the policyholder is responsible.
78. The policyholder shall submit to If documents, written explanations, respond to If's questions, participate in the inspection of the site of the event or damaged property by If's request.
79. The policyholder shall not recognise or fulfil a claim covered with the insurance without the prior consent from If, unless provided differently by the law.
80. In the event a claim, complaint, action is filed against the policyholder, the policyholder shall use duly the necessary legal remedies, including submit a response, challenge, complaint, claim etc., which is required on the basis of the law or contract for the protection of the rights of the policyholder. The aforesaid shall be aligned with If prior to performing the respective activity.

## Indemnity

81. Indemnity is the part of the damages and expertise, legal assistance and legal costs, which are indemnified by If within the limits of the sum insured. If shall not indemnify damages to the extent of the deductible.
82. If an indemnity limit per an insurance event, a type of damages or expenses etc. is foreseen in the insurance contract, the maximum indemnity shall be the respective indemnity limit, which shall not exceed the sum insured.
83. The sum insured and indemnity limits shall be decreased by each indemnity.

**Examples.** The sum insured is 100,000 euros, the indemnity limit for the insurance event is 30,000 euros. Damages caused as a result of an insurance event are 60,000 euros, If indemnifies 30,000 euros. The sum insured is decreased to (100,000 – 30,000) 70,000 euros. As a result of the next insurance event, damages are caused in the sum of 75,000 euros. If indemnifies 30,000 euros. The sum insured is decreased to (70,000 – 30,000) 40,000 euros.

- 84. If several insurance events are caused by one and the same event, one deductible shall apply for all insurance events caused by the same event.
- 85. In case If pays the indemnity as periodical payments (e.g. support), the insured shall pay the first periodical payments to the extent of the deductible and thereafter If shall continue the payment of periodical payments.
- 86. If shall have the right to from the indemnity any and all premiums not paid for the insurance period irrespective of the fact if the payment date has arrived. If shall have such right even if the person receiving the indemnity is not the policyholder.
- 87. If the insured legal entity is dissolved without a successor, If's obligation to indemnify shall also cease.
- 88. The person entitled to the indemnity is obliged to notify the bank account number to If.
- 89. If the person entitled to indemnity has the right to receive refund or offset the value added tax, If shall calculate the indemnity based on the sum without the value added tax.

## Violation of the insurance contract

- 90. In cases in which If delays in the provision of compensation, If shall pay a fine for such a delay under the requirements of the Law of Obligations Act.
- 91. If the policyholder has intentionally or due to gross negligence violated an obligation, e.g. safety requirements, which were obligatory to be observed before the event that caused the damages, If shall have the right to decrease the indemnity or refuse payment thereof.
- 92. If the policyholder intentionally violated an obligation that was obligatory to be observed after the event that caused the damages, If shall have the right to decrease the indemnity or refuse payment thereof.
- 93. If the policyholder, due to gross negligence, violated an obligation that was obligatory to be observed after the event that caused the damages, If shall have the right to decrease the indemnity or refuse payment thereof, if the violation influenced the amount of If's indemnification obligation or hindered establishing thereof.

## If's right of recourse

- 94. In case of payment of the indemnity, the right of claim for the indemnification of damages against the person liable for the damages, which belongs to the insured shall be transferred to If to the extent of the indemnified sum.
- 95. If shall not be required to pay indemnity before the insured has signed the document verifying the transfer of the right of recourse.
- 96. If the insured surrenders their claim against the person who is responsible for the damages or the right that secures that claim, If shall be released from the obligation to indemnify to the extent, to which If could have claimed indemnity on the basis of such claim or right.
- 97. If shall not file recourses against the employees of the insured.
- 98. The policyholder shall assist If in submitting the recourse, e.g. send data, documents etc. necessary for executing the right of recourse. If the policyholder violates the above obligation, If shall not be obliged to indemnify until the abovementioned obligation is fulfilled.

## Conclusion of the insurance contract. Policy

- 99. Upon the conclusion of the contract, the policyholder must notify If of all circumstances that may have an influence on the terms and conditions of the insurance contract or If's decision to conclude the contract. Upon the conclusion of the insurance contract, If shall rely on the data and insurance interest disclosed by the policyholder.
- 100. If shall issue a policy that is If's offer for the conclusion of the insurance contract.
- 101. The policyholder agrees with the insurance contract by paying the first premium during the term indicated on the policy or by signing the policy if the signature of the policyholder is foreseen on the blank of the policy.
- 102. If the signature of the policyholder is not foreseen on the blank of the policy, the policyholder is not required to sign the policy, payment of the first premium is considered sufficient for agreeing to the insurance contract.
- 103. The specific terms and conditions for the conclusion and entry into force of the insurance contract are indicated on the policy.



## Amendment of the insurance contract

104. If the policyholder wishes to amend the insurance contract, they must contact If by telephone, email, via If's e-office or turn to an If office. The insurance contract has been amended if If issues the amended policy or a notice regarding the amendment of the insurance contract.
105. If due to an amendment an additional premium becomes payable, the amendment shall enter into force provided that the payment has been made. The amendment shall not enter into force if the payment has not been made in due time.

## Expiry and cancellation of the insurance contract

106. The insurance contract will expire on the last day of the insurance period. If and the policyholder shall conclude a separate insurance contract for each insurance period.
107. The insurance contract can be cancelled in cases that have been set out in the law or within the insurance contract.
108. If the policyholder wishes to cancel the insurance contract, they must contact If by mail, e-mail or via If's e-office, or contact an If office. With the consent of If, the policyholder may communicate their wish to cancel the contract via telephone.

## Settlement of disputes

109. The policyholder has the right to file a complaint against the insurer to the Financial Supervision Authority to Sakala 4 15030 Tallinn. Any disputes related to the contract shall first and foremost be settled by way of negotiations. For pre-trial settlement of a dispute, an application may be filed to the insurance conciliation body (telephone 667 1800; e-mail [lepitus@lkf.ee](mailto:lepitus@lkf.ee); postal address Mustamäe tee 46, Tallinn 10612), where the conciliation procedure is free of charge. The rules of procedure of the conciliation body are available at [www.eksl.ee](http://www.eksl.ee). A claim arising from an insurance contract must first be submitted to If (via the e-office or by regular mail to Lõõtsa 8a 11415 Tallinn or by e-mail to [info@if.ee](mailto:info@if.ee)) If no agreement is reached, the dispute is settled in court.