

COMMERCIAL GENERAL LIABILITY INSURANCE TERMS AND CONDITIONS 1/2013

Valid from 25.06.2013

1 THE PURPOSE OF THE INSURANCE

1.1 The purpose of the terms and conditions of the commercial general liability insurance is to protect the insured person from the claim for compensation of damages presented by a third party according to the procedure and extent fixed in the present terms and conditions.

1.2 The present terms and conditions represent a part of the compulsory liability insurance contract only by a special agreement between the insurer and the policyholder.

2 THE INSURER

The insurer is Seesam Insurance AS (hereinafter Seesam).

3 THE INSURED EVENT

The insured event is the unlawful act of wrongful damage to the third party by the insured person during the insurance period, in the course of his economic and professional activity, for which the insured person is liable to the third party on the bases provided for by law.

3.1 The Insured Person

3.1.1 The insured person is a legal person, whose risk is insured regarding its economic and professional activity. It is assumed that the risk related to economic and professional activity of the person who concluded the insurance contract (the policyholder) is insured by the insurance contract.

3.1.2 The policyholder may insure, among other things, the risk related to the economic and professional activity of the third person.

3.1.3 The name of the insured person is recorded in the insurance policy.

3.1.4 If the policyholder insures the risk related to the third person, the insured person and the policyholder are deemed to be the parties to the insurance contract and the damage cause by them to each other is not compensated on the basis of the insurance contract, unless agreed otherwise.

3.1.5 Employees and legal representatives of the insured person are deemed to be automatically insured together with the economic and professional activity of the insured person.

3.1.6 An employee in the meaning of the present terms and conditions is a person, with whom the insured person has concluded an employment contract and who undertakes to perform work designated by the latter under the management and orders of the insured person.

3.1.7 Legal representatives of the insured person in the meaning of the present terms and conditions are the members of the management board of the insured person or the member of the body substituting for them.

3.1.8 Those legal and natural persons whom the insured person uses when performing his obligations and the damage caused by whom the insured person is liable for, pursuant to law, in the same manner as damage cause by himself (e.g.: subcontractors), are not deemed to be automatically insured by the insurance contract.

3.2 Insured Activity

The economic and professional activity of the insured person in the meaning of the present terms and conditions is deemed to be an activity upon which the parties to the insurance contract have agreed when concluding the insurance contract. The agreed activity, i.e. the insured activity, is recorded in the insurance policy.

3.3 The Third Person

3.3.1 Third persons are deemed to be all such persons who are neither parties to the insurance contract nor the insured persons.

3.3.2 The injured person in the meaning of the insurance contract is a third person, to whom the insured person has caused personal or proprietary damage by his unlawful act of wrongful activity.

insurance period is not equivalent to the time of causing the damage.

3.4 Unlawfully Caused Damage

3.4.1 Unlawfully caused damage is deemed to be such wrongful violation of the law by the insured person, the consequence of which is personal or proprietary damage caused to the third person, for which the insured person is liable on the bases provided for by law.

3.4.2 Unlawful action, in the meaning of the present terms and conditions, is the insured person's wrongful action or failure to act, by which the effective legal norms are violated.

3.4.3 Contrary to the provisions of clauses 3.4.1 and 3.4.2, wrongful behaviour of the insured person is not significant as the basis for liability of the owner of a building or the keeper of animals.

3.4.4 The forms of guilt are negligence, gross negligence and intent. When interpreting these definitions, the guidance is the meaning given to these definitions by law.

3.4.4.1 Any damage intentionally caused by the insured person to the third person shall not be compensated.

3.4.5 The claim of the insured person for the compensation of damage based on the breach of an obligation is not deemed to be an insured event, if the bases for the claim arise from the contract between the insured person and the injured person. The above-stated exclusion is not applied in case the purpose of the contract concluded between the insured person and the injured person has not been prevention of proprietary damage, and the injured person may only claim compensation for damage caused by the insured person, pursuant to law.

3.5 The Time of Causing Unlawful Damage

3.5.1 The time of causing unlawful damage is deemed to be the moment when the injured person's claim for compensation of damage, based on the law, arose against the insured person. The claim for compensation of damage arises immediately after the event which caused the damage.

3.5.2 The injured person's claim for compensation of damage against the insured person must have arisen during the insurance period and it must be possible for the injured person to realise the claim for compensation of damage against the insured person, pursuant to law.

3.5.3 Presentation of a claim by the injured person to the insured person during the

3.6 Personal and Proprietary Damage

3.6.1 Personal damage in the meaning of the present terms and conditions is the causing of damage due to health damage, bodily injuries or death.

3.6.2 Proprietary damage in the meaning of the present terms and conditions is the causing of damage due to the damage, destruction or loss of an object.

3.7 Application of the Law

3.7.1 In the case of personal or proprietary damage caused by the insured person to the injured person, the basis for the arising of liability shall be the respective provisions of the law of the country of location, on the basis of which the insured person's liability arises, taking into account differences provided for in the insurance contract.

3.7.2 The definition of law in the present terms and conditions is, first of all, considered to be the legal acts regulating non-contractual obligations.

4 THE VALIDITY OF THE INSURANCE CONTRACT

4.1 The insurance contract is valid during the insurance period, on the conditions and in the territory specified in the insurance contract.

4.2 It is presumed that the insurance contract is valid in the territory of the EU Member States.

4.3 It is presumed that the period of the insurance contract is 12 months.

5 THE INSURED PERSON AS A SOLIDARY OBLIGOR

5.1 Solidary liability in the meaning of the present terms and conditions is a joint liability of several persons in causing damage, in which case the injured person may present a claim against the persons who caused the damage, either in part or in full, jointly or from anyone individually.

5.2 Seesam shall compensate the damage only on the basis of such solidary liability, where the insured person's solidary liability has arisen for the same damage caused jointly with other solidary obligors.

5.3 Seesam shall not compensate the damage on the basis of such solidary liability, where the insured person's solidary liability has not arisen for the damage caused jointly only on the basis of law, i.e. the insured person is liable on the

basis of law for the damage caused by another person.

5.4 If the insured person is liable to the third person (injured person) solidarily together with the other persons who caused the damage, the amount of the claim presented against the insured person shall be taken into account when determining the insurance compensation, not the share of the insured person's liability allocated in relations between the solidary obligors.

5.5 If another solidary obligor presents a claim against the insured person, the share of the insured person's liability allocated in relations between the solidary obligors shall be taken into account when determining the insurance compensation.

5.6 Upon payment of the insurance compensation, the insured person's right of recourse against the other solidary obligors shall be transferred to Seesam in the amount of the insurance compensation paid out.

6 LIMITATIONS OF THE INSURED EVENT

6.1 Unless otherwise agreed in the policy, proprietary or personal damage shall not be compensated:

- 1 which arises from the event, of which the insured person was aware or should have been aware prior to concluding the insurance contract;
- 2 which the insured person has caused to himself;
- 3 which the insured person has caused to another person insured under the insurance contract (this provision does not apply in case of personal damage);
- 4 which the insured person has caused intentionally;
- 5 which has arisen from destruction, damage or loss of the property of the third person during the time when the insured person possessed, managed, kept, transported, leased, rented, borrowed, used or processed it (care, custody and control clause). The above-said exclusion is applied regardless of the fact whether the insured person's possession was lawful or unlawful;
- 6 which has been caused by the insured person's bankruptcy or insolvency;
- 7 which has arisen from unjustified enrichment;
- 8 which has arisen from the management of business;
- 9 which is to be compensated on the basis of mandatory liability insurance;
- 10 which has been caused by a railway vehicle, watercraft, or aircraft;

- 11 which has been caused by the action or failure to act of the owner and/or operator of the railway infrastructure;
- 12 which has been caused by the product's defect;
- 13 which has been caused by unlawful suspension of economic or professional activity;
- 14 which arises from the breach of contractual obligations (including penalties, interests, fines and taxes);
- 15 which has been caused by force majeure;
- 16 which has been caused as a consequence of construction, renovation or maintenance works;
- 17 which has been caused by the rendering of the insured person's occupational service. Occupational service is deemed, in the present insurance terms and conditions, to be medical service, legal service, accounting service, programming and other information technology services, carrying out of research, rendering of supervisory services (including owner's supervision), engineering, financial activity, insurance brokerage;
- 18 which has been caused by vibration, noise, heat, cold, smell, radiation, light, smoke, carbon black, dust, vapour, humidity, gas, lack of oxygen;
- 19 which has been caused by extraction or blasting works;
- 20 which has been caused by navvying;
- 21 which has been caused by watercraft construction or repair;
- 22 which has been caused by engulfment or movement of the earth's surface;
- 23 which has been caused by strike or such other event;
- 24 which has been caused by war, action of foreign enemy, revolution, disturbance, state of war, confiscation, nationalisation, crime or terrorism;
- 25 which has been caused by asbestos, mould, electromagnetic field, infection, contagious disease, chemical or biological substances or nuclear reaction;
- 26 if the claim arises from activity, for which the insured person did not possess qualification, training, licence, registration, permit, etc., required by the legal acts;
- 27 which has been caused by acquired immunodeficiency syndrome (HIV and AIDS).

6.2 When interpreting the legal definitions used in the limitations of the insured events and not defined in the present insurance terms and conditions, their meaning given to them by law shall be taken into account.

7 THE RIGHT OF CLAIM AND THE PERIOD FOR SUBMITTING CLAIMS

7.1 Only the person for whom the insurance risk has been insured has the right to receive

insurance compensation. The injured person does have a right to demand from Seesam the payment of the insurance compensation to him without the respective consent of the policyholder.

7.2 If the insurance risk related to the third person has been insured, the third person (the insured person) has the right to demand from Seesam the payment of the insurance compensation and all the rights related to it. The insured person may not dispose of these rights without the policyholder's consent.

7.3 The policyholder may, in his name, dispose of the insured person's rights arising from the insurance contract, including enforcing the insured person's claim against Seesam or waiving the claim. Seesam must perform its obligation to the policyholder only in case the latter proves that the insured person gave consent for concluding the insurance contract.

7.4 The insured person has the right to present to Seesam the claim for insurance compensation within a period of three years after the damage had been caused during the insurance period, with respect to which the injured person's claim for compensation of damage against the insured person arose. Limitation period starts to run from the end of the calendar year in which the damage occurred during the insurance period.

7.5 The insured person's claim for insurance compensation against Seesam stops for the duration of court proceedings, in the case where the injured person files an action against the insured person in court. The conditions for stopping the claim for insurance compensation are the following:

7.5.1 occurrence of the damage creating liability during the insurance period;

7.5.2 the insured person has timely notified Seesam about the court proceedings;

7.6 If the injured person's claim against the insured person expires, the insured person's claim against Seesam also ceases starting from the moment of expiration.

8 TYPES AND AMOUNT OF COMPENSATED DAMAGE

8.1 Personal and proprietary damage is compensated on the basis of the insurance contract.

8.2 When calculating the amount of personal or proprietary damage caused by the insured person to the injured person the respective provisions of the law of the country of location are taken as the basis, on the basis of which the insured person is obligated to

compensate damage to the injured person, taking into account the specifications provided in the present insurance contract.

8.3 The following damage caused to the injured person is not compensated on the basis of the insurance contract as the consequence of the unlawful action of the insured person:

8.3.1 revenue forgone. Forgone revenue in the meaning of the present terms and conditions is deemed revenue, which the injured person would receive in the future, based on circumstances, first of all due to the preparations made by him, if unlawful damage would not have been caused to him;

8.3.2 the claim for non-proprietary damage. Non-proprietary damage in the meaning of the present terms and conditions is deemed moral damage, if physical or moral pain and suffering have been caused to the injured person;

8.3.3 the claim for purely economic damage. Purely economic damage in the meaning of the present terms and conditions is damage to property, which is not directly related to personal or proprietary damage. Purely economic damage is not caused to the person, to whom the insured person directly causes proprietary or personal damage.

8.4 Compensation of damage when environmental damage arises.

8.4.1 Environmental damage is damage caused by environmentally hazardous activity.

8.4.2 In case environmental damage arises, the expenses for elimination of contamination of the environment are compensated in the event that the period between the reason for the arising of the environmental damage and its appearance does not exceed 72 hours.

8.4.3 Damage related to the lowering of the quality of the environment is not compensated.

8.5 Seesam has the right to deduct from the insurance compensation any benefit which the insured person received as a consequence of the arising of damage, except if such a deduction contradicts the purpose of the compensation of damage.

8.6 In case of personal damages, claims compensated under pension or other social insurance shall be deducted from the insurance compensation.

8.7 Among other things, judicial and extrajudicial legal expenses borne by the injured person shall be compensated on the basis of the insurance contract, if they were founded and necessary for enforcing the claim against the insured person.

9 LEGAL EXPENSES

9.1 Legal expenses necessary for combating the claims aimed against the insured person shall be compensated, if the following conditions appear jointly:

9.1.1 the insured person needs legal aid for combating the claims arising from unlawful action caused to the third person in the course of his economic and professional activity;

9.1.2 there are no limitations named in the present terms and conditions and the policy, which exclude performance of the obligation by Seesam;

9.1.3 the person providing legal aid to the insured person has been previously agreed upon with Seesam, at least in a form at which can be reproduced in writing.

9.2 Both judicial and extrajudicial legal expenses shall be compensated, which are borne in order to protect the insured person, even if the claim presented against him turns out later to be unfounded.

9.3 Expenses borne for protection of the interests of the insured person in criminal and administrative proceedings shall also be compensated, if the circumstances established in the proceedings may become the basis for the insured person's civil liability before the injured person arising from unlawful action.

9.4 Seesam undertakes to compensate legal expenses incurred by the insured person within a period of two weeks, starting from the time when the insured person did submit to Seesam evidence regarding the amount of legal expenses.

9.5 The insured person has the right to demand prepayment of legal expenses from Seesam.

9.6 In case Seesam has prepaid legal expenses to the insured person and payment of legal expenses is ordered by the court decision from the injured person for the benefit of the insured person, the insured person is obligated to return to Seesam the part of the legal expenses which the insured person has the right to receive from the injured person according to the court decision.

9.7 If according to the court decision the insured person has the right to receive legal expenses back in an amount exceeding that which Seesam has paid to the insured person prior to the judicial proceedings, the insured person is obligated to return to Seesam the sum of money corresponding to the amount of legal expenses paid by Seesam prior to the judicial proceedings.

9.8 Not subject to compensation are the insured person's legal expenses which are unrelated to combating the claims arising from unlawful action, and those claims which are not related to the insured person's economic and professional activity.

9.9 Not subject to compensation are those legal expenses which are unrelated to proprietary or personal damage.

9.10 Not subject to compensation are those legal expenses which are related to the appearance of the event named in the limitations of the present terms and conditions or the activity of the insured person. The above-said is not applied in the situation where the appearance of the event named in the limitations or the insured person's activity becomes evident only in the court proceedings. In such a case, Seesam shall compensate the legal expenses borne by the insured person in the court proceedings until the limitation excluding performance of the obligation by Seesam becomes evident.

10 EXPERTISE COSTS

10.1 Expertise costs necessary for combating the claims presented against the insured person shall also be compensated, which have been previously agreed upon with Seesam at least in a format which can be reproduced in writing.

10.2 Expertise costs shall be compensated, if the following conditions appear jointly:

10.2.1 the insured person requires an expertise for combating the claims arising from the unlawful action caused to the third party in the course of his economic and professional activity;

10.2.2 the performance of an expertise is necessary with respect to circumstances related to the causing of damage, its extent or amount;

10.2.3 there are no limitations named in the present terms and conditions.

10.3 Seesam undertakes to compensate expertise costs incurred by the insured person within a period of two weeks starting from the time when the insured person has presented to Seesam evidence regarding the amount of expertise costs.

10.4 The insured person has the right to demand the prepayment of expertise costs from Seesam.

10.5 In case Seesam has prepaid the expertise costs to the insured person and expertise costs are ordered by the court decision from the injured person for the benefit of the insured person, the insured person is obligated to return the paid amount of expertise costs to Seesam.

10.6 In case it is established by the expertise, that the damage has been caused due to some limitation named in the present terms and conditions, Seesam has the right to demand the return of the paid expertise costs from the insured person.

11 THE OBLIGATION OF THE INSURED PERSON TO NOTIFY ABOUT THE CIRCUMSTANCES

11.1 The insured person undertakes to notify Seesam about circumstances, the consequence of which may result in the arising of an insured event, also about the filing of a claim by the injured person against him, within one week, starting from the time when the insured person became aware of the circumstance or filed the claim.

11.2 The insured person must immediately notify Seesam about the initiation of judicial or other proceedings which may create liability with respect to him, or about a circumstance which may serve as the basis for filing a claim against the insured person.

11.3 If the insured person breaches the obligation named in clauses 11.1 or 11.2 and as a consequence of this breach damage is incurred by Seesam, Seesam may reduce performance of its obligation in the extent of damage caused by the breach of the obligation.

11.4 If the insured person breaches the obligation named in clauses 11.1 or 11.2 intentionally, Seesam is fully released from performing the obligation.

12 THE OBLIGATIONS OF THE INSURED PERSON WHEN THE DAMAGE ARISES

12.1 The insured person undertakes to present to Seesam, at least in a format which can be reproduced in writing, explanations and evidence which are important for assessing the bases for the arising of the insured person's possible liability.

12.2 The insured person undertakes to present to Seesam, at least in a format which can be reproduced in writing, explanations and evidence which are important for assessing the circumstances behind the arising of the damage, the extent of the damage or its amount.

12.3 If the insured person breaches the obligations named in clauses 12.1 and 12.2, and the breach influences the circumstances of the insurance event and the determining of the performance of the obligation by Seesam, Seesam is partially or fully released from performing the obligation.

13 PAYMENT OF INSURANCE COMPENSATION

13.1 When compensating the damage, the terms and conditions, the insurance amount and the excess agreed upon in the insurance contract and in force at the time the damage was caused shall serve as the basis.

13.2 Seesam undertakes to pay the insurance compensation immediately, but not later than within a period of two weeks starting from the time when the injured person's claim has been satisfied by the insured person, or the time when the injured person's claim has been established by the court decision, acknowledgement of the claims or a compromise agreement.

13.3 If Seesam breaches the obligation named in clause 13.1, the insured person has the right to demand from Seesam the compensation of damage caused to him as a consequence of the delay.

13.4 Seesam is released from paying the insurance compensation in case the insured person compensates the damage to the injured person or acknowledges the injured person's claim in the situation, where the liability of the insured person or its extent are not clear.

14 THE INSURANCE AMOUNT

14.1 The insurance amount is the amount agreed upon in the insurance contract and named in the insurance policy, which is the maximum amount of all insurance compensations paid out during the insurance period.

14.2 The insurance amount is reduced by the amount of insurance compensation paid out during the insurance period.

14.3 If during the current insurance period Seesam pays the insurance compensation in the extent of the whole insurance amount, the insurance contract is deemed to be cancelled from the moment of the paying out of the insurance compensation, due to the end of the insurable interests of the insured person.

14.4 If the circumstance which created the liability of the insured person gives rise to the claims of several injured persons, and the total amount of those claims exceeds the insurance amount, Seesam shall satisfy the presented claims in equal amounts in the extent of the insurance amount.

15 DEDUCTIBLE

15.1 Deductible is the part of the damage

specified in the insurance contract, which is not subject to compensation on the basis of the insurance contract.

15.2 The insured person has deductible in each insurance event. The amount of deductible is registered in the policy. Seesam compensates the amount exceeding deductible.

15.3 Deductible is not applied for compensation of expertise and legal expenses.

15.4 If the reason for the arising of the insured person's liability is the insured person's failure to act within an extended period of time and the arising of the damage has been or should have been foreseen by the insured person, special deductible registered in the policy shall be applied, which is 25% of the insurance compensation.

16 THE TRANSFER OF THE ENTERPRISE RELATED TO THE POLICYHOLDER

16.1 If the insured enterprise (the policyholder) is transferred or given into the use of a third person, the policyholder's rights and obligations arising from the insurance contract are transferred to the acquirer of the enterprise after Seesam has been notified about the transfer of the enterprise.

16.2 The policyholder (the transferor) or the acquirer of the insured enterprise undertakes to immediately notify Seesam in writing about the transfer of the enterprise.

16.3 Upon the transfer of the enterprise, the policyholder is obligated to notify the new owner about the existence of the insurance contract.

16.4 If Seesam has not been immediately notified about the transfer of the insured enterprise, Seesam shall be released from the obligation to pay the insurance compensation, if the insured event occurs later than one month starting from the time when Seesam should have received notification about the transfer of the enterprise.

16.5 Upon the transfer of the enterprise, Seesam may cancel the insurance contract regarding the new owner within one month, after becoming aware of the transfer of the enterprise. Seesam undertakes to notify the new owner about the cancellation of the contract in writing, one month in advance.

16.6 The acquirer of the insured enterprise may cancel the insurance contract by the end of the current insurance period, within one month after having acquired the enterprise. If the acquirer was unaware that the acquired enterprise had concluded the liability insurance contract, the acquirer's right of cancellation shall end after

the expiry of one month starting from the time when he became aware of the existence of the insurance contract.

16.7 If the insured enterprise owned a claim for performance against Seesam arising from the insured event, which had occurred prior to the transfer, such claim shall not be independently transferred to the new acquirer.

16.8 If the insured enterprise ceases without a legal successor, the obligation of Seesam to perform ceases as well.

17 CANCELLATION OF THE INSURANCE CONTRACT AFTER THE OCCURRENCE OF THE INSURED EVENT

17.1 Either party to the contract may cancel the liability insurance contract, if Seesam, after the occurrence of the insured event, has acknowledged its obligation to perform with respect to the insured person or refused to perform after the insurance compensation has become due.

17.2 The contract may be cancelled within one month after the acknowledgement of the obligation to perform or refusal to pay the insurance compensation.

17.3 The party to the insurance contract wishing to cancel the contract undertakes to present the respective declaration of intention to the other party in writing.

17.4 Upon cancellation of the insurance contract, the obligation of Seesam to perform the insurance contract shall remain with respect to insured events having occurred during the period of validity of the contract.

17.5 If the insurance contract is cancelled by the policyholder after the occurrence of the insured event, or if the insurance contract expires due to the end of the insurable interests of the insured person, Seesam has the right to deduct from the insurance compensation unpaid insurance premiums until the end of the insurance period.

17.6 If the contract expires due to the reasons named in clause 17.5 during the current insurance period, the policyholder shall not have the right to demand from Seesam a refunding of the insurance premiums paid until the end of the insurance period.

17.7 If the insurance contract is cancelled by Seesam after the occurrence of an insured event, the policyholder's obligation to pay the insurance premium is limited by the time of the premature termination of the insurance contract. The insurance premiums prepaid by the policyholder shall be refunded as of the time of expiry of the contract.

18 THE RIGHT OF RECOURSE

18.1 If an employee or legal representative of the insured person causes the insured event under the influence of drugs or alcohol, Seesam has the right to demand, from the employee or the legal representative who has caused the damage, the refunding of the paid insurance compensation.