

EMPLOYER'S LIABILITY INSURANCE CONDITIONS 1/2008

Effective as of 01.05.2008

1 PURPOSE OF INSURANCE

The purpose of the insurance is to indemnify loss and damage sustained as a result of an insured event (specified in clause 4) during the insurance period, as well as other expenses named in these conditions and the general conditions.

2 THE INSURED

The insured is the policyholder or another person as specified in the policy.

3 AREA OF VALIDITY OF INSURANCE COVER AND GOVERNING LAW

3.1 The insurance is valid in the European Union.

3.2 The employer's liability is assessed pursuant to Estonian law.

4 INSURED EVENT

4.1 Based on the insurance contract, the compensation claims of an employee or another person having right of claim are indemnified if such claims arise from bodily injury to or the death of the employee resulting from an accident at work occurring while fulfilling regular work tasks, in case the accident takes place during the insurance period and if the policyholder bears civil liability for it.

4.2 An accident at work is bodily injury to or death of an employee that took place while fulfilling a work task given by the employer or while doing other work with the employer's permission; also during a break that is considered to be part of working time or another time considered to be time when the employee is working in the interests of the employer.

5 INDEMNIFIED LOSS AND DAMAGE

5.1 **Loss or damage arising from temporary incapacity for work** – decrease in the injured employee's income, which is subject to social tax, due to temporary incapacity for work.

5.2 **Loss or damage arising from permanent incapacity for work** – decrease in the injured employee's income, which is subject to social tax, due to proven permanent bodily injury, as provided by law.

5.3 **Medical treatment expenses** – direct costs

of hospitalisation, medical treatment, treatment of post-traumatic complications, and the acquisition of a new suitable profession considering the employee's state of health.

5.3.1 Medical treatment expenses are included in the loss or damage arising from death or incapacity for work.

5.4 **Loss or damage arising from a fatal accident** – part of the alimony of a dependent family member from the net income of the deceased, which is calculated pursuant to procedure provided by law. The named loss or damage is indemnified to the dependants of the deceased in the form of a periodically paid insurance pension.

5.5 **Funeral costs** – reasonable funeral costs shall be indemnified according to invoices and bills accepted by Seesam, in favour of the person actually bearing the costs.

5.6 **Effects damage** – material damage arising from the loss or damage of personal objects (effects) of an employee due to an accident at work.

5.7 **Legal assistance and court expenses** – along with the loss and damage set out in clauses 5.1 to 5.6 the following shall also be indemnified: costs of legal assistance to be paid by the insured person based on a court order; necessary and reasonable legal assistance expenses incurred by the insured person upon the prior approval of Seesam.

5.8 Calculating the average income of one calendar day, fixing and paying the indemnity shall be done according to procedure provided by law.

6 RESTRICTIONS

The following is not subject to indemnification:

- 1) Loss or damage arising from a traffic accident caused by a motor vehicle;
- 2) Loss or damage arising from accidents taking place while the insured person is in the employer's vehicle on the way to work or back home from work;
- 3) Loss or damage caused by an occupational disease;
- 4) Loss or damage caused by a disease that cannot be considered to be an occupational disease, but which derives from occupational

- risks;
- 5) Loss or damage based on an agreement entered into, a guarantee given or another obligation taken by the policyholder;
 - 6) Loss or damage caused by natural death or suicide;
 - 7) Loss or damage arising from illegal activity by the insured person; or intentionally caused loss or damage;
 - 8) Loss or damage arising from a strike or lock-out;
 - 9) Material damage, bodily injury or mental disability, disease, invalidity, which arises from the production, mining, use, sales or installation of asbestos or asbestos products; or from being in an environment containing asbestos fibre or asbestos dust;
 - 10) Loss or damage caused by a *force majeure* circumstance;
 - 11) Loss or damage to an employee arising from violating valid laws on hiring the person;
 - 12) Loss or damage arising from the unlawful termination of an employment contract;
 - 13) Any claims, fines or penalties for violating labour laws;
 - 14) Loss or damage arising from angst (mental depression), shock, discrimination on grounds of race or sex, defamation, rumour or damage to reputation;
 - 15) Loss or damage to an employee who was in a state of intoxication (caused by alcohol, narcotic drugs or psychotropic substances) during the occurrence of the accident at work.

7 PARTIES OBLIGATIONS

7.1 The policyholder is obliged

- 1) To comply with all occupational health and safety requirements as provided by law;
- 2) As provided by law, to inform relevant officials, including Seesam, of an accident at work;
- 3) To investigate the circumstances and causes of an accident at work as provided by law;
- 4) To retain evidence at workstations for the purpose of inspections, excluding in case such retaining would put occupational safety at risk;
- 5) To submit, upon Seesam's request, information and documents that are in the policyholder's possession and relevant to determining the extent and circumstances of the insured event;
- 6) To provide or prepare necessary explanations and inspections available for the policyholder;
- 7) To inform Seesam immediately, at least in a format which can be reproduced in writing, if the insured event brings about judicial proceedings.

7.2 Seesam's obligations

7.2.1 Seesam shall determine whether the policyholder is under obligation to compensate for the loss or damage and, if necessary, enters into negotiations

with the person applying for compensation.

7.2.2 Once the extent of damage caused by one insured event and all claims connected with the same event have been completely clarified, Seesam has the right to inform the policyholder of the readiness to indemnify the whole damage caused by the insured event – or, if the damage exceeds the sum insured, indemnify the damage in the extent of the sum insured. In case the policyholder does not agree to that, Seesam shall not be obliged to compensate for any additional expenses arising after such refusal.

8 SUM INSURED

8.1 Damage arising during a current insurance period, via the occurrence of one or many insured events, shall be indemnified in the extent of the sum insured as specified on the policy, at maximum.

8.2 Insurance indemnities are paid to the people bearing damage, their dependants, or other persons, who have a legal right of recourse against the insured, or to the policyholder if the policyholder has already, as agreed with Seesam, paid the indemnity to the named people.

8.3 If the policyholder indemnifies damage, reaches an agreement or approves an application of indemnity, Seesam is not under obligation if the rate of the damage indemnified for or the principle is possibly not correct.

8.4 Insurance indemnity to be paid is calculated separately for each case depending on the extent of the employer's liability for the bodily injury or health damage caused to the employee, minus excess and social security contributions.

9 DEDUCTIBLE

9.1 For each insured event the policy of the policyholder states the amount of deductible which is deducted from the insurance indemnity calculated according to the conditions, the inspection and court expenses.

9.2 Different deductible conditions can be stated on the policy or in the special conditions. Upon concurrent application of several deductibles, only the largest deductible is deducted from the insurance indemnity.

10 LOSS EVENT ACTIVITY PLAN

10.1 In case of an accident occurring, the insured person must provide immediate first aid to the person injured and, if necessary, turn to a medical institution.

10.2 After receiving information about an insured event, it must immediately be reported to Seesam.

10.3 After the occurrence of loss or damage, additional information on the circumstances relevant to the insured event must be reported to Seesam.