

TERMS AND CONDITIONS OF LAWYERS' VOLUNTARY PROFESSIONAL INDEMNITY INSURANCE

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These Terms and Conditions of Lawyers' Voluntary Professional Indemnity Insurance (hereinafter 'the Terms and Conditions') shall apply to insurance contracts concluded with Salva Kindlustuse AS which have as their object the proprietary obligations arising out of civil liability (hereinafter 'the Liability') in respect to the provision of legal services (acts or omissions) by the Policyholder. This is not an Advocate's Compulsory Professional Indemnity Insurance Contract within the meaning of the Bar Association Act. This insurance contract may be signed as an addition to the Advocates' Compulsory Professional Indemnity Insurance or in respect to persons who provide legal services without being members of the Bar Association. In any matter not regulated by these Terms and Conditions the parties to the insurance contract shall be governed by applicable law.

1. CONCLUSION OF INSURANCE CONTRACT

- 1.1 The Insurer shall issue an insurance policy based on the information provided by the Policyholder. The insurance contract shall enter into force on the day following the payment of the whole premium due, or of its first instalment. If the premium is paid on time, the insurance cover will commence on the start date of the insurance period noted on the policy.
- 1.2 If the Policyholder fails to pay the premium, the Policyholder is deemed to have changed their mind about entering into the insurance contract on the terms and conditions of the policy and the insurance contract deemed not to have been entered into. In such a case insurance cover is not created.

2. POLICYHOLDER AND INSURED PERSON

- 2.1 'Policyholder' means the management of the law office within the meaning of the Bar Association Act who has

entered into an insurance contract with the insurer and whose law office is covered against the insured risk, or another person providing legal services (law firm).

- 2.2 The Insured Person shall be:

- 2.2.1 the management of the law office;
- 2.2.2 a sworn advocate;
- 2.2.3 a clerk of a sworn advocate.
- 2.2.4 a law firm;
- 2.2.5 a person who has undergone legal training but is not a member of the Bar Association.

3. OBJECT OF INSURANCE

- 3.1 'Object of insurance' means the Policyholder's civil liability against third parties attributable to a wrongful act (or omission) of the Policyholder in the course of the provision of legal services.
- 3.2 In accordance with these Terms and Conditions, the Insurer shall indemnify the Policyholder for the cost of claims made against the Policyholder for compensation for direct material damage (hereinafter 'the Damage') caused by the Policyholder to a third party (hereinafter 'the Injured Party') by its Professional Activity during the insurance period as a result of an insured event, and shall cover reasonable legal costs incurred by the Policyholder.

4. INSURANCE PERIOD

- 4.1 'Insurance period' means the period which commences and expires on the dates and conditions indicated in the insurance contract.
- 4.2 Parties to an insurance contract may, upon signing the contract, agree on including retroactive insurance cover and/or an extension to the deadline for notifying of an insured event.
- 4.3 Retroactive insurance cover means that insurance cover applies to any insured event before the policy was taken out, provided that the policyholder did not know, and could not be expected to know, that the loss event had already occurred.

5. TERRITORIAL COVERAGE OF INSURANCE

The insurance contract shall apply to legal services provided in the Republic of Estonia.

6. INSURED EVENT

- 6.1 'Insured event' means a breach of obligations related to the provision of legal services by the Policyholder due to negligence or gross negligence, resulting in the Policyholder's legal liability towards third parties for injury, loss, or damage.
- 6.2 A professional insurance policy shall not cover any intentional breach of obligations in the course of the

provision of legal services, resulting in the Policyholder's liability towards third parties for injury, loss, or damage.

- 6.3 A professional insurance policy shall not cover any injury, loss, or damage caused by the activity of the Insured Person as a member of the management board or supervisory board or as a procurist of a legal person, or as the manager of a branch of a foreign company or a shareholder in a company with powers of representation (damage caused by participation in the management of a company).
- 6.4 A professional insurance policy does not cover damages caused by the activities of the Insured Person that are connected to an association with a legal person governed by public law, including the members of government agencies, except where the Policyholder is a direct contractor providing legal services to that legal person governed by public law.
- 6.5 A professional insurance policy shall not cover any damages caused by any activity of the Insured Person which does not directly constitute the provision of legal services even if the Insured Person provides such services on the premises of a law office and has given the client the impression that the services constitute the provision of legal services (e.g. any financial counselling of clients, accepting assets from clients for investment, etc.).
- 6.6 'Legal services' within the meaning of these Terms and Conditions means representing or defending a person in court, pre-litigation procedure or elsewhere and preparing documents or performing a legal act on behalf of that person.
- 6.7 An insured event within the meaning of these Terms and Conditions exists only where the following conditions exist/are met simultaneously:
- 6.7.1 damages arose from activities of the Policyholder which are insured in the framework of professional activities;
- 6.7.2 a claim is submitted within the time-limit specified in Paragraph 11.5;
- 6.7.3 the breach of the Policyholder's obligations on which a claim is based occurred within the insurance period;
- 6.7.4 there is a causal link between the wrongful act by the Policyholder in exercise of his/her profession and the damage suffered;
- 6.7.5 the Policyholder caused damage due to negligence or gross negligence and is liable for the damage in accordance with the applicable legislation.
- 6.8 All claims arising from the same breach of obligations by the Policyholder are considered to be a single insured event.

7. LEGAL COSTS

- 7.1 'Legal costs' within the meaning of these Terms and Conditions means the necessary and reasonable amount of money spent, or to be spent, by the Policyholder on legal assistance, expert assessment or judicial proceedings in relation to an insured event, equal to the sum insured earmarked in the insurance contract for

legal expenses (for details of the sum insured see Paragraph 9 hereof).

- 7.2 The Insurer shall reimburse legal costs if such expenses are necessary to establish the Policyholder's liability and/or the absence of fault on the part of the Policyholder and/or the amount of the claim.
- 7.3 As regards the reimbursement of legal costs to the Policyholder, the deductible set out in the insurance contract is deducted from the amount of indemnity (for details of the deductible see Paragraph 10 hereof). The Insurer shall cover legal costs in excess of the deductible set out in the insurance contract.
- 7.4 Only the legal costs agreed in advance between the Insurer and the Policyholder or retrospectively approved by the Insurer can be subject to reimbursement.
- 7.5 The amount of insured legal costs is included in the sum insured which is set out in the insurance contract. If the Insurer pays out the total amount of the indemnity in relation to a claim, the Policyholder shall bear all legal costs.

8. EXCLUSIONS

The insurance contract shall not cover:

- 8.1 any claims that do not meet the conditions set out in Paragraph 6.4;
- 8.2 any claims based on an event causing damage which the Policyholder was, or should have been, aware of before signing this insurance contract and failed to inform the Insurer in writing before signing this insurance contract;
- 8.3 any claims related to additional contractual obligations of the Insured Person (including contractual penalties and default interest in excess of the statutory rate of such interest);
- 8.4 any claims arising from the loss of documents;
- 8.5 any claims related to physical injury or death;
- 8.6 any claims which are, or would be, covered by compensation in accordance with the Motor Insurance Act, under pension insurance, social insurance or any other compulsory insurance scheme for which there is no other professional civil liability insurance;
- 8.7 any claims which are covered by compulsory professional indemnity insurance (such as Lawyers' Professional Indemnity Insurance), except when and to the extent that the claim and legal costs to be indemnified exceed the sum insured covered by the compulsory professional indemnity insurance, regardless of the insurer with whom the compulsory professional indemnity insurance contract is concluded;
- 8.8 any claims directly attributable to an intentional act (or omission) of the Policyholder or related to a claim against unjust enrichment;
- 8.9 any claims submitted by:
- 8.9.1 the Insured Person;
- 8.9.2 the Insured Person's spouses/cohabitant, family member, relative by blood or marriage;

- 8.9.3 a person directly or indirectly owned or controlled by the Insured Person;
- 8.9.4 a person who controls, directly or indirectly, the Insured Person;
- 8.10 any claims caused by war, acts of a foreign enemy, revolution, strikes, civil disturbances, state of war, seizure, nationalisation, crime, terrorism;
- 8.11 any claims directly or indirectly caused by:
- 8.11.1 radioactive, toxic or explosive properties of any substance;
- 8.11.2 damage directly or indirectly arising from actual, alleged or imminent risk of pollution. The Insurer shall be under no obligation to participate in the defence of any claims related to pollution;
- 8.11.3 dust from asbestos, diethylstilboestrol (DES), dioxin or acquired immune deficiency syndrome (HIV/AIDS), infection and medicinal products;
- 8.11.4 chemical or biological substances not used for peaceful purposes;
- 8.12 any claims arising from erroneous interpretation or application of or failure to respect a foreign law;
- 8.13 any claims arising from a Force Majeure event;
- 8.14 any claims with regard to which the limitation period has expired or may clearly have been expired but for which the Policyholder himself has not raised a time bar objection;
- 8.15 any claims which are clearly unfounded but which the Insured Person admits despite the Insurer's objections or for the satisfaction of which a compromise is agreed on.

9. SUM INSURED

- 9.1 'Sum insured' means the amount agreed in the insurance contract which is the maximum limit of indemnity to be paid out by the Insurer.
- 9.2 The sum insured per insured event is the maximum limit of indemnity the Insurer will pay for all claims, including legal costs, arising from any one claim.
- 9.3 The aggregate limit of indemnity and the limit of indemnity per insured event are set out in the insurance contract. The limits of indemnity referred to above may coincide.
- 9.4 The sum insured available under an insurance contract is reduced by the amount paid out by the Insurer under the same insurance contract.

10. DEDUCTIBLE

- 10.1 'Deductible' means the proportion of loss covered by the insurance contract which is borne by the Policyholder in case of an insured event or the proportion of legal costs of the Policyholder which is borne by the Policyholder regardless of whether or not an insured event has occurred and whether or not the Policyholder is held liable for damages.
- 10.2 Unless it is agreed upon otherwise, the same rate of the deductible applies to the same insured event.

- 10.3 The rate of the deductible is determined as a monetary amount and/or a percentage of damages.

11. PRINCIPLES OF COMPENSATION

- 11.1 'Insurance indemnity' means the amount payable by the Insurer as damages and as compensation for necessary legal costs.
- 11.2 The form of indemnity shall be financial compensation.
- 11.3 The amount of indemnity is determined by the Insurer.
- 11.4 The amount of indemnity per insured event is limited by the amount of financial loss sustained, the sum insured and the limit of indemnity per insured event.
- 11.5 Insurance cover exists for all claims against the Policyholder submitted during the insurance period or for claims against the Policyholder submitted within three years after the expiry of the insurance period in relation to insured events which occurred during the insurance period.
- 11.6 If a part of a claim against the Policyholder remains unproven, the Insurer will indemnify only for the proven part of the claim.
- 11.7 If the Policyholder has reached an agreement with the claimant or has already satisfied the claim or a part thereof, the Insurer will not be bound by that claim or a part thereof if the actual amount of the claim has not been proven and/or the Policyholder's obligation to compensate for the damage is questionable.

12. RIGHTS AND OBLIGATIONS OF POLICYHOLDER

- 12.1 The Policyholder shall:
- 12.1.1 provide to its clients only legal services that are delivered in a timely and professional manner and based on thorough examination of all facts, evidence, legislation and judicial practice;
- 12.1.2 when signing the insurance contract, notify the Insurer of any important circumstances known to the Policyholder which may affect the Insurer's decision whether or not to sign the insurance contract and what conditions to apply if it is signed;
- 12.1.3 provide the Insurer at the latter's request with additional information on the risk insured against;
- 12.1.4 notify the Insured Persons of their obligations under the insurance contract;
- 12.1.5 use their best efforts to avoid insured events, refrain from increasing the probability of the insurance risks and not allow other people for whom the Policyholder is responsible to increase such risks;
- 12.1.6 immediately notify the Insurer of the emergence of a multiple insurance situation and of an increased probability of an insurance risk;
- 12.1.7 allow the Insurer to assess the insurance risk;
- 12.1.8 notify the Insurer of any claim in whatever form (complaint, statement of claim, etc.) submitted by an Injured Person against the Policyholder and of any circumstances which may give rise to a claim against the

Policyholder. The Insurer must be notified immediately, but no later than within one week from the moment the Policyholder became aware of the relevant claim or circumstance. The Insurer must be provided, along with the claim, with all relevant documents and information concerning the claim or any actions performed in the course of claim proceedings;

- 12.1.9 notify the Insurer of any existing compulsory professional indemnity insurance contracts and of the relevant service provider (if the said insurance contract is not signed with the Insurer itself);
- 12.1.10 immediately take measures to prevent any further damage;
- 12.1.11 pay the insurance premium or its instalments by the due date given in the insurance contract;
- 12.1.12 raise time bar objections with regard to claims which have expired (or may have been expired);
- 12.1.13 reimburse the legal costs, awarded by a judicial decision to, and received by, the Policyholder, which have been paid earlier by the Insurer.
- 12.2 The Policyholder shall not admit any claims submitted against him/her in whatever form or conclude any agreements for satisfying claims without the Insurer's consent.

13. RIGHTS AND OBLIGATIONS OF INSURER

- 13.1 The Insurer has the right to request the Policyholder to implement additional measures to reduce an increased insurance risk and to increase the insurance premium to reflect the increased insurance risk.
- 13.2 If the Policyholder has failed to notify the Insurer, upon signing the insurance contract, of any important circumstances known to the Policyholder which may affect the Insurer's decision whether or not to sign the insurance contract and what conditions to apply if it is signed and the circumstances have had an impact on the occurrence or extent of an insured event, the Insurer has the right to refuse, upon the occurrence of the insured event, to compensate the damage or to reduce indemnity.
- 13.3 If the Policyholder has, upon signing the insurance contract, increased, or permitted other people for whom the Policyholder is responsible to increase, the probability of the insurance risk and the circumstances have had an impact on the occurrence or extent of an insured event, the Insurer has the right to refuse, upon the occurrence of the insured event, to compensate the damage or to reduce indemnity.
- 13.4 If the Policyholder has breached the obligations laid down in Paragraph 12.1.8 hereof and this has had an impact on the establishment of the Insurer's obligation, the Insurer has the right to refuse, upon the occurrence of the insured event, to compensate the damage or to reduce indemnity.
- 13.5 The Insurer has the right to refuse to compensate the damage or to reduce indemnity if the claim for damages is related to the fact that when committing the act (or omission) giving rise to the claim, the Insured Person

was under the influence of alcohol, drugs, intoxicants or other substances.

- 13.6 The Insurer shall:
 - 13.6.1 give the Policyholder an opportunity to examine the documents related to the insurance contract before signing;
 - 13.6.2 keep confidential all information related to the insurance contract which has come to its attention;
 - 13.6.3 after the receipt of a written application concerning a claim against the Policyholder or the circumstances referred to in Paragraph 12.1.8 hereof, promptly initiate the handling of the claim;
 - 13.6.4 establish whether a claim against the Policyholder is legally justified and whether the amount of the claim is proven;
 - 13.6.5 take a decision on the compensation of damage or refusal of indemnity under the policy within reasonable time but no later than within 30 days after the receipt of the documents required for establishing the Policyholder's liability. In case any proceedings have been initiated for imposing criminal or administrative penalties, the Insurer has the right to postpone the decision until charges have been brought against the suspect or the Insurer has received a decision on the termination or suspension of the relevant proceeding. The Insurer shall immediately, but no later than within 5 working days from the date of the decision, notify the Policyholder in writing of the compensation of damage or refusal of indemnity or reduction of indemnity, indicating the reason for and basis of refusal or reduction;
 - 13.6.6 pay the insurance indemnity in accordance with these Terms and Conditions.

14. INSURER'S RIGHT OF RECOURSE

- 14.1 The Insurer has the right of recourse against the Policyholder with regard to the amounts paid under the insurance policy if the circumstances ruling out indemnity are disclosed after the Insurer has paid out the insurance indemnity.
- 14.2 If the Policyholder admits a claim despite the Insurer's objections or fails to raise a time bar objection referred to by the Insurer and this gives rise to the Insurer's obligation to compensate the Injured Person for the damage caused, the Policyholder shall immediately reimburse the amount of indemnity to the Insurer at the latter's request.
- 14.3 The Insurer has the right to request the reimbursement of the legal costs paid by the Insurer which have been awarded by a judicial decision to, and received by, the Policyholder.