

Liability insurance for IT operations

Even the most seasoned of experts can sometimes make an error in their work. If this error causes harm to a third party, your company will be held liable – the amount of liability may be high, even considerably so. That is why it is a good idea to take out an insurance policy that covers the expert work that your firm provides. The insurance product covering risks of the expert work that IT services companies provide is called Liability insurance for IT operations (LiIT).

This insurance is designed for enterprises producing design, consultancy, implementation, maintenance or installation work related to computer systems, information networks, or software, to their external clients. Extended (Premium) LiIT cover is also available.

In addition to Liability insurance for IT operations, your company also needs a business liability insurance policy covering other bodily injury and property damage than those caused by errors made in expert work.

Get cover against expert work errors

Liability insurance for IT operations will protect your company if your company is served a compensation claim for an incident resulting from an error, defect or omission in any

- software or computer system provided to a client, or in their updating or other maintenance
- instruction or advice given to a client as part of expert work.

Liability insurance for IT operations covers pure financial loss, bodily injury and property damage.



Our services in the event of a claim

- We will determine whether there is any liability if your company is served a claim for damages that is more than your deductible.
- We will negotiate with the injured party and pay the compensation that may become payable.
- We will reimburse the costs of any litigation relating to the claim.

Where and when am I covered?

Cover applies to incidents for which the insured is held legally liable under the law of the geographical area of cover selected for the policy. For example, if the selected area of cover is Finland, cover applies to incidents for which the insured is held legally liable under the law in force in Finland.

Cover applies to incidents discovered during the period of cover. This insurance is not designed to cover purely contractually agreed-upon costs, including penalties for delay or service level penalties. Nor is this insurance designed for errors in software that is intended for your company's own internal use.

Is subcontractors' work covered?

Cover also applies to work performed by your company's subcontractors. However, you need to agree with your subcontractors in writing that they are required to keep in force a liability insurance policy that covers their own share. LocalTapiola will then, after making the insurance payout, have an opportunity to claim on the subcontractor's liability insurance policy.

Sum insured

The maximum cover per incident, and in total for all incidents discovered during the same period of insurance, is limited to the sum insured. When deciding an adequate sum insured, you should take into account whether your company limits liability by means of the contracts you conclude with clients, and if not, what could then be the

biggest possible claim. If the same error causes harm to many, this will be treated as one claim/incident.

Project-specific sum insured

If your company gets an individual assignment necessitating a higher sum insured than what is included in your policy, alongside your continuous policy, we can arrange specific cover for the assignment in question, with a sum insured that is sufficiently high for that assignment. The sum insured selected will be the full euro amount needed for project-specific cover of this type, because the sum insured of your continuous policy is not available for any work insured by the separate project-specific cover.

Premium cover

Select Premium cover for your policy when you want to protect your company against compensation claims for consequential or indirect loss based on a security breach that results from an error in IT operations, or when you want to extend your policy to also provide cover for file recreation costs.

Consequential loss

An example of consequential, or indirect, loss that can be covered by Premium IT operations cover is when your client's production stops as a result of an error made in expert work, and this leads to loss of profit.

Security breach

Loss resulting from a security breach can be covered by Premium IT operations cover when a security breach affects your client's computer system, the security breach results from an expert work error and the error occurred in the client's computer system.

Recreation of data

Data recreation costs can be covered by Premium IT operations liability cover when lost files or data cannot be restored by financially practicable means from backup copies.

Claim examples

Below are some simplified examples of claims we have covered previously. In reality, several errors or omissions made may contribute to the occurrence of an incident, so that the existence of any liability and whether there is cover for the incident can be determined only later following a case-by-case examination.

In determining liability and its amount, we will always consider any limitations of liability laid down in the relevant contract concluded between the insured and the client ordering the work.

| Incident | Covered | Not covered |
|--|---|--|
| A production-line packing machine stops as a result of an error made during a software update. | Overtime costs from packing the products manually. Only by Premium cover Loss of profit incurred by the stopped packing machine. | Loss of profit incurred by the stopped packing machine. |
| A design error in the microcontroller firmware of a refrigerating machine. a. The error causes the refrigerating machine settings to reset in the event of a power cut lasting for more than an hour. b. Following this incident, the refrigerating machine manufacturer repairs all supplied machines containing the faulty firmware, to avoid further property damage. | a. The foods rendered unfit for sale for which the refrigerating machine manufacturer is held to liability and for which the manufacturer demands compensation from the firmware designer. b. Costs incurred to the refrigerating machine manufacturer from repairing the faulty machines. | The insured's own costs from repairing the faulty software design. |
| While installing enterprise resource planning software, the firewall is inadvertently opened fully instead of opening just one port. Following this error in computer system installation, a piece of malware gains access to the client's computer systems. | Only by Premium cover Damage caused from the malware to the client. | |

| Incident | Covered | Not covered |
|--|---|---|
| Due to a software error, the purchasing application of your client company's webstore jams. | Only by Premium cover Loss of profit over the time when the webstore is non-functional. | The insured's own costs from repairing the faultily designed software. |
| The insured manufactures a piece of software for an automatic farm feeder. A manufacturing error in the feeder causes a fire. | | The error was not in the software, which is why the incident is not covered by Liability insurance for IT operations. |
| The insured advertises a fast and easy-to-use appointment booking system. However, the system crashes if more than 10 clients use it at the same time to make a booking. A client demands compensation for lack of promised performance. | | Lack of promised effect, performance or functionality will not be covered unless caused by an error in software. |

Examples of cover limitations and exclusions

Cover will not apply to loss, damage or injury caused in consequence of:

- failure to perform inspections, checks, tests or analyses that are ordinary in the sector
- failure to update or take a backup copy of the ordered software or device
- failure to carry out maintenance or servicing on the hardware operating environment, such as failure to service a server room ventilation unit
- processing of data which is contrary to the personal data legislation
- business and management consultancy, including participation in decision-making undertaken by a client's management on purchasing new software
- an error known, or of which the insured should have known, at the time when cover commences.

Cover excludes IT operations for

- healthcare, medical care, healthcare medical devices, medicinal products or their manufacturing
- companies operating in the financial sector, including the production of payment services, and virtual currency activity
- air, aviation and space activities, and items used in these functions.

This exclusion applies to IT operations that expressly serve any of the above activities. Cover does not exclude IT operations for, for example, payroll software or any equivalent software generally used in all sectors, not even where used by a company that is engaged in excluded activities.

Incidents covered by other liability insurances

Some incidents are excluded from the cover provided by Liability insurance for IT operations, because there are dedicated insurance products suitable for covering precisely those types of incidents. These include:

- security breaches to your company's own computer system / Cyber insurance
- infringement of a third-party intellectual property right / Pure financial loss cover for intellectual property rights
- harm caused in the performance of the functions of Managing Director or Board member / Directors' liability insurance
- traffic accidents / Motor liability insurance
- harm caused by a tangible item / Product liability insurance.

Terms and conditions of Liability insurance for IT operations

Your LiIT policy is made up of the VA48 policy wording and the common terms and conditions for liability insurances (VY1). The Premium cover special wording (VE46) will print to your policy schedule when you have selected Premium cover for your policy. Furthermore, corporate policies are always subject to the General terms and conditions for companies (YS15).

Please note that this product brochure describes the most relevant policy limitations and exclusions. For the full limitations and exclusions, refer to the VA48 and VY1 wordings.

Insurance is granted by the following mutual insurance companies in LocalTapiola Group (business ID):

LähiTapiola **Etelä** (0139557-7) | LähiTapiola **Etelä-Pohjanmaa** (0178281-7) | LokalTapiola **Sydkusten** -
LähiTapiola **Etelärannikko** (0135987-5) | LähiTapiola **Itä** (2246442-0) | LähiTapiola **Kaakkois-Suomi**
(0225907-5) | LähiTapiola **Kainuu-Koillismaa** (0210339-6) | LähiTapiola **Keski-Suomi** (0208463-1) |
LähiTapiola **Lappi** (0277001-7) | LähiTapiola **Loimi-Häme** (0134859-4) | LähiTapiola **Länsi-Suomi** (0134099-8) |
LähiTapiola **Pirkanmaa** (0205843-3) | LokalTapiola **Österbotten** - LähiTapiola **Pohjanmaa** (0180953-0) |
LähiTapiola **Pohjoinen** (2235550-7) | LähiTapiola **Pääkaupunkiseutu** (2647339-1) | LähiTapiola **Savo**
(1759597-9) | LähiTapiola **Savo-Karjala** (0218612-8) | LähiTapiola **Uusimaa** (0224469-0) |
LähiTapiola **Varsinais-Suomi** (0204067-1) | LähiTapiola **Vellamo** (0282283-3) |
LocalTapiola General Mutual Insurance Company (0211034-2)

The companies' contact details are available at www.lahitapiola.fi.

