

# Construction and erection works all risk insurance conditions 1/2015

Effective as of 1 July 2015

These conditions of construction and erection all risk insurance of Seesam Insurance AS (hereinafter Seesam) are divided into **the conditions of property insurance** and **the conditions of liability insurance**.

## CONDITIONS OF PROPERTY INSURANCE

### PURPOSE OF INSURANCE

1. The purpose of the construction and erection works insurance is to indemnify for damage from an insured event pursuant to these conditions and extent laid out in the rules of compensatory allowance.

### INSURED EVENT

2. Insured event refers to damage, destruction or loss of the insured item during the insurance period and on the insured site due to reasons which according to the terms of restrictions of the pursuant property insurance are not excluded.

### INSURED SITE

3. Insured site refers to the designated location of the construction site indicated in the policy or accepted by Seesam in a format which can be reproduced in writing.
4. Insured person refers to the policyholder of the property insurance.
5. The policyholder may, inter alia, include insurance against damage, destruction or loss to property as a result of third party construction or installation works.
6. When insuring an insurance risk related to a third party, the insured person shall be noted in the policy separately or as an aggregate.
7. Aggregate refers to the set of subcontractors in performance of their duties, who the policyholder uses during the insured construction and installation works.
8. Insured object refers to the property set out in the policy as well as the objects and additional costs that have been insured by a special agreement.

9. In the case of an annual contract for the volume of construction works, the insured objects refer to the working sites indicated in the policy, the ones accepted by Seesam in a format which can be reproduced and insured objects and additional costs by special agreements.

### **Built object constructed, converted or installed within the scope of cost of construction**

10. The built object is referred to in these terms and conditions as the construction, installation or converted unit, building, part of a building or facility that is the agreed work outcome of a working or an employment contract (or other contracts similar in content to the aforementioned contracts) concluded by the insured person.
11. Permanently installed equipment, machinery, materials as well as permanent and temporary structures used during construction or installation works shall be automatically insured along with the built object, provided that they are included in the cost of construction.
  1. Scaffoldings and formwork are not regarded as temporary structures and therefore the insurance coverage does not automatically extend to scaffolding and formwork. Scaffolding and formwork shall only be insured by special agreements between the parties.
12. The built object shall only be insured in the cost of construction of the construction, alteration or installation of the aforementioned object.
13. Without a special agreement on the policy, the justified and reasonable demolition and cleaning costs of a direct and unavoidable insured event shall be compensated for. The aforementioned costs will be reimbursed to a maximum of 10% of the sum insured

of the insured item, but no more than 6,500 euros.

14. The cleaning and demolition costs referred to in clause 13 may exceed the insured sum.

#### **Built objects constructed, converted or installed by special agreements**

15. Without a special agreement and a notification on the policy, the construction, conversion or installation of the following built objects shall not be insured;
- 1 bridges;
  - 2 railway buildings;
  - 3 spaces built in cliffs;
  - 4 tunnels;
  - 5 barrage structures;
  - 6 hydro powerplants;
  - 7 port equipment;
  - 8 port facilities;
  - 9 landfills;
  - 10 construction, installation or alteration of built objects beneath or on top of bodies of water;
  - 11 when the sole objective of the agreed work or employment contract (or other contracts similar in content to the aforementioned contracts) is the demolition of the built object.
  - 12 built objects related to petrochemicals or oil refining.

### **OBJECTS INSURED BY SPECIAL AGREEMENTS**

#### **Tools**

16. Tools can be insured by a special agreement, which shall be listed in the policy.
17. Tools refer to the hand tools and portable scaffolding used on the construction site during the preparation, alteration or installation works by the insured person.
- 1 Machinery used during construction works are not insured as tools. Machinery refer to mobile or tower cranes, lifts, motor vehicles, engine – powered machines or equipment towed by them. Machinery can be insured by separate property insurance.
  - 2 Pontoons, air or water crafts and the constructions or equipment located on them are not insured as tools.
18. In the event of damage to or destruction of working equipment, the reasonable cost of restoration shall be compensated for to the extent of the sum insured indicated in the insurance policy.

#### **Temporary structures**

19. Temporary structures can be insured by special agreements, which shall be listed in the insurance policy.
20. Temporary buildings refer to the portable offices, warehouses or other buildings in use during the construction works and on the construction site by the insured person.
21. In the event of damage to or destruction of the temporary buildings, the reasonable costs of restoration shall be compensated for, but not more than the temporary building sum insured indicated in the insurance policy.

#### **Office appliances and furniture**

22. Office appliances and furniture located in a temporary structure and used by the policyholder during the construction work and on the construction site can be insured by special agreements, which shall be listed in the insurance policy.
23. In the event the office appliances and furniture are damaged or destroyed, the reasonable costs of their restoration are compensated, but not more than the sum the office appliances and furniture were insured for in the insurance policy.

#### **Plans and documents**

24. Plans and documents can be insured by special agreements, which shall be listed in the insurance policy.
25. Plans and documents refer to the plans, working drawings, documents, manuscripts, files and computer recordings used by the policyholder during the construction work and on the construction site.
26. In the event the plans and documents are damaged or destroyed, the reasonable costs of their restoration are compensated in accordance with the amount specified in the insurance policy for plans and documents.

### **ADDITIONAL COSTS INSURED BY SPECIAL AGREEMENTS**

#### **Costs of additional and overtime work and transportation**

27. In the event of a special agreement and if the policy contains a special notation, the reasonable costs of additional and overtime work, which arise directly and unavoidably from the insured event, incurred for the purpose of prevention or reduction of a delay upon performance of the construction or employment contract, shall be indemnified.
28. The costs of additional and overtime work refers to the differences between the usual pay and overtime pay and the pay difference paid due to working at the weekend or on public holidays as well as the diffe-

rence between usual transport and express transport.

29. The additional and overtime work insurance cover does not include the costs incurred for amendment or improvement of the design, materials used or intended to be used or as-built drawings.
30. Costs of additional and overtime work shall be indemnified to the extent of the sum insured of the additional and overtime work specified in the insurance policy.

## RESTRICTIONS OF INSURED EVENT

31. Insurance limits apply during the insurance period of construction works, the extended service period as well as during the insurance cover of the maintenance period.

### Work error

32. The damage and cost due to the alteration works of inappropriate and substandard construction work of the insured person shall not be compensated for.
33. The exclusion in clause 32 does not apply to a part of a properly constructed and insured structure. Damage incurred to a properly constructed and insured structure due to improper or substandard construction work in a part of that aforementioned structure and the cost incurred in the repair and restoration work shall be compensated for.

### Defective product or inappropriate material

34. Any damage or expense resulting from a defective product, or from replacing a quality material product with a defective material product, shall not be compensated for.
35. The exclusion in clause 34 does not apply to properly constructed parts of the insured structure. Damages and costs incurred due to restructuring and repair works caused by a defective product or usage of improper or substandard material in otherwise a properly constructed structure, shall be compensated for.

### Project and plan errors

36. Any damage or cost due to conversion or repair work caused by a defective or inappropriate project, soil survey, plan, drawing, calculation or specification, shall not be compensated for.
37. The cost of alteration or repair work of the insured built object mentioned in clause 36 shall not be compensated for.
38. The exclusion in clause 37 does not apply to an insured properly constructed part of the built object. Damage to a properly constructed part of the built object caused by the errors of the project or plan and the repair works of these damages, shall be compensated for.

### Long – term process

39. The damage arising from deterioration, rusting, corrosion, spoilage, decaying, moulding, fungi, oxidation, the material's fatigue, rotting, dampness, change in the colour or smell of the material, draining of the material and changes in the structure or finishing touches of the material or other similar long– term process shall not be indemnified.
40. Due to what has been set out in clause 39, the damage caused to another part of the built object or to another insured property that is not due to any of the reasons mentioned in clause 39, shall be indemnified.

### Maintenance costs

41. The costs arising from adjustment or maintenance work of the insured machine or device or from replacement or repairs of details related to maintenance shall not be indemnified.

### Offence

42. The damage arising from an offence committed by a third party, except theft, robbery or deliberate damaging or destruction of an object, shall not be indemnified.
43. The base for interpreting and conceptualising the definitions of theft, robbery and wilful damage, shall come from the content given to these concepts in the Penal Code.
44. In the event of the aforementioned offences mentioned in clause 43, the insurer shall assume the qualifications given to them under criminal proceedings.

### Loss

45. The damage caused by the loss of the insured object or a part of thereof shall not be indemnified except in the event of theft or robbery.

### Blasting operations

46. The damage arising from blasting operations or from the related excavation work or from an explosion in an explosives warehouse shall not be indemnified.

### Flood

47. Damage caused by floods, including the rising of the surface of a body of water, waves emerged as a result of a strong wind, movement or accumulation of ice, spring high water upon snow melting, or downpour shall not be compensated for.
48. A flood is a temporary rising of the water surface and spread of the water to land which is usually dry, as well as temporary accumulation of things or substances carried by water to the land which is usually dry.

49. Only with the existence of a special agreement and a notation of it in the insurance policy, shall damage cause by flooding be compensated for to the extent of the stated insured sum in the insurance policy.

#### **Fines and penalties**

50. According to the insurance agreement, damages due to a breach of a contractual obligation or that do not constitute a direct pecuniary damage, including loss of profit, liquidated damages, penalties, interest, taxes – shall not be compensated for.

#### **Equipment failure**

51. The costs of repairs or replacement of tools or parts of thereof, which arise directly from a mechanical or electrical failure or disturbance, internal explosion or the wrong use of the tools, shall not be indemnified.

### **SUM INSURED**

52. The cost of construction of the built object is equivalent to the sum insured indicated on the policy.
53. Objects and additional costs insured by special agreements shall be noted on the policy.
54. The insured sums noted in the agreement for the volume of the annual construction works, apply to all the insured built objects and to the insured objects and additional costs insured by special agreements in total during the insurance period.
55. The sum insured is the amount agreed upon in the insurance contract, which is the maximum payable amount for all the insurance compensation payments to be made during the insurance and maintenance period.
56. If Seesam pays out compensation in the total sum insured during the current insurance period, the insurance contract shall be considered to be terminated from the moment the insurance indemnity payment to the extent of the insured sum has been made due to the end of the insurable interest of the insured person.
57. The sum insured is reduced by the insurance benefit paid out during the insurance period.

#### **Determining the value of the sum insured**

58. The sum insured is determined on the basis of the data submitted by the policyholder and the policyholder is responsible for the accuracy of the data.
59. If the policyholder provides Seesam with incorrect or insufficient information to determine the amount of the sum insured, Seesam has the right to apply under- or over-insurance provisions mentioned in the compensation rules when making compensation payments.

### **INSURANCE COVER AND ITS DURATION**

#### **Insurance period**

60. Insurance protection during the construction works shall be valid only on the insured site and period indicated on the policy.

#### **Maintenance period**

61. Maintenance period is the time after the completion of the construction site (24 months), during which the insured person is required to enhance the faults and shortcomings of the construction period.
62. The maintenance period is divided into the extended insurance period and the basic insurance protection period of the maintenance period.
63. After the end of the insurance period, the extended maintenance insurance cover period shall begin (the period of extended service protection) and after that the basic insurance protection period of the maintenance period (basic protection of the maintenance period), provided that the assumptions and conditions in set out in the terms and conditions of clauses 67-68 have been met.
64. After the end of the insurance period of the construction phase, the extended maintenance protection period shall begin, that applies to the insured location for the first 12 months, unless otherwise agreed.
65. The basic protection insurance of the maintenance period shall start after the expiry of the extended protection insurance of the maintenance period and is valid for 12 months, unless otherwise agreed.

#### **Extended protection insurance of the maintenance period**

66. The extended protection insurance for the maintenance period is the period (12 months) following the completion of the construction works, during which time the insured person is required to enhance the faults and shortcomings of the construction period.
67. The extended protection insurance for the maintenance period begins only when the following conditions are met:
1. the construction or installation works of the insured built object have been completed as a whole and during the insurance period of the construction works.
  2. the construction or installation works done to the extent of the cost of construction of the insured built object has been handed over as a whole to the owner or the client during the insurance period of the construction works.
68. If the construction works of the built object have not been completed in full and handed over as a whole by the

insured person to the owner or client by the end of the insurance period, then the extended protection insurance period for the maintenance period shall not commence.

#### **Insured event of the extended protection insurance period of the maintenance period**

69. The damages incurred to the insured object during the extended protection insurance period of the maintenance period shall be compensated for when:
1. the insured person has caused damage during the extended protection insurance period of the maintenance period on the grounds that improvements were made to errors made during the insurance period of the construction works that have become apparent during the extended protection insurance period of the maintenance period;
  2. the insured person has caused damage due to incomplete construction works carried out during the insurance period of the construction works that have become apparent during the extended protection insurance period of the maintenance period.
70. Compensation for damaged caused by an insured event during the extended protection insurance period of the maintenance period shall be paid if the following conditions are met:
1. there is a causal link between the lack of construction and the construction error or damage occurred during the extended protection insurance period of the maintenance period.
  2. the built object properly constructed or modified during the construction works period is damaged.

#### **Exclusions to the insured event of the extended protection insurance period of the maintenance period**

71. The terms of clause 69 of the said case, no compensation shall be paid which is caused by or arising from:
1. the shortage, inappropriateness or error of the product or material;
  2. an error present in the project, soil survey, plans, drawings or specifications;
  3. the inappropriate or poorly constructed, installed or modified built object or from its renovation or repair works by the insured person.
72. Exclusions set in clause 71 do not apply to a properly constructed part of the insured building. Due to events mentioned in clause 71 and the cost of repairing the damage occurred from these events to a properly constructed part of an insured building, shall be compensated for.
73. When interpreting the definitions set out in clause

71, the content given to these definitions in clauses 34-35, 36-38 and 32-33 shall be applied.

#### **General insurance cover for the maintenance period**

74. The basic protection insurance period of the maintenance period is the period following the extended protection insurance period of the maintenance period (12 months), during which an insured person is required to enhance the faults and shortcomings of the construction.
75. The basic protection insurance period of the maintenance period shall not commence if a valid extended protection insurance period of the maintenance period has not preceded it.

#### **Insured event of the basic protection insurance period of the maintenance period**

76. Damages to the insured objects during the basic protection insurance period of the maintenance period shall be compensated for if the following conditions are met:
1. the insured person has caused damage during the basic protection insurance period of the maintenance period and the damage occurred at a time when repairs were made by the insured person to errors revealed during the insurance period of the construction works and the basic protection insurance period of the maintenance period;
  2. damages to the built object constructed or modified as required during the period of construction works.

#### **Exclusions to the insured event of the general insurance cover for the maintenance period**

77. Damage arising during the maintenance period due to inadequate construction or installation work during the insurance period of the construction works, shall not be deemed as an insured event of the maintenance period insurance cover.

### **CALCULATION OF INSURANCE PREMIUM**

78. After the expiry of the insurance period for the construction phase, the policyholder is obliged to notify Seesam within 14 days about the actual cost and duration of the construction period of the construction and erection works on the working site in a format which can be reproduced in writing. This shall be the basis on which the final insurance premium is calculated.
1. If the difference between the actual cost of construction and the cost of construction of the object that was submitted to Seesam does not exceed 10% of the general budgetary cost

of the object, the insurance premium shall not change and the notification set out in subsection 78 shall not be necessary.

79. Seesam shall not refund more than 50% of the initial insurance premium calculated on the basis of the cost of construction of the built object.
80. The insurance premium is calculated on the basis of the cost of construction work submitted to Seesam by the policyholder, who shall be responsible for the accuracy of the aforementioned details.
81. If the policyholder provides Seesam with incorrect or insufficient data for the calculation of premiums, then Seesam has the right to apply under- or over-insurance provisions when compensating for damages.

### **CALCULATION OF THE SUM OF COMPENSATION**

82. The calculation of the sum of compensation shall occur according to these conditions and the conditions set out in the conditions for compensatory allowance.
83. In cases where the compensation rules are contrary to the conditions set out in these terms and condi-

tions for the basis for calculating the value of compensation, the latter takes precedence.

### **LIABILITY INSURANCE DEDUCTIBLE**

84. Deductible is the assigned part of the damage that according to the insurance agreement shall not be compensated for.
85. According to the insurance agreement, the deductible shall be deducted from the amount being paid out for compensation.
86. The deductible shall be applied to every insured object in every insured event indicated on the policy. The value of the deductible shall be indicated on the policy. Seesam shall indemnify the amount exceeding the deductible.
87. Upon application of several deductibles of property insurance, only the largest deductible shall be subtracted from the indemnify.
88. Special deductible shall be applied if there is a notation of a special deductible in the insurance policy about the realisation of the insured risk or of the insured property.

## **TERMS OF LIABILITY INSURANCE**

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### **GENERAL PART OF THE TERMS LIABILITY INSURANCE**

#### **PURPOSE OF INSURANCE**

89. The purpose of the liability insurance is to protect the insured person from claims made by the injured person in the extent of and procedure provided for in these terms and conditions.

#### **INSURED EVENT**

90. Insured event refers to the personal or property damage, which has been caused to a third party (the injured party) during the insurance period by the insured person due to negligence in connection with the preparation, installation or modification of the working site, and with respect to which the insured person has civil liability.
91. Construction and installation works refer to the performance of the agreed work in the work or employment contracts (or other contracts similar in content to the aforementioned contracts) concluded by the insured person of which Seesam has been notified of either at the signing of the insurance contract or during the insurance period.

#### **Insured person**

92. The insured person is a self – employed or legal person, whose risk is insured regarding its construction and installation works.
93. Employees and legal representatives of the insured person are deemed to be automatically insured together with the construction and installation works of the insured person.
94. 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.
95. 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.
96. It is assumed that the risk related to the construction and installation works of the person who concluded the insurance contract (the policyholder) is insured by the insurance contract.
99. Aggregate refers to the set of subcontractors in performance of their duties, used by the policyholder du-

ring the insured construction and installation works.

100. 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 caused by them to each other is not compensated on the basis of the insurance contract, unless agreed otherwise (clauses 114-115).
101. 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 caused by himself (e.g.: subcontractors), are not deemed to be automatically insured by the insurance contract.

### Third party

102. Third party (the injured party) is the person, who is not the policyholder, not the insured person nor Seesam.
103. If the customer is neither the policyholder nor the insured person, they are considered as the third party.

### Built object

104. The built object is regarded in these terms as the construction, installation or converted unit, building, part of a building or facility that is the agreed outcome of a work or employment contract (or other contracts similar in content to the aforementioned contracts).

### Forms of guilt

105. 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.
106. Unlike the conditions in clause 90, an event shall be deemed to be an insurance event in which the insured person causes the liability insurance insured event due to gross negligence, provided that the insured person did not cause the incident by being in violation of the safety requirements set out in these terms and conditions.

### Personal damage

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

### Proprietary damage

108. 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.

### Duration of the liability insurance period

109. If not stated otherwise in the insurance policy, the insurance period shall only be valid during the construction works of the built object.

### Third – party liability

110. Third – party liability (also civil liability) in these terms and conditions shall be deemed the unlawfully caused emergence of liability in tort for damages and the basis for a claim by the injured party arises from the law.

### Liability insurance protection of the time of the insured event

111. 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.
112. The injured person's claim for compensation of damage against the insured person must have arisen during the insurance period or in cases mentioned in clauses 61 - 65 and it must be possible for the injured person to realise the claim for compensation of damage against the insured person, pursuant to law.
113. Presentation of a claim by the injured person to the insured person during the insurance period is not equivalent to the time of causing the damage.

## SPECIAL PART OF THE LIABILITY INSURANCE

By special agreements, it is possible to sign an additional insurance contract on the following options of the liability insurance

### CROSS-LIABILITY

114. If a respective notation has been made in the insurance policy, then all insured persons are deemed to be third-parties to each other and the property damages to each other caused by the construction and installation works shall be indemnified in the extent of the following terms and conditions.
115. Property damaged caused by insured persons to each other shall be indemnified even without cross-liability.

## LIABILITY INSURANCE OF THE MAINTENANCE PERIOD

### Duration of the maintenance period

116. Maintenance period refers to the period following the completion of the built object (24 months), during which the insured person has the obligation to fix all

flaws and defects that have become evident.

117. The liability insurance of the maintenance period is not automatically valid alongside with the property and liability insurance of the policyholder.
118. The liability insurance of the maintenance period is a separately bought insurance coverage that shall be agreed upon between the parties of the insurance agreement in a special agreement.
119. The existence and duration of the liability insurance of the maintenance period shall be noted in the insurance policy.

#### **Occurrence of insured event of the liability insurance during the maintenance period**

120. The insured event of the liability insurance of the maintenance period is the personal or property damage caused to a third-party by the insured person by carrying out the repair works during the maintenance period, for which the insured person is liable for pursuant to the law.
121. Damage caused to a third-party due to incomplete construction or installation works during the maintenance period or later on shall not be deemed to be an insured event of the liability insurance of the maintenance period.
122. The time of the insured event of the liability insurance of the maintenance period is deemed to be the time the unlawful act that caused damage was committed and Seesam shall only have the obligation to pay compensation if the insured person causes personal or property damage out of negligence to a third-party due to a work error made during the repair works of the maintenance period or in the surrounding area of the built object, and to which a civil liability has therefor arisen.
123. In matters not covered in clauses 116-122 of the liability insurance of the maintenance period the general conditions set out in the general part of the liability insurance shall be applied.

### **EXCLUSIONS OF THE GENERAL AND SPECIAL PART OF THE LIABILITY INSURANCE**

124. General contractor liability insurance must be agreed upon separately and it is a special solution for the general contractor who is also the policyholder.
125. The existence and duration of the general contractor liability insurance shall be noted in the insurance policy.
126. The general contractor is a legal person, who is in charge of organizing all of the preparation, installation and modification works of the construction site and obtains the corresponding sub-contractors for the

works.

127. A subcontractor is a person with whom the policyholder as the main contractor has entered into a contract with for the preparation, installation, or modification of the construction site.
128. In matters not covered in the special section of the general contractor liability insurance, then liability insurance principles set out in the general section shall be applied.

#### **Insurance event**

129. In the event of the liability insurance of the general contractor, the insurance event shall be deemed to be the property or personal damage caused to a third-party (injured person) during the insurance period of the construction, installation or conversion of the built object by the subcontractors used on the site, for which the main contractor as the policyholder is responsible for.
130. In addition to the general part of the regulation of the conditions of the liability insurance (for example the exclusions set out in the general instructions) the following assumptions are required to be present for the insurance indemnity to be paid out in the occurrence of an insured event of the general contractor liability insurance:
- 1 the injured person demands the damages to be indemnified by the policyholder;
  - 2 the policyholder uses their legal or contractual right to demand full compensation for the damage caused by a subcontractor;
  - 3 the policyholder assigns the compensation claim to Seesam.
131. Exclusions to the insured event and the validity in which the parties of the insurance agreement may separately agree upon as opposed to the terms and conditions set out here.

If not stated otherwise in the insurance policy, no compensation is given for:

132. damage resulting from the destruction of, damage to or loss of property of a third-party (other than the customer) during a time when it was in the possession of the insured person to be managed, kept, transported, leased, rented, loaned, used or processed (subject property). The aforementioned exclusion applies regardless of whether the property of the insured person was legal or illegal;
133. damage that has been caused to a third party resulting from the subsidence, collapse, cracking, breakage, vibration, lack of or the inadequate removal of a supporting frame of the insured works.
134. property damage caused by the insured persons to each other, except in the cases of cross-liability (clauses 114-115)



- 135. damage arising from inadequate or inappropriate project, soil survey, plan, drawing, specification or calculation;
- 136. damage arising in the maintenance period or later that was caused by the insured person to the injured person during the insurance period due to a work error;
- 137. damage related to the construction and repair works of ships.

**Absolute exclusions of the insured event that cannot be affected by the parties of the insurance agreement**

Not subject to compensation:

- 138. damage that is not related to the insured event;
- 139. intentionally caused damage to the injured person by the insured person;
- 140. damage based on events the insured person was or should have been aware of before being awarded the insurance agreement;
- 141. damage which is subject to indemnification or on the basis of motor third party liability insurance or compulsory liability insurance;
- 142. damage caused by the use of a vehicle which is not subject to insurance on the basis of the Motor Third Party Liability Insurance Act, except if such vehicle has caused damage at the worksite;
- 143. damage caused by the possession or use of any water or air craft;
- 144. damage resulting from the insured person's breach of a contractual obligation, including interest, fines and penalties;
- 145. damage for which the insured person is liable to the injured party in front of a contract or statutory warranty;
- 146. injury caused to a third-party on or in the close surroundings of the working site that is not related to the insured construction and installation works.
- 147. damage caused by an outdated claim against the insured person;
- 148. damage due to bankruptcy or insolvency of the insured person;
- 149. damage for which the insured person is responsible for by the terms of unjustified enrichment;
- 150. damage for which the insured person is responsible for by the terms of negotiorum gestio;
- 151. damage for which the insured person as the owner of the hazardous structure is responsible for;
- 152. damage for which the owner of the structure or the land under the structure is responsible for according to the law;
- 153. damage for which the insured person is responsible for by the terms of liability of producer.

**TYPES AND AMOUNT OF COMPENSATED DAMAGE**

- 154. Personal and proprietary damage is compensated on the basis of the insurance contract taking into account and precluding the terms in clauses 131-153.
- 155. 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.
- 156. 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:
  - 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;
  - 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;
  - 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.
- 157. Compensation of damage when environmental damage arises.
- 158. Environmental damage is damage caused by environmentally hazardous activity in these terms and extent.
- 159. 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.
- 160. Not subject to compensation:
  - 1 damage related to the lowering of the quality of the environment.
  - 2 damage arising from the destruction or damage of plants, horticultural or arable crops, animals, birds, fish, etc.

161. 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.
162. In case of personal damages, claims compensated under pension or other social insurance shall be deducted from the insurance compensation.

## LEGAL EXPENSES

163. According to the insurance agreement the judicial and extrajudicial expenses on legal assistance incurred by the injured person shall be compensated for, if the expenses were justified and necessary in enforcing their own claims against the insured person.
164. Legal expenses necessary for combating the claims aimed against the insured person shall be compensated, if the following conditions appear jointly:
- 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 construction and installation works;
  - 2 there are no limitations named in the present terms and conditions and the policy, which exclude performance of the obligation by Seesam;
  - 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.
165. 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.
166. 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.
167. 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.
168. The insured person has the right to demand prepayment of legal expenses from Seesam.
169. 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 le-

gal expenses which the insured person has the right to receive from the injured person according to the court decision.

170. 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.
171. 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 construction and installation works.
172. Not subject to compensation are those legal expenses which are unrelated to proprietary or personal damage.
173. 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.

## EXPERTISE COSTS

174. 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.
175. Expertise costs shall be compensated, if the following conditions appear jointly:
- 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 construction and installation works;
  - 2 the performance of an expertise is necessary with respect to circumstances related to the causing of damage, its extent or amount;
  - 3 there are no limitations named in the present terms and conditions.
176. 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.

177. The insured person has the right to demand the prepayment of expertise costs from Seesam.
178. 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.
179. 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.

### **THE RIGHT OF CLAIM AND THE PERIOD FOR SUBMITTING CLAIMS**

180. 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.
181. 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.
182. 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.
183. 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.
184. 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:
- 1 occurrence of the damage creating liability during the insurance period;

- 2 the insured person has timely notified Seesam about the court proceedings;

185. 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.

### **OBLIGATION TO NOTIFY ABOUT THE CIRCUMSTANCES**

186. The insured person shall 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 themselves. The insured person shall notify Seesam about the aforementioned circumstances within one week, starting from the time when the insured person became aware of the circumstance or filed the claim.
187. 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.
188. If the insured person breaches the obligation named in clauses 186 or 187 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.
189. If the insured person breaches the obligation named in clauses 186 or 187 intentionally, Seesam is fully released from performing the obligation.

## THE OBLIGATIONS OF THE INSURED PERSON WHEN THE DAMAGE ARISES

190. 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.
191. 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.
192. If the insured person breaches the obligations named in clauses 190 and 191, 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.

### PAYMENT OF INSURANCE COMPENSATION

193. 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.
194. 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.
195. If Seesam breaches the obligation named in clause 194, the insured person has the right to demand from Seesam the compensation of damage caused to him as a consequence of the delay.
196. 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.

### THE INSURANCE AMOUNT

197. The insurance amount is the amount agreed upon in the insurance contract and named in the insurance policy, incl. compensation for expertise and legal expenses, which is the maximum amount of all insurance compensations paid out during the insurance period.
198. 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.

199. 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.

### DEDUCTIBLE

200. 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.
201. The deductible shall be deducted from the sum of damages that are to be paid out according to the insurance agreement.
202. The insured person has deductible in each insurance event. The amount of deductible is registered in the policy. Seesam compensates the amount exceeding deductible.
203. Deductible is not applied for compensation of expertise and legal expenses.
204. In the event of a notation in the insurance policy of a special deductible, then the special deductible shall be applied.

### CIRCUMSTANCES AFFECTING THE INSURED RISK AND NOTIFICATION

205. The circumstances affecting the insured risk and notification of those circumstances apply both to property insurance and to liability insurance.

#### Increase in probability of insured risk

206. The increase in probability of insured risk refers to the increase in the probability of the insured event being realized.
207. Actions affecting the probability of the realization of the insured event are set out in these terms and conditions, which the policyholder is obliged to follow.
208. The policyholder may not increase the insured risk or allow it to be increased by persons, of whom the policyholder is responsible of, after being awarded the insurance agreement and without Seesam's consent.
209. If the policyholder violates the obligation, which was aimed at reducing the probability of realization of the

insured risk, Seesam holds the right to reduce or refuse to pay the insurance indemnity compensation in cases where the breach of the obligation has an effect on the occurrence of the insured event and on Seesam's obligations to be in compliance with the agreement.

### **Obligation to report the increase in probability of the insured risk**

210. Seesam shall be notified immediately of the increase in probability of insured risk with the exception of cases where the increase in probability of insured risk is caused by a fact widely known to both parties.
211. During the period of validity of the insurance contact, Seesam shall be notified of the following important circumstances affecting the insurance risk:
- 1 work stoppage that lasts for more than 30 calendar days;
  - 2 change of duration of the construction and installation works (time of completion);
  - 3 discontinuance of security guarding.
212. The policyholder shall immediately notify Seesam in a format which can be reproduced in writing about circumstances affecting the insurance risk but not later than within 3 workdays from finding out about the circumstances affecting the insurance risk.
213. If the policyholder violates the obligation to notify of any probable increase to the insurance risk, Seesam is released in full from the insurance agreement, if the insured event takes place one month after the date on which Seesam should have received notice of the circumstances.

### **BURDEN OF PROOF OF THE POLICYHOLDER**

214. The policyholder has the burden of proving the occurrence of the insured event, damages caused and the volume of the damages.
215. In the event of violation to the burden of proof by the policyholder, the insurer has no obligation to pay out the insurance indemnity.

### **OBLIGATIONS OF THE POLICYHOLDER AFTER THE OCCURRENCE OF THE INSURED EVENT**

#### **Access and inspection**

216. The policyholders shall grant Seesam's representative access to the object and the insured property after the occurrence of the insured event and provide the representative with necessary information and disclose private agreements related to the construction.

The Seesam's representative has the right to inspect the insured object and give instructions, where necessary.

217. In the event of deliberate or gross negligence by the policyholder to the commitment the policyholder had to meet after the occurrence of the insured event and if the violation has an impact on the circumstances of the insured event and Seesam's obligations, Seesam is released from fulfilling its obligations in part or in full.
218. In the event of an increase of the insurance risk after awarding the insurance agreement irrespective of the policyholder, Seesam has the right to withdraw or terminate the insurance agreement with a notice of 20 days, including in regard to any of the insured objects or persons if Seesam would not have entered into an insurance agreement for that insured object or person with the increased insurance risk. If the probability of the insured risk increases due to circumstances arising from the actions of the policyholder, Seesam may terminate the insurance agreement without further notice.

## SAFETY REQUIREMENTS

### PURPOSE OF SAFETY REQUIREMENTS

219. These safety requirements are obligations imposed on the policyholder by the insurance agreement with the aim of reducing the realization probability of security risks.

### GENERAL SAFETY REQUIREMENTS

220. Safety regulations apply to both property insurance and liability insurance.

221. The policyholders shall ensure that the insured person is informed of the content of the safety requirements.

222. The policyholder and insured persons shall be careful and in compliance with the safety requirements set out in these terms and conditions during the performance of construction works.

223. In the event of violating the safety requirements due to gross negligence, the insurer has the right to reduce the insurance indemnity if the violation of the safety requirements had a substantial impact on the occurrence of the insured event, the value of the damage or to Seesam's obligations.

224. Construction works shall be carried out in accordance with the conditions set out in the planning permission or in the written consent of the local government while following the project, soil studies, plans, drawings, calculations, specifications and good engineering practices.

225. Upon performance of the construction and installation works, the requirements established by legislation for performance of the respective work, e.g. the Fire Safety Act, the Requirements for Performing Hot Works, the Requirements for Portable Fire Extinguishers and Fire Hoses, shall be followed in addition to the safety requirements established by Seesam. The legislations are available on the Riigi Teataja website through [www.riigiteataja.ee](http://www.riigiteataja.ee)

226. The policyholder and person for whom the policyholder is liable shall follow the safety requirements set out in the policy and in the insurance conditions (see also the General Conditions ÜL), including

- 1 upon performance of hot work, follow the hot work safety requirements (see sections 281 – 315);
- 2 close the windows, doors and other openings of the rooms in such a manner as to protect against a crime;
- 3 keep tools in a locked cupboard outside the working time. If the windows of the room(s) are at the street level, there must be bars on the inner side of the windows;
- 4 for the duration of the non – working time, take the portable equipment and tools from cars,

other means of transport or unlocked rooms to locked rooms;

- 5 store the material, goods or equipment preserved in the basement at the height of no less than 10cm from the floor. The basement is a room the floor of which is fully or partially at least one metre below the ground;
- 6 maintain the piping of the structure and protect it against freezing. If the structure is left without sufficient heat or supervision during a cold season, the piping shall be emptied of liquid;
- 7 ensure the compliance of the installation, usage and maintenance conditions of the insured property (incl. the consumed current intensity, air humidity, temperature) with the instructions given by the importer or the producer.

#### General rules

227. The design shall indicate the locations of storage of tools and building materials and the locations of temporary structures, movement ways, the nearest telephone, first aid equipment and the main circuit breaker. Upon planning the movement ways, access to the territory shall be ensured for the vehicles of the rescue service.

228. Upon selection of storage sites, the fire hazard and the possibility of a spread of fire shall be taken into account.

229. Upon selections of the location of a temporary dwelling, the requirements for ensuring the fire safety and the safety of employees shall be taken into account. Access to the fire hydrants located on the territory shall be insured.

230. The territory shall be kept in order and the waste shall be collected into special bags, containers or pallets for regular removal.

#### Construction site

231. The construction site shall be marked and surrounded with a fence in such a manner that unauthorised persons cannot access the object.

232. The insured person shall do everything in their power to provide the safety of third-parties during construction works.

#### Storage and surveillance on construction site

233. To prevent crime, the property located on the construction site shall be kept indoors (incl. containers and shelters) outside the working hours. The property which is difficult to transport due to its qualities (e.g. measurements, form, weight) may be kept outdoors

or in an open building.

234. The constructions and doors of the storage rooms shall be made of a strong and resistant material (e.g. stone, concrete, strong wood, metal or glass fibre), which gives protection against a break – in.
235. The windows and doors of the storage rooms shall be locked outside the working hours.
236. The construction site shall be guarded.
237. Guarding shall be defined by at least one of the following conditions:
- 1 physical surveillance (a guard) on the construction site 24/7;
  - 2 physical surveillance (a guard) on the construction site during non-working hours;
  - 3 an operational alarm system that is directly connected to the security company and turned on during the off-hours of work in the storage spaces (incl. containers, shelters);
  - 4 an operational alarm system that is turned on during the off-hours of work on the perimeter surrounding the construction site.
238. Surveillance – surveillance activities to monitor the guarded object and its surroundings to detect hazardous or offensive situations and to ensure the inviolability of the object with the help of alarm systems against intrusion.
239. Operational security alarm system – referring to a state of the system in which there are no drawbacks (i.e. including non-compliance with the conditions laid down in the agreements and/or commitments) or failures (i.e. a condition in which the system stops or continues to work improperly or not reliably).
240. Guard- a person who is obliged to conduct surveillance of the secured object and its surroundings pursuant to a written agreement in order to detect hazardous or offensive situations and to monitor the integrity of the object.
241. Security Company - a company included in the commercial register of licensed companies with the licence to provide security services.
242. Security Alarm System – a specialist surveillance equipment installed to the secured property aimed at the detection and alarm notification of threats to either a person or the property.

### **Precipitation and surface water**

243. Parts of the structure, tools, equipment and materials which could be damaged by precipitation shall be protected with a durable waterproof cover. The joints of the cover shall be waterproof, the fittings of the cover shall, considering the circumstances, be sufficiently strong and the precipitation falling on the cover shall run off the cover.

244. A cover which has been removed for working purposes shall be replaced after finishing the work as soon as it starts raining, snowing or hailing.

245. Upon installation or repairs of water insulation or upon construction of a new structure on top of structures which have water insulation, due installation and preservation of the water insulation shall be ensured.

### **Leakage**

246. The locations of the pipes and tanks located in the building and on the construction site shall be identified in order to prevent damaging or congestion thereof and to protect them against freezing.

247. Upon filling and testing the piping, sufficient supervision and immediate reaction in case of a possible leak shall be ensured. Parts of the structure, tools, equipment and materials which liquids could damage shall be protected against a possible leakage.

### **Storage and movement of materials**

248. Building details and materials shall be stored in a prescribed storage the base of which is resistant to weather conditions and the weight of the stored objects, they shall be granted sufficient access.

249. Flammability and the potential of fire spreading shall be taken into account when storing building materials.

250. Building materials shall be stored in such a way that keeps them protected against weather conditions and soil moisture.

251. Building materials that are stored outside and could be damaged by the weather conditions shall be protected with a durable waterproof cover and ventilation shall be ensured.

### **Prevention of spreading of dust**

252. Upon performance of work where dust is generated, the spread of dust shall be prevented by using the following methods where necessary:

- 1 building temporary protective walls;
- 2 sealing doors and windows;
- 3 increasing the pressure in the surrounding rooms;
- 4 an efficient local exhaust ventilation system;
- 5 moisturising the constructions;
- 6 closing the ventilation of the room.

253. Before commencement of work it shall be identified whether the structures contain asbestos and if so, relevant rules shall be followed.

### **General requirements on fire hazards**

254. The insured person shall, before commencement of works, determine the underground location of utili-

ties or structures in compliance with the layout plan and coordinate the works with the respective owners or possessors of these underground utilities or structures, furthermore also comply with all the relevant legislation and mandatory requirements established for the respective works.

### **Vibration**

255. To perform work which results in vibration (e.g. driving in piles) or shock waves such work techniques which do not harm the object or other property shall be chosen.

### **Ground water and surface water**

256. The construction work shall be protected against the risk of movement and falling of soil caused by groundwater or surface water and the ground or structures under the construction work shall be protected against freezing or moisture damage.

### **Formwork, scaffolding and construction elements**

257. Formwork, scaffolding and constructional elements shall be installed pursuant to the requirements and design.

258. The formwork supports and fittings used in the course of work may be removed only after the construction stands firmly without them.

### **Electrical equipment**

259. Power conductors located on the ground and on the floor shall be protected against mechanical injuries.

260. Upon existence of an overhead electrical line it shall be made certain the overhead electrical line has a sufficient height and does not overlap the working zone of a crane.

261. Upon installation of lamps and cables, the protection zone and moisture requirements of the equipment shall be taken into account and their condition shall be checked regularly.

262. The main circuit breaker shall be marked. Switchboards shall be installed in places which are protected against damage.

### **Machinery and equipment**

263. Upon installation, disassembly and use of machinery and equipment, their usage instructions and other requirements shall be followed. The support surface of the machinery and equipment shall be resistant to loads in any and all weather conditions.

## **GENERAL REQUIREMENTS ON FIRE HAZARDS**

### **Smoking and using open fire**

264. Smoking in dusty places and in places where inflammable liquids, gases and explosives are stored or used shall be prohibited. The areas where smoking is prohibited or allowed shall be equipped with respective signs.

### **Heating equipment**

265. The building shall be heated using, first of all, the building's heating system.

266. Upon use of temporary heating equipment, the protective measures and safety distances prescribed for the equipment shall be taken into account. Before using the equipment, the condition and installation of the equipment shall be taken into account.

267. Heating equipment with glow surfaces or open electrical heating equipment with glow elements shall not be installed in dusty or potentially inflammable or explosive rooms.

### **Combustible liquids, liquid gases, highly flammable substances and explosives**

268. Upon use and storage of a liquid gas, relevant instructions and other requirements shall be followed.

269. Upon storage of liquid gases it shall be taken into account that the liquid gas is heavier than air and therefore the liquid gas containers must not be placed in the basement or such places where it may flow to rooms which are located below the ground.

270. Paints, varnishes, glues, solvents, plastic products, insulation materials and other highly flammable substances shall be preserved in hermetic vessels under which a metal tub must be placed for prevention of leakage damage and sufficient aeration of the rooms for preservation and usage of highly flammable substances shall be ensured.

271. Smoking and the use of open fire while working with highly flammable substances are prohibited.

272. An explosive substance may be used by a company which possesses a relevant permit and competent blasters, pursuant to the intended purpose in the place of performance of the blasting operations and in compliance with the safety requirements.

273. The place of storage shall be marked. Sufficient guarding and protection shall be ensured in the place of storage.

### **Fire extinguishing appliances**

274. The object shall have sufficient fire extinguishing appliances, i.e. fire extinguishers, fire plugs inside the structure, hydrants, etc.



275. The fire extinguishers shall be placed at the object in such a manner that the distance from any place to the nearest fire extinguisher does not exceed 30 metres. The locations of the fire extinguishing appliances shall be marked and free access shall be ensured to the fire extinguishers.
276. The policyholder shall ensure the installation and maintenance of the fire extinguishers.
277. The employees must be able to use the fire extinguishers.

### Constructional fire safety of the object

278. The rooms where no construction work is performed shall be separated from the rooms of the object with constructional elements (e.g. partition walls). The separation must be implemented at least in compliance with the requirements of class B60, unless otherwise prescribed pursuant to the purpose of use of the rooms. The openings, bushings and cracks in the partition walls and floors shall be sealed pursuant to the requirements of the class of the separating constructional element.
279. There must be at least two independent exits for evacuation of employees. Escape routes or emergency exits shall not be blocked with equipment, packaging, empties, objects, furniture or other fittings.
280. By the time of performance of the construction work the automatic fire detection and alarm system and the fire extinguishing appliance may be turned off. The automatic fire detection and alarm system and the fire extinguishing appliance may be turned on and off only by the person maintaining them. Immediately after completion of the work the automatic fire detection and alarm system and the fire extinguishing appliance shall be switched on again. If the signal of engagement of the automatic fire detection and alarm system and the fire extinguishing appliance is under the control of the emergency centre of a rescue agency or security service, the guard of the emergency centre of the rescue agency or the security service shall be notified of the switch-off or switch-on.

### Hot work safety requirements

281. Hot work is work involving heating a detail or material, generation of sparks or using open (out-of-furnace) fire, such as:
- 1 gas welding and flamespraying;
  - 2 electric welding;
  - 3 cutting metal with a burning liquid;
  - 4 soldering using a burning liquid;
  - 5 cutting metal with a cutting saw;
  - 6 heating and using bitumen and other burning mastic;

- 7 using a gas flame and a hotblower;
- 8 blacksmithwork;
- 9 making a fire outside a furnace.

282. The minister of the Internal Affairs regulation Hot Work Safety Requirements, the fire safety requirements established by Seesam and other fire safety legislation and fire safety supervision precepts shall be followed upon performance of hot works.

### Hot work permit

283. Upon performance of hot work at the object or upon construction of the object, the owner of the object, the possessor of the object or the general contractor shall be liable for fire safety, unless otherwise provided by legislation or a contract. The owner of the object, the possessor of the object or the general contractor shall issue a permit to the performer of the hot work pursuant to the procedure established by them and appoint a hot work supervisor.
284. To perform hot work in a temporary place of hot work one shall have a hot work permit.
285. A hot work permit shall be made in writing in at least two equal copies, one for the issuer of the permit and one for the performer of the work or the operations manager. If necessary, a copy of the permit may be issued to the contracting entity or the person exercising supervision over the hot work.
286. A hot work permit shall contain the following:
- 1 the business name, registry code, phone and fax numbers of the agency or company which has issued the permit;
  - 2 the first name and surname of the performer of the hot work and/or the operations manager;
  - 3 the name of the contracting entity of the hot work, the place and class of the hot work;
  - 4 the term of validity of the permit (date and time); the list of fire safety measures;
  - 5 the list of fire extinguishing appliances;
  - 6 the name of the person exercising supervision and the procedure for supervision;
  - 7 the date of issuing the permit, the name and signature of the issuer of the permit; The date of receipt of the permit and the signature of the recipient of the permit;
  - 8 the location of the nearest emergency telephone and the telephone number of the emergency centre of the local rescue service.

287. If the work is performed at objects which are extremely flammable or explosive or where there is highly valuable property, historically valuable property or works of art, etc., the hot work permit shall be coordinated with the local rescue service before commencement of the work.

**Contractors**

288. The policyholder shall ensure that all building contractors performing hot work and suppliers and installers of machinery and equipment follow the safety requirements and the policyholder shall be liable for the breach of these requirements.
289. The tools used by the performers of the work shall be in compliance with the legislation of the Republic of Estonia and with the installation and usage instructions of the tools.
290. The contract for services shall set out the protection operations required at the object and specify at least the following person liable for following the safety requirements:
- 1 persons in charge of performance of the hot work;
  - 2 persons liable for performance of the protection operations specified in the hot work permit and for acquisition of the required extinguishing and other appliances;
  - 3 persons liable for supervision of the hot work during and after performance of the work.

**Hot work performer**

291. Hot work may be performed by a person who has the respective qualification and a professional certificate and who has received a hot work certificate from the employer.
292. Performance of hot work without a valid hot work certificate is prohibited.

**Permanent place of hot work**

293. A permanent place of hot work is a building or a room designed or built for performing hot work or a part of a room used for another purpose, which has been separated from it with a barrier, or a marked open plot.
294. Hot work shall always be, if possible, performed in a permanent place of work.
295. A permanent place of hot work shall comply with the following requirements:
- 1 The barriers of the room or the part of the room (the screens or shields) shall be of a non – combustible material. The structures made of a combustible material shall be protected against burning with a surface layer or a material;
  - 2 the interior fittings of the room or of the part of the room separated with barriers shall be made of a non – combustible material;
  - 3 no combustible material may be processed or stored in the room;
  - 4 the room shall be separated from a flammable or explosive room with a firewall. The rooms shall be connected through a gateway lobby;

- 5 there shall be at least two portable fire extinguishers with a 6 – kilogram charge in the place of hot work.

**Temporary place of hot work**

296. A place of hot work shall be temporary if it does not comply with the requirements of a permanent place of hot work as set out in clause 295.
297. Forging is prohibited in a temporary place of hot work.
298. Upon performance of hot work in a temporary place of hot work, the protective measures set out in clauses 299 – 302 shall be followed.
299. Before commencement of work in a temporary place of hot work:
- 1 emergency instructions shall be given to all employees (incl. about notification of rescue agencies, usage of fire extinguishing appliances);
  - 2 the place of work and its surroundings in the radius of no less than 3 metres shall be cleared of combustible waste and combustible materials shall be protected or removed;
  - 3 combustible structures located less than 2 metres from the place of the hot work shall be covered with a non – combustible cover or screen or sprinkled with water;
  - 4 the openings in the constructions shall be covered;
  - 5 the adjacent rooms shall be inspected to make certain that no fire can break out in these rooms;
  - 6 if necessary, these rooms shall be taken under the supervision of the hot work;
  - 7 a welding cover for putting out the sparks generated during the hot work shall be installed in the place of hot work;
  - 8 the transmission of the heat generated during the hot work through pipes, ventilation channels, etc., to other rooms shall be prevented;
  - 9 the place of work shall be equipped with the first fire extinguishing appliances specified in the hot work permit – with at least two fire extinguishers with a 6 – kilogram charge. Upon cutting metal with a cutting saw and upon making fire outside a furnace, the fire extinguisher may be replaced by a 10 – litre bucket of water. The fire extinguishers may be located up to 10 metres from the place of the hot work;
  - 10 before commencement of work the hose of a fire plug, if the latter is located in the proximity of the place of hot work, shall be rolled out in the direction of the place of work;
  - 11 all combustible material and devices shall be removed from the place of work located in a combustible or potentially explosive room;

- 12 the room shall be cleaned of combustible materials and dust, and combustible gas or vapour of combustible liquids shall be removed completely;
  - 13 to extinguish a possible fire upon performance of large – scale hot work in a combustible or potentially explosive place, a permanent or temporary firefighting unit shall be used;
  - 14 before welding, cutting or soldering the vessel (cistern, tank or another similar closed space) which has contained a combustible liquid or gas or another similar substance shall be cleaned of the residues of the combustible substance, it shall be washed with hot water or another non – combustible substance, steamed, dried and ventilated and the dry air contained therein shall be analysed;
  - 15 if necessary, the gas content shall be measured and the place of work shall be aerated;
  - 16 the automatic fire alarm and detection system and the fire-extinguishing appliance may be switched off for the working time. The automatic fire detection and alarm system and the fire extinguishing appliance may be turned on and off only by the person maintaining it. If in the course of performance of firework the switch- off or switch-on of the appliance proves to be inevitable, the name of the person controlling switching shall be noted in the hot work permit. If the signal of engagement of the automatic fire detection and alarm system and the fire extinguishing appliance is under the control of the emergency centre of a rescue agency or security service, the guard of the emergency centre shall be notified of the planned switch- off or switch-on
  - 17 it shall be made certain that the safety measures provided in the hot work permit have been taken.
300. During performance of hot work in a temporary place of hotwork:
- 1 the person exercising supervision over it shall systematically inspect the performance of the fire safety regulations. Supervision shall also be exercised during breaks;
  - 2 the vessel which has contained a combustible liquid, gas or another similar substance shall, with a valve, be isolated from the piping to which the vessel is connected. During performance of the hot work the opening, latch or plug of the vessel shall be open and the device ventilating the vessel shall operate. If the listed work is performed inside the vessel, an employee ensuring the safety of the performer of the hot work shall be present at the opening of the vessel during performance of the hot work. If a vessel which needs welding, cutting or soldering on the outside has been filled with fire extinguishing foam before commencement of the hot work and during the work, additional safety measures shall not be compulsory;
  - 3 the welding equipment used in the workroom upon repairing gas pipe shall be placed as far from the place of the hot work as possible. In the emergency area the gas concentration in the air shall be measured with a gas analyser or another similar device and the oozing points of the piping shall be determined with the foam of soap or another surface – active substance. No open fire shall be used for such purpose.
301. After performance of hot work in a temporary place of hotwork:
- 1 the performer of the work shall carefully inspect the place of work, water the combustible structures where necessary, eliminate other conditions which may cause a fire and deliver the tools and fire extinguishing appliances to the prescribed storage;
  - 2 the owner or possessor of the object or the contractor shall ensure the supervision of the object for no less than 2-4 hours. Within the first two hours the place of the hot work and, where necessary, the area surrounding it shall be under constant and, within the period following it, under periodical supervision. The person issuing the hot work permit shall determine the duration (in hours) of inspection of the place of the hot work after performance of the work and make a respective note in the hot work permit;
  - 3 immediately after completion of the work the automatic fire detection and alarm system and the fire-extinguishing appliance shall be switched on again. If the signal of engagement of the automatic fire detection and alarm system and the fire extinguishing appliance is under the control of the emergency centre of a rescue agency or security service, the guard of the emergency centre of the rescue agency or the security service shall be notified of the switch-on.
302. The following shall be prohibited upon performance of hotwork:
- 1 to start or perform work with a dysfunctional appliance or equipment;
  - 2 to wear clothes or gloves which have oil, fat, petrol or other combustible liquid stains;
  - 3 to weld, cut or solder a recently painted structure or product before the paint has fully dried and to perform such work concurrently with the work upon performance of which a combustible liquid is used;
  - 4 to weld, cut, solder or warm with an open fire a device, appliance or piping which is filled with a combustible or poisonous substance or which is under the pressure of a non – combustible liquid,

gas, steam or air or which is energised.

### **Welding equipment, its storage and use**

303. The storage designated for storing gas cylinders shall be in a well-aerated room where there is no heating installation. Gas cylinders shall be kept on a securely fixed shelf which is not exposed to direct sunlight. Cylinders which are full, empty or contain different gases shall be kept separately and the shelves shall be marked accordingly.
304. Used gas cylinders shall be attached to a self or a cylinder cart.
305. Gas hoses shall have check valves and flame arresters. After the working hours the cylinder cart shall be taken either to a separate storage room or as close to the external door as possible. The label "gas cylinders" must be on the external door of the storage room.

### **Cutting metal with a cutting saw**

306. Upon cutting metal with a cutting saw, the combustible structure located in the place to where sparks may fly shall be protected with a non-combustible barrier, screen or cover or be watered. Other combustible material or fittings shall be removed from the place.
307. The blade of the cutting saw which has heated as a result of cutting metal or the non-cooled cutting point of the pipe or another detail cut with the blade shall not come to contact with a combustible liquid or structure.
308. After cutting metal with a cutting saw the place where sparks fall shall be watered and the combustible material or fittings removed from the place of work shall not be moved until the hot cutting point of the detail has cooled down.

### **Roof work preparations**

309. Before commencement of roof work the fire safety of the room between the roof and the upper ceilings shall be ensured. Combustible materials and dust shall be removed and the necessary precautions shall be taken. To prevent accumulation of combustible gases the room between the roof and the upper ceilings shall be ventilated or there shall be forced ventilation.
310. To prevent the flame of the gas burner or bitumen drops from penetrating the room between the roof and the upper ceiling the feedthroughs in the roof shall be closed tightly.

### **First fire extinguishing appliances**

311. In the place of heating the bitumen which is located on the roof there shall be, in addition to the fire extinguishers which are compulsory in the temporary place of hot work, at least one portable fire extinguis-

her with a 12-kilogram charge.

### **Measures taken in the event of fire**

312. If a fire breaks out in a place of hot work which is related to using a combustible gas, the valve of the gas cylinder used shall be shut off immediately and the cylinder shall be removed from the place of fire and, if this proves to be impossible, the gas cylinder shall be cooled with water. There is no danger of explosion if one's arm can stand the temperature of the gas cylinder.
313. If the gas which has been emitted from a combustible gas cylinder ignites, the valve of the gas cylinder shall be shut off using a glove and, if this proves to be impossible, the emitted gas shall be allowed to burn out completely whilst cooling the cylinder with water.
314. If the gas which has been emitted from a combustible gas hose ignites, the valve of the cylinder shall be shut off and the use of the broken gas hose shall be stopped.
315. If bitumen ignites in a boiler, the lid of the boiler shall be closed tightly and upon continuance of the burning process the burning mass shall be extinguished with a fire extinguisher. To prevent the bitumen in the boiler from igniting again, solid bitumen shall be added to it or it shall be cooled down in another manner. No water shall be used for extinguishing the fire or cooling down the bitumen in the boiler.