



# Loan protection insurance

Basic cover for borrowers



Think ahead and secure your future. Prepare against the most significant risks faced by borrowers that could have a major impact on your family's life. Loan amounts, especially those of home loans, have grown over the years and loan terms have become longer. Many borrowers scale their loan based on their regular earnings with the assumption that their level of income will not change. Over the course of a long loan term, however, significant changes in the family's finances are possible.

Loan protection insurance helps secure your loan repayment ability and keep your family's finances in balance in the following situations:

Sick leave – incapacity for work caused by illness or accident (wage earners and self-employed persons)

- ▶ the insurance pays a monthly allowance based on the insured's monthly premium, up to 2,500 euros/month.

Unemployment (wage earners only)

- ▶ the insurance pays a monthly allowance based on the insured's monthly premium, up to 2,500 euros/month.

Critical illness (self-employed persons only)

- ▶ the insurance pays out the remaining sum insured to up to 300,000 euros.

Permanent disability caused by an accident (wage earners and self-employed persons)

- ▶ the insurance pays out the remaining sum insured or a part of it to up to 300,000 euros.

Death (wage earners and self-employed persons)

- ▶ the insurance pays out the remaining sum insured to up to 300,000 euros.

This product description is not a full description of loan protection insurance. Information about the different covers, their contents and exclusions is given in the product description. The product description is available at OP cooperative banks and on the OP website at [op.fi](http://op.fi). Detailed and itemised grounds for insurance compensation are listed in the insurance terms and conditions. General restrictions on coverage are provided for in the Insurance Contracts Act.

Loan protection insurance is issued jointly by Pohjola Insurance Ltd and OP Life Assurance Company Ltd. Cover against incapacity for work, unemployment and critical illness is issued by insurance company Pohjola Insurance Ltd, which is a non-life insurance company owned entirely by OP Financial Group. The company is headquartered at Gebhardinaukio 1, FI-00510 Helsinki. Life insurance and permanent disability insurance policies are underwritten by OP Life Assurance Company Ltd, a life insurance company wholly owned by OP Financial Group. The company is headquartered at Gebhardinaukio 1, FI-00510 Helsinki.

# Why choose loan protection insurance?

Are you aware of the kinds of accidents that occur each year and on a daily basis according to statistics?

- Around 1,000,000 accidents resulting in injuries every year, of which nearly 800,000 occur outside work. Of these, 100,000 accidents and 70,000 of accidents outside work result in hospital care.
- One in every three people in Finland are diagnosed with cancer at some point in their life.
- Every day, 9 working-aged people suffer a stroke.
- About 10,000 working-aged people die every year. Of these, about 3,000 die in accidents.

Could you get by on your earnings-related unemployment or sickness allowance?

Unlike in the past, these days even a good degree or expertise is no guarantee of job stability. Even young people in good health can lose the ability to work temporarily or permanently or become unemployed.

Do you know what public benefits you are entitled to if you end up on sick leave or become unemployed? Could you and your family manage your monthly expenses on these benefits alone (see table below)?

Life insurance among people in Finland

- While insurance for cars and homes is the standard, only about 37% of people in Finland have life insurance.

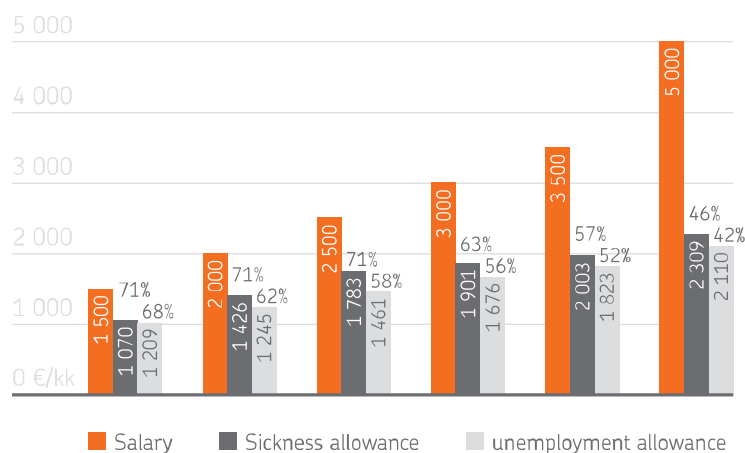
- For around 60% of those with life insurance, the sum insured is less than 50,000 euros. For one in three people with insurance, the amount is less than 25,000 euros. This means that the insured sums are very small compared to families' needs. Is your family's insurance cover set at the right level?

Check whether your life insurance cover is sufficient

Family's loans
+ annual gross income of the parent's guardians
+ number of dependent children x €20,000 per child
= Total life insurance coverage needed
- Current life insurance coverage
- Current funds (savings and investments)
= Additional life insurance coverage needed

Keep in mind that the family's members also need other personal insurance cover, such as insurance against critical illness, medical expenses and accidents. Is your family's insurance cover sufficient and up-to-date also in these respects?

## Earnings-related sickness and unemployment allowance



Source: kela.fi and ytk.fi 2020

# How would your family get by financially if...

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Finally, evaluate the risks of your ability to repay your loans by answering the questions in the risk survey below. Based on the results, think about whether your insurance cover and financial buffers, including savings and investments, are at a sufficient level.

## 1 Your earned income were to drop temporarily or permanently to 60% of the normal amount due to an illness or accident

The drop in earned income would cause

- minor financial difficulties
- serious financial difficulties
- very serious financial difficulties

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## 2 As the result of becoming unemployed

- your income would temporarily drop to about half of the normal amount
- finding a new job would take longer than expected
- you would need to learn a new profession.

The unemployment would cause

- minor financial difficulties
- serious financial difficulties
- very serious financial difficulties

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## 3 You or your co-borrower were to die

The family would need to

- sell the home or other property
- take out an additional loan
- default and leave responsibility for the loan to guarantors or third-party pledgors.

Did you find that one or several of the risks listed above could happen in your case, and that

- you would not be able to repay a loan without additional arrangements if you had to live exclusively on allowance or unemployment allowance
- your family would not be able to repay the loan if you or a co-borrower were to die
- your insurance cover is inadequate
- you do not have enough savings or investments for such situations.



Loan protection insurance allows you to prepare against the most critical financial risks in your life and secure your ability to repay your loans in the future.

In these situations, the insurance provides additional income for you and your family to help make repayments on the loan and keep your and your family's finances stable.

# Loan protection insurance in brief

## What is the insurance about?

Loan protection insurance is an insurance policy that is scaled according to your need and includes to coverage options. You can purchase the insurance for yourself or together with a co-borrower. Both the insured and jointly insured person can choose either or both of the following options:

INSURED PERSON	JOINTLY INSURED PERSON
Cover against inability to work and unemployment (wage earners) or cover against incapacity for work and critical illness (self-employed persons).	Cover against inability to work and unemployment (wage earners) or cover against incapacity for work and critical illness (self-employed persons).
Cover against permanent disability caused by an accident and death (wage earners and self-employed persons).	Cover against permanent disability caused by an accident and death (wage earners and self-employed persons).

Loan protection insurance can be used to insure a new or existing loan with

- a sum insured of up to 300,000 euros
- a maximum calculatory monthly compensation of 2,500
- a maximum insurance term of 30 years

We recommend that you insure the entire loan. If you already have extensive insurance cover, you can insure only a part of the loan. In this case, keep in mind that in a claim event, the borrower remains responsible for the uninsured part of the loan or the loan's monthly instalment.

## For whom is the insurance intended?

You are eligible for loan protection insurance if

- you are aged between 18–59,
- you are healthy and
- you have been domiciled in Finland for the past 12 months

In addition, you must be employed or self-employed to be eligible for cover against incapacity for work, unemployment or critical illness.

## Why buy the insurance?

**Loan protection insurance**

- Covers the most significant insurable risks faced by borrowers.
- Helps you cope with meeting monthly loan repayments or paying off the loan in a financially challenging life situation in which income has decreased considerably from its normal level
- Helps protect property purchased with a loan.
- Helps protect savings and investments.

Insuring your loan is particularly important if you are not prepared for the situations covered by loan protection insurance with sufficient other insurance cover, savings and investments. Other insurance policies do not provide similar protection covering monthly loan repayments in the case of unemployment or incapacity for work.

Make a good decision and protect your and your family's finances with loan protection insurance today!

## Coverage options and compensations

COVER	COMPENSATION
▶ in the event of sick leave, in other words the incapacity for work due to illness or injury	maximum monthly compensation €2,500
▶ in the event of unemployment (only wage earners)	maximum monthly compensation €2,500
▶ in the event of critical illness (only self-employed persons)	lump-sum compensation up to €300,000
▶ in the event of permanent disability due to an accident, starting at disability category 4	according to the disability category up to €300,000
▶ in the event of death	lump-sum compensation up to €300,000

FOR MORE INFORMATION:

- ▶ The OP website at [op.fi](http://op.fi)
- ▶ OP Customer Service at 0100 0500 (Mon–Fri 8–18, local/mobile network rate)
- ▶ your local OP cooperative bank branch.