



Erection all risks insurance / contractors' all risks insurance

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INSTALLATION ALL RISKS / CONTRACTORS' ALL RISKS INSURANCE

Structure of insurance

The insurance includes Property Insurance (ES) and the General Terms of Contract (YL).

PROPERTY INSURANCE

ES 1 Purpose of insurance

In accordance with these terms and conditions and the General Terms of Contract (YL), Pohjola Insurance Ltd (hereinafter referred to as the "Insurance Company") undertakes to cover material damage caused to the object of insurance, and other expenses mentioned separately in the terms and conditions.

ES 2 Period of validity and insurance location

2.1 Period of validity

The insurance is valid until the end of the insurance period. With respect to work sites, the insurance coverage ends at the latest when the site has been handed over to the customer or is being used, or when the insurance that is renewed automatically each year is terminated.

Work performed for the principal's account

In the case of work completed on the principal's account during the insurance period, the insurance remains valid until the work site has been partly or fully handed over to the principal, or is being used (see below under "War-

ranty period'). If the principal has not taken a policy of its own, the insurance also covers losses resulting from the principal having started operations in a part of the site that has not yet been handed over. If the deployment concerned increases risk, and the insurance company has not been informed of the increase, the insurance company's liability may be waived fully or partly in accordance with clause 5.2 of the General Terms of Contract.

Work performed for the policyholder's account

In the case of work performed for the policyholder's account and completed during the insurance period, the insurance remains valid until the work item has been completed, but not beyond the date when its bringing into use has begun.

Warranty period

With respect to the insured work item, the insurance is also valid for the warranty period under these terms and conditions, however no longer than three years from the delivery or deployment or partial delivery, or deployment of the item applying to damage which

- arises when repairing defects during the warranty period, or
- has been caused by an error committed during installation or construction.

Unless otherwise agreed and specified in the policy document, total indemnity mentioned herein will account for a maximum of 10% of the sum insured for the work item or the maximum indemnity for a single loss specified in the policy document, and only to the extent that indemnity may not be received on the basis of some other insurance.

2.2 Insurance location

2.2.1 Fixed-term insurance

The insurance is valid on the work sites stated in the policy document and in adjacent storehouses in Finland.

2.2.2 Insurance renewed automatically each year

The insurance is valid on the work sites included in the declared net sales or invoicing and in their adjacent storehouses in Finland.

ES 3 Object of insurance

The object of insurance is only those assets and expenses which are listed in clauses 3.1–3.8 below and stated on the policy document.

3.1 Work sites

Fixed-term insurance

The insurance covers individual work sites for their contracted price. The sum insured of the work site must correspond to the final cost estimate.

The insurance covers expenses included in the contracted price and intended for the work site, such as

- work performance
- machines, equipment and structures to be installed
- buildings and non-permanent structures
- interior design and incomplete installations
- raw materials and supplies.

The property becomes covered by the insurance during unloading and once it has been loaded off the transport equipment on the work site or in adjacent storage.

Insurance renewed automatically each year

The insurance covers items included in the annual invoicing or net sales reported to the insurance company (used to determine the premium). The maximum compensation amount is stated in the policy document. Targets in excess of the maximum compensation must be insured separately.

The insurance covers expenses included in the contracted price and intended for the work site, such as

- work performance
- machines, equipment and structures to be installed
- buildings and non-permanent structures
- interior design and incomplete installations
- raw materials and supplies.

The property becomes covered by the insurance during unloading and once it has been loaded off the transport equipment on the work site or in adjacent storage.

3.2 Tools, working machines and equipment

If separately agreed and recorded in the policy document, the object of insurance includes tools, working machines and equipment.

These comprise lightweight machines, tools and equipment, tarpaulins, scaffolding and construction moulds used in construction and installation and owned by the insured party, as well as other such supplies that are not in any respects intended to form part of completed work.

The insurance does not cover mobile working machines, lifts, cranes and other hoists, as well as work rafts and pontoons.

3.3 Site huts

If separately agreed and recorded in the policy document, the object of insurance includes on-site buildings

consisting of portable office and storage buildings, caravans, sheds, huts and other non-permanent structures owned by the insured party and intended for use during installation and construction.

3.4 Office supplies

If separately agreed and recorded in the policy document, the object of insurance includes office supplies, consisting of office equipment and movable property, drawings and other documents, as well as information and software included in PCs and data media.

3.5 Employees' property

If separately agreed and recorded in the policy document, the object of insurance includes employees' tools and supplies which the employer is obligated to insure under a collective agreement.

3.6 Leased assets

If separately agreed and recorded in the policy document, the object of insurance includes leased assets defined in clauses 3.2–3.4.

Leased assets are insured on a first loss insurance basis.

3.7 Other on-site property

If separately agreed and recorded in the policy document, the object of insurance includes other on-site property in the immediate vicinity of the work site during the contract period.

Other on-site property refers to property on the work site or immediately adjacent to it, other than that specified above in clauses 3.1–3.6. By other on-site property, we do not mean third-party property used in construction or installation work.

Indemnity is paid on a first loss basis and only to the extent that it cannot be received on the basis of another policy. In addition, indemnity will be paid only if loss or damage is a direct consequence of the action on the site in question by the insured party or a person working on the insured party's behalf.

3.8 Expediting costs

If separately agreed and recorded in the policy document, the object of insurance includes expediting costs.

In addition to direct material damage, the insurance covers the following costs, up to the sum insured specified in the policy document, arising from the repair of damaged property:

- Overtime costs
- Temporary labour costs and
- Express freight costs

ES 4 Coverable losses and related restrictions

4.1 Coverable losses

The insurance covers direct material damage suffered by the object of insurance and any other expenses specified elsewhere in these terms and conditions, if the damage was caused by a sudden and unforeseeable event during the validity of the insurance. Whether an insurance event is unforeseeable or not is subject to an objective assessment, on the basis of the cause of the loss, not on the basis of the consequence of the loss.

4.1.1 Other coverable expenses

Additional expenses resulting from regulations issued by the authorities

In the event of damage to a building, the insurance covers reasonable additional expenses arising from any imperative regulations issued by the authorities concerning repair or construction, but no more than 20% of the total amount of the direct material damage and related expenses as defined above. The maximum compensation is the sum insured or the sum entered in the policy document.

Combating impending loss

In addition to direct material damage, the insurance covers, under clause 6.2 of the General Terms of Contract, reasonable expenses arising from mitigating or preventing a loss occurred or immediately impending and coverable under the insurance.

Damage to soil

As a result of coverable material damage to the object of insurance, the insurance covers the examination, soil remediation or replacement costs as well as waste transportation and treatment costs arising from damage to the soil on property owned or controlled by the policyholder. The precondition is that the costs were incurred due to measures taken as a result of an imperative official regulation issued no later than within twelve months of the date when the loss was discovered or took place. Expenses are covered to a maximum of EUR 200,000 per loss.

Debris removal expenses

In addition to coverable direct material damage, the insurance covers expenses arising from the removal and disposal of damaged property. Unless otherwise agreed separately, such debris removal expenses for each property will be indemnified in such a way that the total expenses for the entire property account for a maximum of 10% of the sum insured for the property, or the maximum compensation specified in the policy document.

4.2 Losses excluded from cover and other exclusions

4.2.1 Wear and tear

The insurance does not cover wear and tear, rust, corrosion, deterioration, fungal growth, rotting, material fatigue or any similar gradual damage, or malfunction of the object or any of its parts.

4.2.2 Maintenance costs

The insurance does not cover expenses caused by adjustments and maintenance, preventive or periodic servicing, or the elimination of functional disturbances; nor does it cover any parts replaced in connection with such work.

4.2.3 Fabrication flaws and work errors

The insurance does not cover losses to the building by faulty design or manufacturing, material, construction or installation errors in the insured property, or expenses caused by failure to comply with construction regulations or instructions, or good building practice.

The insurance does not cover losses to movable property caused by a work error, deficient equipment or material, manufacturing flaws, an error in calculations or drawings or by incorrect advice related to raw materials, or semi-finished or finished products or customer property being repaired, serviced or handled.

The insurance does not cover expenses caused by the repair of an object or a component that has been made deficiently or from deficient materials, even if the cause of such deficiency is an error in calculations or drawings, or incorrect advice or instructions.

However, the insurance covers a sudden loss to other property included in the insurance caused by a sudden mechanical damage or breakage of the insurance object as the result of the above error, action or neglect.

The loss caused as the result of a sudden damage or breakage is only covered if the insured or the policyholder has not been, or should not have been, aware of the existence of such an error, action or neglect and the case is not of any other loss mentioned in the restrictions, remaining outside the coverage.

4.2.4 Agreements

The insurance does not cover loss or expenses for which the supplier or some other party is responsible on the basis of an agreement, guarantee, service agreement or similar commitment. Loss covered otherwise under the insurance is, however, indemnified to the extent that the policyholder shows that the party found to be liable is unable to meet the liability concerned.

If the policyholder is the maker or seller of the object, the loss is not covered if the maker/seller is responsible for the loss on the basis of an established guarantee in the business.

4.2.5 Financial crime

The insurance does not cover loss caused by fraud, embezzlement or any other similar offence.

4.2.6 Property disappearing or being left behind

The insurance does not cover loss or damage caused by property disappearing or being left behind.

4.2.7 Theft

The insurance does not cover theft

- in which the exact time, circumstances and place cannot be determined
- if the property is not discovered missing until the next inventory.

This insurance does not cover loss caused by property stolen from a vehicle, trailer or similar means of transport.

4.2.8 Blasting

The insurance does not cover loss caused by commercial blasting or quarrying.

Loss covered otherwise under the insurance is, however, indemnified to the extent that the policyholder shows that the party found to be liable is unable to meet the liability concerned.

4.2.9 Property outdoors

The insurance does not cover damage caused by the forces of nature to movable property outdoors or in an uncovered building, unless the property in question is intended for use on such premises.

4.2.10 Circuit boards and data storage media

The insurance does not cover loss caused by the discontinuance of performance or non-performance of an individual circuit board, data storage medium or an equivalent component, unless the insured can prove that the cause is a sudden and unforeseeable event that is external to the component.

4.2.11 Destruction of software or files

The insurance will not cover the destruction of software or files in electronic format except in the event that the insured device or data medium has sustained damage that is indemnifiable under these terms and conditions.

The insurance will cover software or file backup recovery costs to a total of up to EUR 5,000.

Furthermore, the insurance does not cover any loss caused by a telecommunications disruption, interference with telecommunications, data breach, or threat to data processing.

4.2.12 Groundwater

The insurance does not cover loss caused by changes in the groundwater level.

4.2.13 Reduction in value

The insurance does not cover any reduction in value or any loss that does not affect the usability of property.

4.2.14 Flooding

The insurance does not cover loss caused by heavy seas, movement of ice, or flood resulting from a rise in the level of seas, lakes, rivers or other body of water.

4.2.15 Road accident

The insurance does not cover any loss caused by a road accident referred to in the Motor Liability Insurance Act (Liikennevakuutuslaki).

4.2.16 Data system break-ins, malicious software or denial of service attacks

The insurance does not cover equipment malfunction caused by

- data system break-in, referring to illegal entry into an information system
- malicious software, interference with telecommunications, or other similar criminal damage affecting software, files or equipment.

ES 5 Safety regulations

Compliance with safety regulations

Safety regulations are part of the insurance contract. The policyholder and insured person must comply with the safety regulations listed in the policy document, insurance terms and conditions, and other written instructions. If the policyholder or insured person fails to comply with safety regulations, either intentionally or through negligence that cannot be considered minor, and the failure to comply with safety regulations has contributed to the damage or the amount of damage, the compensation may be reduced or the claim may be rejected in accordance with the General Terms of Contract.

The policyholder and insured person must follow laws and regulations concerning the insured property and operations. Buildings, machinery and equipment shall be maintained in a condition which complies with the Building Act, building regulations and occupational safety regulations. The user instructions and maintenance programmes of buildings, machinery and equipment must be followed, and any faults and defects corrected without delay.

The safety regulations apply to all new construction and to renovation, demolition and installation work.

The Occupational Safety and Health Act and construction safety rules and regulations must be followed on the site, and the site must be maintained in the condition specified in the site organisation plan.

The separate safety regulations related to the insurance contract are indicated in the policy document.

ES 6 Appraisal and indemnification regulations

6.1 Sum insured

Property is insured for the agreed sum recorded in the insurance policy in respect of each object or asset. This sum is the maximum indemnity in case of loss.

The sum insured or the maximum compensation stated on the policy document is the highest compensation payable, but it does not form a basis for the amount of loss or its assessment.

The basis of the sum insured is recorded in the policy document. It is one of the following:

6.1.1 Replacement value

The replacement value refers to the amount of money required for acquiring new similar or equivalent property for delivery to the same location to replace the old property, including the costs of demolition and disposal of the damaged property. Replacement value is determined according to costs incurred by the use of standard and modern construction methods and materials.

Unless otherwise agreed with the insurance company, the sum insured is based on the replacement value of the property.

6.1.2 Current value

The current value refers to the amount based on the re-

duced value of property, as a result of age, use, technological obsolescence, decrease in usability, or similar reasons, deducted from the replacement value. When determining the current value for buildings, the fair value of the asset is also taken into account. Fair value refers to the sum that would have been obtained if the asset had been sold before the loss occurred.

The current value must be lower than the asset's replacement value.

6.1.3 First loss

First loss refers to the sum insured agreed for the object of insurance and recorded in the policy document. Provisions governing under-insurance shall not apply to first loss insurance (see clause 6.5.2 Under-insurance).

6.2 Sum insured after a loss

The sum insured will be reduced by the amount of indemnity if the indemnity accounts for a minimum of 10% of the agreed sum insured for property, each object or asset.

6.3 Scope of indemnity

The insurance covers direct material damage to insured property. The indemnity is at most the agreed sum insured for the property, each object or asset.

6.4 Calculation of property value and material damage

6.4.1 Amount of loss based on replacement value

The loss amount based on replacement value is calculated by deducting the replacement value-based residual value of the remaining property from the replacement value of the property immediately before the loss and then the reductions based on age and usage defined in the insurance terms and conditions or policy. (A definition of replacement value is provided above in clause 6.1.1)

If the damaged property can be repaired, the amount of loss equals the repair costs minus the reductions based on age and usage as defined in the insurance terms and conditions or policy. However, the maximum loss amount equals the difference between the replacement value and residual value.

If, however, the value of the property item had by the time of loss decreased to the extent that the current value of the object was less than 50% of the replacement value immediately before the loss, the loss amount is calculated based on the current value and calculation bases for the loss amount (see clause 6.4.2).

6.4.2 Loss amount based on current value

The loss amount based on the current value is calculated by deducting the current value-based residual value of the remaining property from the current value of the property immediately before the loss and the reductions based on age and usage defined in the insurance terms and conditions or policy. (The definition of current value is provided above in clause 6.1.2)

If the property can be repaired, the amount of loss equals the repair costs minus the reductions based on age and usage as defined in the insurance terms and conditions or policy. However, the maximum loss amount equals the

difference between the current value and current value-based residual value.

If the property is not rebuilt or repaired, the current value of the amount of loss cannot exceed the fair value of the property.

6.4.3 Loss amount based on first loss

The loss amount based on first loss is calculated in accordance with the determination grounds for the amount of loss for replacement value or current value. (The definition of first loss is provided above in clause 6.1.3)

The under-insurance rule does not apply to assessing the amount of indemnity under first loss insurance.

6.4.4 Value added tax

Provisions governing value added tax are taken into account when calculating the amount of loss.

The portion accounted for by the tax will not be paid if it is deductible in the beneficiary's taxation.

Value added tax will not be compensated in case the insured party has the right of refund with respect to value added tax.

6.5 Amount of indemnity

The amount of indemnity is the amount of loss less the deductible.

6.5.1 Deductible

For each loss, the policyholder has a deductible. The deductible is stated in the policy document. Other terms and conditions or the insurance policy relating to the insurance may contain rules for the calculation of deductible.

6.5.1.1 Deductible in hot work

If a fire loss is caused by hot work, the policyholder's deductible is ten times that specified in the policy document, but no more than EUR 20,000 or a higher deductible specified in the policy document.

By hot work, we mean work in which sparks are created or in which a naked flame or other heat is used, creating a fire hazard.

These include arc and gas welding, gas soldering, hot air blowing, flame-cutting, metal abrasion and cutting with a disc cutter, as well as hot work in connection with roofing and waterproofing.

6.5.1.2 Special deductibles

No deductible will be subtracted if the loss caused by leakage was reduced because the leakage alarm equipment at the place of insurance restricted the extent of the damage.

6.5.2 Under-insurance

If the sum insured is less than the property's value, the property is underinsured. In such a case, the indemnity is calculated in accordance with clause 11.2 of the General Terms of Contract.

6.5.3 Overinsurance

If the sum insured is higher than the property's value, the property is overinsured. In such a case, the indemnity is calculated in accordance with clause 11.1 of the General Terms of Contract.

6.6 Payment of indemnity

Indemnity based on the current value is paid first. The difference between the indemnities based on the replacement value and current value will be paid if, within two years of the loss, the damaged property has been repaired or replaced with similar property intended for the same use in the same location.

Only the policyholder or a third party in favour of whom insurance has been taken out has the right to the difference between the indemnities based on the replacement value and current value. This right is not transferable.

If construction is delayed due to action by the authorities, the delay period will be added to the two-year time limit.

6.7 Residual value of a building

6.7.1 Indemnity for reduction in residual value

If, due to a building prohibition or construction restriction in force under the provisions of the Finnish Building Act or Road Act, the parts of the building remaining after the loss cannot be used in restoring the building, the reduction in residual value will also be indemnified.

6.7.2 Special permit

The policyholder shall prove that a building prohibition or construction restriction is in force.

If the insurance company so requests, the policyholder shall apply for a special permit to restore the building to its former condition and, if the permit is rejected, the policyholder shall appeal against the decision. At the insurance company's request, the policyholder shall authorise the insurance company to represent him in applying for the permit.

6.8 Other regulations concerning indemnity

6.8.1 Indemnity for drawings, etc.

Drawings and documents will be indemnified only if similar property is acquired within two years of the loss to replace the damaged property.

6.8.2 Alternatives to cash indemnity

The insurance company has the right to have the lost or damaged property built, acquired or repaired in lieu of cash indemnity.

The insurance company has the right to decide which builder or repairer is to be used for rebuilding or repairing the property, or from what source of supply similar property is to be acquired.

6.8.3 Loss investigation costs

The insurance company is only obliged to reimburse loss assessments it has requested itself, or other necessary investigations carried out to settle a claim or evaluate the extent of loss.

The insurance company is not obliged to reimburse other assessments or investigations, unless they have been agreed upon in advance with the insurance company.

6.8.4 Mortgageable property

The policyholder will be indemnified for property for which a mortgage can be secured only if the policyholder has ascertained that the property has not been mortgaged as security for debt, or that the mortgagees have agreed that the policyholder should be indemnified.

6.8.5 Insurance company's right to redeem damaged property

The owner of insured property retains ownership even if the property is damaged. However, the insurance company has the right to redeem the remaining damaged property or part thereof. The redemption will be indemnified on the same grounds as damage to that object or property item (i.e. in accordance with either replacement value or current value).

6.8.6 Policyholder's obligation to return recovered property

If the policyholder recovers part of the lost property after payment of indemnity, the policyholder shall immediately surrender the property concerned to the insurance company, or refund the relevant indemnity.

ES 7 Double insurance

If the same property is insured under several insurance policies for the same loss, it is a double insurance. If the property is over-insured with the combined policies, the compensation paid from this policy cannot be greater than the amount of loss after taking into account the compensation from the other policies.

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