



Equipment insurance

ES 13, valid as of 1 January 2022

1 Purpose of insurance

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

2 Object of insurance

The object of insurance is the fixed assets owned by the policyholder and indicated in the insurance policy.

2.1 If agreed upon separately and indicated in the insurance policy, the object of insurance also includes leased or leasing fixed assets.

2.2 If agreed upon separately and indicated in the insurance policy, the object of insurance also includes supplies storage carried in the vehicle in Finland.

3 Territorial limits

The insurance is valid in the location specified in the policy document.

4 Coverable losses and related exclusions

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 external 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.

If data and software are the object of insurance, damage to them is indemnified only in connection with coverable material damage to hardware or data media.

The insurance also covers damage caused by uncontained fire.

4.1.1 Loss during transport by an external carrier

When the property insured under this insurance is being transported by an external carrier, the insurance also indemnifies loss contrary to what is stated in Clause 4.3.5.

Property is considered to have become lost

- when goods have not arrived at their destination within 60 days of the agreed or estimated arrival date of the insured shipment and there is no knowledge of their whereabouts, or alternatively, if the entire vehicle or container has disappeared, within 90 days of the agreed or estimated arrival date of the insured shipment,
- the vehicle has been abandoned and the goods in it have not been found within the above time limits, or
- the goods have not been found within 60 days of the shipment's estimated arrival date and the carrier or any other party to whom the goods have been entrusted admits in writing that the goods have been lost.

4.2 Combating impending loss

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

4.3 Exclusions

4.3.1 Wear and tear and other gradually appearing phenomena

The insurance does not cover wear and tear, rust, corrosion, deterioration, material fatigue or any similar gradual damage, or malfunction of the object or any of its parts. Moreover, the insurance does not cover loss caused by scratching, abrasion or air humidity.

4.3.2 Maintenance costs

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

4.3.3 Agreements

The insurance does not cover loss or expenses for which the supplier, manufacturer, vendor or some other party is responsible on the basis of an agreement, warranty, service agreement or similar commitment. Loss covered otherwise by the insurance is, however, indemnified to the extent that the policyholder shows that the responsible parties are unable to meet their liability to make good the loss.

If the policyholder is the product's manufacturer or importer, no compensation will be made if the manufacturer or vendor would be liable for it under a standard guarantee in the industry.

4.3.4 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 its liability.

4.3.5 Disappearance, leaving behind and theft

The insurance does not provide coverage if property disappears or is left behind.

The insurance does not cover theft either if

- the exact time, place and circumstances of theft cannot be specified, or
- the theft is only discovered in inventory.

Loss caused by theft is not considered unforeseeable if the policyholder has not taken all reasonable safety precautions in view of the value of the property and the circumstances of its storage.

The insurance does not cover losses caused by theft from an unlocked vehicle, caravan or other trailer.

4.3.6 Financial crime

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

4.3.7 Property outdoors

The insurance does not cover damage caused by the forces of nature to a machine or piece of equipment outdoors or in an uncovered building, unless it is intended for use in such a place.

4.3.8 Consumables

The insurance does not cover losses caused to consumables used in a machine or piece of equipment unless the consumable was damaged in connection with a loss coverable by these terms and conditions.

4.3.9 Reduction in value

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

4.3.10 Coercive measures by the Government

The insurance does not cover any loss incurred by coercive measures taken by the Government.

4.3.11 Cargo Claims

The insurance does not cover damage caused by inappropriate packaging during transportation or an inappropriate method of transportation.

4.3.12 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.

5 Safety regulations

Safety regulations are part of the insurance contract. The policyholder and insured person must comply with the safety regulations given in the insurance policy, insurance terms and conditions or other instructions in writing. 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 the rules 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 fixed without delay.

Insured property must be serviced and used in the manner required or recommended by its importer or manufacturer. A service log must be kept. The installation rooms and operating conditions of the insured property, such as operating voltage, air humidity and temperature, must comply with the recommendations of the importer or manufacturer.

Portable computers and similar equipment that are being transported must be kept in passenger cabin facilities during air transportation.

Equipment that is being transported must be moved from a motor vehicle or other transport equipment, and kept in locked facilities overnight.

Separate safety regulations related to fire and crime safety are indicated in the insurance policy.

6 Appraisal and indemnification regulations

The sum insured and indemnities in the property insurance are determined in accordance with these regulations, unless otherwise specified elsewhere in the terms and conditions or in the insurance policy.

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 is used as the calculation basis for the insurance premium and equals the maximum indemnity, 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 insurance policy. 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.

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 reduced value of property, as a result of age, use, technological obsolescence, decrease in usability or similar reasons, deducted from the replacement value. Reduced usability may also be the result of changed conditions in the location, such as discontinuation of the industrial or commercial activity in question.

6.1.3 First loss

First loss refers to the sum insured agreed for the object of insurance and recorded in the insurance policy. Provisions governing under-insurance shall not apply to first loss insurance. Otherwise the provisions of the appraisal and indemnification regulations shall apply.

6.2 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.

6.3 Calculation of property value and material damage

The maximum amount of compensation is calculated by taking the replacement value at the time of loss and subtracting the reductions indicated in the insurance policy from the beginning of the second year of use. Calculating the years of use starts from the beginning of the calendar year following the year when the equipment was brought into use. The reduction is calculated by multiplying the reduction percentage by the number of years of use. The resultant amount is the maximum amount of the recoverable loss, up to which the property's replacement or repair costs after the age reduction shall be compensated.

6.3.1 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 6.1.2). Each damaged object is appraised separately.

6.3.2 Amount of loss based on current value

The loss amount based on 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 then the reductions based on age and usage defined in the insurance terms and conditions or policy. (The definition of current value is provided in section 6.1.2 above)

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 repurchased or repaired, the current value of the amount of loss cannot exceed the fair value of the property.

6.3.3 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 in section 6.1.3 above)

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

6.3.4 Value added tax (VAT)

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 has the right of refund with respect to value added tax.

6.4 Indemnity amount

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

6.4.1 Deductible

A deductible indicated in the insurance policy or specified in these terms and conditions applies to each loss event. When calculating the compensation, any age reductions, if applicable, will be deducted from the amount of loss before the deductible.

6.4.1.1 Deductible with thefts from locked vehicles

The policyholder carries a 25% deductible on the loss amount, but in any case the minimum deductible entered in the insurance policy if a locked vehicle has been broken into by breaking its locks or structures.

6.4.2 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 (YL).

Under-insurance is always determined by comparing the sum insured with the replacement value.

6.4.3 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 (YL).

6.5 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.

6.6 Other provisions concerning indemnity

6.6.1 If an object has been destroyed or otherwise lost and compensation has been paid for it, a replacement does not have to be bought. In case of losses where the object of insurance can be repaired, the repair must be carried out if compensation is paid.

6.6.2 Indemnity for drawings, etc.

Drawings and documents, as well as patterns and moulds, are indemnified only if similar property is acquired within two years of the loss to replace the damaged property.

6.6.3 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 what 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.

6.6.4 Loss inquiry costs

The insurance company is only obliged to compensate 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 compensate other assessments or investigations unless they have been agreed upon in advance with the insurance company.

6.6.5 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.

For real estate, no such ascertainment is required,

- provided that the policyholder proves that the damage has been repaired;
- provided that the policyholder shows a guarantee stating that the indemnity will be used to repair the damaged property;
- provided that the policyholder indicates that the amount of indemnity is small in comparison with the value of the real estate, or
- if it is otherwise obvious that indemnification will not impair a creditor's prospect of payment.

6.6.6 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).

6.6.7 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.

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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