



Leakage insurance

ES 03, 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 property specified in the insurance policy at the location indicated in the policy (place of insurance).

2.1 Building

The object of insurance is the building specified in the insurance policy.

2.1.1 Machinery, equipment and systems serving the building

The building includes the following fitted items serving its purpose of use

- heating, cooling, extinguishing, water distribution, sewerage, electrical and automation systems, rain-water drainage inside the building, ventilation, control and data transfer systems. Heat pumps, solar panels and solar collectors are considered part of heating and cooling systems,
- lifts, escalators and up-and-over doors,
- machines and equipment intended for joint use by private households,
- items owned by the policyholder or otherwise at the risk of the policyholder and serving the purpose of the building, such as fixed water pipes, sewers, heating, cooling, oil, gas and steam pipes, electric cables and data transfer cables outside the building and machines and appliances related to them, up to the connection with the public mains.

2.1.2 Other property

The building also includes the following items owned by the policyholder or otherwise at the risk of the policyholder and serving the purpose of the building

- fixed ordinary structures that serve the building's purpose,

- light structures and buildings of a maximum of 40m² that serve the building's purpose, such as shelters for cars, waste bins, storage and for other purposes as well as waste bins,
- regular property-maintenance machinery and tools as well as fuels and lubricants for them,
- fixed vehicle charging stations,
- equipment in premises intended for joint use by private households, and
- trees and other plants in the yard.

2.1.3 Items excluded from cover

- the foundation soil of the building under the base floor and foundation slab, its reinforcement,
- French drains and other soil drainage systems,
- external rainwater systems,
- jetties and other beach constructions, outdoor swimming pools and bathing tubs,
- wells located on the grounds except for wastewater system wells,
- adhesive tapes, neon signs and other advertisements, structures, equipment, wiring and piping that serve business operations being carried out in the building even if they were a fixed part of the building,
- structures for which a shareholder in a condominium has maintenance responsibility under the Limited Liability Housing Companies Act, other than ordinary permanently fixed, original or equivalent fittings and surface coverings,
- motor vehicles with a design speed of over 15 kilometres per hour,
- energy and water.

2.2 Movable property

The object of insurance is the movable property specified in the insurance policy at the location indicated in the policy (place of insurance).

The insurance also provides cover for the property outside the place of insurance, if the property is being temporarily stored, repaired or maintained and during related transportation, however no more than EUR 50,000.

Temporary storage means that property insured under normal conditions is located and used at the place of insurance, even if it has been removed from the place of insurance on a temporary basis.

Temporary storage does not include, for example

- longer-term storage,
- continuous or recurring use, transfer, carrying or transport outside the place of insurance marked in the insurance policy document.

If the property is stored for more than six (6) months or is removed from the place of insurance in any of the other above-mentioned ways, the property must be separately insured at the new location.

The following property items are insured at the location specified in the insurance policy (place of insurance) without any separate agreement or indication thereof in the policy up to the amounts specified below. The insurance does not cover damage or expenses which are covered by a separate insurance related to the object of insurance.

- Money and securities
 - in a locked Euro Grade safe or equivalent marked with points for its protective value, the maximum compensation is EUR 10,000
 - if they are kept in a locked fireproof cabinet or safe or other separate closed place that provides protection, the maximum compensation is EUR 2,000.
- drawings, archives, data and software in data storage media, and models and moulds, the maximum total compensation including overtime and temporary work expenses is EUR 5,000. 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.
- Movable property of customers in the policyholders possession and directly connected with the policyholders business operations, a maximum total of EUR 10,000. The requirement is that the property, if owned by the policyholder, would be included in the policy. The insurance does not, however, cover instruments of payment or securities.
- Movable property of an employee of the policyholder in the place of insurance or, in connection with a work commission, also elsewhere, is EUR 1,000 per employee. The insurance does not, however, cover instruments of payment, collections of valuables, securities or any motor-driven vehicles or equipment.

The insurance does not apply to

- property not owned by the policyholder, such as leased or other rented property
- motor-driven or motor-transported vehicles or equipment or their fittings and accessories,
- aircraft,
- vessels and boats subject to registration,
- plants and animals.

3 Coverable losses and related exclusions

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 an event specified below during the validity of the insurance. Whether or not an event is sudden and unforeseeable is assessed objectively based on the cause of the loss, not its consequences.

3.1 Deductible

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

The insurance covers the following losses

3.2 Leakage

The insurance covers loss caused by leakage of liquid, vapour or gas.

The precondition is that the said substance has escaped suddenly and unforeseeably from a fixed structure installed in the building, such as

- water, sewer, heating, cooling, steam, gas or oil pipes, oil tank or internal rainwater sewer serving a building
- pipes connected to a jacuzzi or swimming pool
- substance container or a machine or device that is permanently fitted to the above and serves the building.

The insurance also covers sudden leakage of liquid on the structures of the building, caused by the operating equipment of the building's user. However, the condition for this is that

- the operating equipment is connected to the water supply network and sewage network by a connection which is in compliance with the equipment's installation instructions, as well as a pressure-proof hose pipe appropriate for use,
- the operating equipment connected to the water supply network is equipped with a cut-off valve, and
- the leakage was caused by mechanical breakage of the operating equipment or of the connections.

Losses excluded from cover

The insurance does not cover

- damage to or ineffectiveness of the drainage systems referred to in clause 2.1.3.
- loss caused by rainwater or melt water from roof gutters, downpipes outside the building, storm drains or from elsewhere
- loss caused by condensing water
- loss caused by flooding of a manhole or pipe during rain, thaw or flood
- loss caused by damage or blockage in a municipal or other public water or sewer line
- loss caused by malfunction of a no-return valve in a sewer pipe

- loss caused by moisture, such as rotting, fungal growth or odour
- loss caused by the flowing of liquid from a fixed network before the pipe network has been approved for use
- a leak in the outlet pipe of a bathtub, sink or pool or in the valves, drain traps or seals of such outlet pipes
- loss caused by liquid leaking through the water insulation in the structures or through the joint of pipes and structures such as between a floor gully and a raising piece
- loss caused by defective design, foundation, installation or construction or any damage caused by these
- loss caused by liquid leaking through an open tap, cut-off valve or shower, which is connected to the pipe network or an unplugged water pipe, unless the damage was caused by mechanical breakage of the tap, cut-off valve or shower.
- loss caused by breakage of hose reel, unless the loss was caused by breakage of a cut-off valve.
- external corrosion of pipe or equipment.
- wear and tear, corrosion or other gradual reason.

Damage caused to the pipes, operating equipment or their sealants are not covered as leakage damage.

Loss amount in case of leakage damage

In case of leakage damage, age reductions are made on all of the building's repair and replacement costs, based on the age of the leaking cable, pipes or other equipment, as shown in the table below:

Age of cables, pipes or other equipment	%
11–20 years	10
21–30 years	20
31–40 years	40
41–50 years	50
Over 51 years	60

However, the age reduction shall not exceed EUR 20,000 per loss.

The age of any pipelines, pipes or other equipment is calculated as of the beginning of the first calendar year following the year they were installed.

Special deductible for leak damage

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.

3.3 Other coverable losses and costs

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 constructions, but no more than 20% of the total amount of the direct material damage and related expenses as defined above. The total maximum indemnity amounts to the sum insured.

Combating impending loss

In addition to direct material damage, the insurance covers, under the General Terms of Contract (YL), 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.

Additional losses

The insurance also covers loss caused by

- property being stolen, disappearing or being damaged, as a result of the circumstances of a coverable loss in connection with a loss otherwise subject to indemnification, and
- cold or heat, rain or other similar reason, if the loss was a direct consequence of a coverable loss.

4 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 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, equipment and systems 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, equipment and systems must be followed, and any faults and defects must be fixed without delay.

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

5 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.

5.1 Sum insured

Property is insured for the agreed sum insured entered in the insurance policy for each object or property item. This sum, adjusted by the index entered in the insurance policy (see Index clauses), is the maximum indemnity in the 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.

5.1.1 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.

5.1.2 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. 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.

5.1.3 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. The provisions of the appraisal and indemnification regulations shall otherwise apply.

5.2 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 property item, adjusted by the index of the time of the loss (see section Index clauses).

5.3 Calculation of property value and material damage

5.3.1 Loss amount 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 5.1.1)

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 5.3.2). Each damaged object and structure shall be assessed separately.

5.3.2 Loss amount 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 5.1.2 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 rebuilt or repaired, the current value of the amount of loss cannot exceed the fair value of the property.

5.3.3 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 5.1.3 above)

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

5.3.4 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 the event that the insured has the right of refund with respect to value added tax.

5.4 Amount of indemnity

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

5.4.1 Under-insurance

If the sum insured is less than the property's value, the property is underinsured. In the case of loss incurred by an underinsured property or benefit, the insurance will only cover that part of the loss amount which corresponds to the ratio of the sum insured and the value of the property.

When assessing under-insurance, the sum insured is compared with the replacement value of the property when the indemnity based on the replacement value is calculated and with the current value of the property when the indemnity based on the current value is calculated.

The under-insurance clause does not apply to first loss insurance.

5.4.2 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).

5.5 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.

5.6 Residual value of a building

5.6.1 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 may not be used for restoring the building, the reduction in residual value will also be indemnified.

5.6.2 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.

5.7 Other regulations concerning indemnity

5.7.1 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. In case of unfinished manuscripts and translations, indemnity is only paid for those sheets that, owing to the loss, must be rewritten in order to complete the unfinished work.

5.7.2 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.

5.7.3 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.

5.7.4 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.

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.

5.7.5 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).

5.7.6 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.

6 Index clauses

The insurance is linked to the index indicated in the insurance policy.

6.1 Index adjustment of the sum insured per insurance period

The sum insured entered in the insurance policy is adjusted on the first day of each insurance period. The sum insured is adjusted by as many per cent as the adjustment index deviates from the basic index. At the same time, the amount of investments made and reported during the insurance period is added to the sum insured.

The basic index is the calendar month index five months before the first month of the first insurance period.

The adjustment index is the calendar month index five months before the first month of the insurance period entered in the insurance policy.

The insurance premiums are altered to match the adjusted sum insured.

6.2 Sum insured at the time of loss

The sum insured at the time of loss is as many per cent of the original sum insured as entered in the insurance policy as the calendar month index five months earlier is of the basic index.

In addition, the sum insured at the time of loss is increased by the amount of investments made in buildings and machinery in the place of insurance before the loss during the insurance period, yet with the following restrictions:

- the investments are based on the same activity for which the property covered under the insurance is used.
- the increase, due to index increase and investments, in the sum insured specified in each section of the insurance policy, may be a maximum total of 15% of the sum insured indicated in the insurance policy, but no more than the amount entered in the insurance policy.

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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