



# Real Estate Insurance and Real Estate Full Value Insurance

KI 01, Insurance terms and conditions, valid as of 1 January 2023

## CONTENTS

Real Estate Insurance .....	1
ES Property Insurance .....	1

VA General liability insurance.....	8
TJ Directors' and Officers' Liability Insurance.....	12
OI Legal expenses insurance.....	14

## REAL ESTATE INSURANCE

### Structure of insurance

The insurance includes property (ES), general liability (VA), directors' and officers' liability (TJ) and legal expenses insurance (OI) and the General Terms of Contract (YL).

## ES PROPERTY INSURANCE

### ES 1 Purpose of insurance

#### 1.1 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.

#### 1.2 Insurance options

Depending on what is specified in the policy document, the policy is either a full value insurance or based on the sum insured. In full value insurance, the object of insurance is insured with no maximum limit for compensation, and the insurance premium is based on the reported cubic content of the building. When the insurance is based on the sum insured, the object of insurance is insured to the value of the building reported in advance, and the insurance premium is based on this value.

In both insurance options, the amount of damage providing the basis for indemnification is assessed in accordance with the ES 5 Appraisal and Indemnification Regulations.

### ES 2 Object of insurance

The object of insurance consists of the assets specified below.

#### 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 located outside the building.

- Light structures and buildings of a maximum of 40m<sup>2</sup> that serve the building's purpose, such as shelters for cars, waste bins, storage and for other purposes as well as waste bins.
- Standard 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.
- Trees and plants on the grounds up to the sum of EUR 5,000.

#### 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.

## ES 3 Coverable losses, related restrictions, and special indemnification regulations

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 as based on the cause of the loss, not its consequences.

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 Index clauses).

The insurance also covers the cost of opening up and reinstating structures in the insured building and the cost of excavating and filling land when these costs are essential for the repair of direct material damage, or for acquiring a replacement.

### 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 Fire or soot

The insurance covers loss caused by uncontained fire or by soot or smoke spreading suddenly and unforeseeably from a fireplace or a similar heating unit in the premises. The insurance does not cover damage to an object subjected to heat.

#### Special deductibles

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

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.

No deductible is subtracted if a fire-safe waste shelter or underground waste container has restricted the extent of the damage.

### 3.3 Lightning

The insurance covers loss caused by direct strike of lightning or by overvoltage resulting from lightning.

### 3.4 Explosion

The insurance covers loss caused by an explosion.

The insurance does not cover

- loss caused by internal stress or loosening of a seal,
- loss caused by professional 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.
- damage to a combustion engine caused by an explosion in the engine, nor
- damage to a closed, pressure-resistant container, equipment, pipe or tank in which there has been gas, steam or liquid, unless the reason for the breakage was unforeseeable overpressure.

### 3.5 Triggering of fire extinguishing equipment

The insurance covers loss caused when fire extinguishing equipment is triggered suddenly and unforeseeably.

### 3.6 Burglary

The insurance covers loss or damage caused by theft or criminal damage when a building or rooms connected to it, or a fixed safe or safety deposit box listed in the policy document, has been

- broken into by damaging their structures or locks, or
- entered using a key that was obtained either through robbery or burglary, as described above.

### 3.7 Key-related loss

The insurance covers all lock repair costs required in the insured building if master keys or apartment keys have been stolen as a result of burglary or robbery. The costs will be adjusted with a 5% reduction for each year of use starting from the second year of use. The counting of the years of use starts as of the beginning of the calendar year following the installation year. The reduction is calculated by multiplying the reduction percentage by the number of years of use.

### 3.8 Criminal damage

The insurance covers loss caused by a wilful act of damage.

The insurance does not cover

- loss caused by scratching or other comparable damage,
- damage incurred by the user of the premises to furnishings and fixtures or surface coverings of the premises,
- breakage of glass, to the extent that such breakage is covered by separate insurance related to the glass, nor
- loss caused by a motor vehicle.

### 3.9 Leakage, moisture and condensing water

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.

The insurance does not cover loss caused by

- rainwater or melt water from roof gutters, downpipes outside the building, storm drains or from elsewhere
- condensing water
- flooding of a rainwater gully or other manhole or pipe as a result rain, thaw or flood
- damage or blockage in a municipal or other public water or sewer line
- malfunction of a no-return valve

- a leak in the outlet pipe of a bathtub, sink or pool or in the valves, drain traps or seals of such outlet pipes
- moisture, such as rotting, fungal growth or odour.
- the flowing of liquid from a fixed network before the pipe network has been approved for use
- liquid leaking through the water insulation in the structures or through the join of pipes and structures such as between a floor gully and a raising piece
- defective design, foundation, installation or construction or any damage caused by these
- 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.
- breakage of a hose reel, unless the loss was caused by breakage of a cut-off valve.
- damage to or ineffectiveness of the drainage systems referred to in clause 2.1.3.
- 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. Such damage is covered in accordance with clause 3.13.

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

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

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

#### Special deductible

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.

### 3.10 Roof leakage

The insurance covers loss or damage from roof leakage to the rest of the building caused by breakage of the building's roofing as a result of a sudden and unforeseeable external event.

The insurance does not cover loss caused by the weight or movement of accumulated ice or snow.

### 3.11 Storm

The insurance covers loss caused by storm wind.

The insurance does not cover

- loss caused by snow or water, if the cause of the loss is not an immediate and direct consequence of structural damage caused by storm wind
- loss caused by heavy seas or movement of ice
- loss caused by flood or rising water levels
- loss caused by the weight of ice or snow
- damage to movable property outdoors, or
- damage to movable property, unless the damage is a result of other damage coverable under this clause.

### 3.12 Entry into the building by a wild animal

The insurance covers loss caused by an entry of a wild animal into the building.

The insurance does not cover damage caused by insects, lagomorphs (mainly rabbits and hares), or rodents, nor their prevention and removal expenses.

### 3.13 Breakage of machinery, equipment or systems serving the building

The insurance covers loss caused by a sudden and unforeseeable event to property referred to in clause 2.1.1 (ES).

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
- expenses caused by adjustments and maintenance, preventive or periodic servicing or the elimination of functional disturbances, or any parts replaced in connection with such work
- damage for which the supplier or some other party is responsible on the basis of an agreement, guarantee, servicing contract 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.
- damage to a computer or to data transfer, data communications, process control or surveillance equipment or their data media, data (files) contained therein and software,
- 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 not connected with the component
- expenses caused by the repair of an object or a component that has been made deficiently or from deficient materials,
- damage caused by the forces of nature to movable property outdoors or in an uncovered building, unless the equipment in question is intended for use on such premises
- loss caused by changes in the groundwater level

- loss caused by professional 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 his liability,
- any reduction in value, or any loss that does not affect the usability of property.

### Loss amount in breakages of machinery, equipment and systems serving the building

When compensating damage to property as specified in clause 2.1.1 (ES), all repair or repurchase costs, including material damage referred to in clause 5.2, are subject to a 5% reduction for each year that has started since the beginning on the fifth year of use. The counting of the years of use starts as of the beginning of the calendar year following the year when the machinery or equipment was first used. The reduction is calculated by multiplying the reduction percentage by the number of years of use. However, the reduction is not applicable to losses defined in sections 3.2–3.12 and 3.14 (ES).

### 3.14 Other coverable losses and costs

#### Loss of rental income

The object of insurance is the financial loss incurred by the policyholder through the loss of rental income as the result of damage to the building due to property damage covered under this agreement. To determine the amount of compensation payable, the saved property maintenance costs will be deducted from rental income.

#### Full value compensation

The loss of rental income may be indemnified for up to EUR 2 per cubic metre per month on the basis of the cubic content of the damaged building. Compensation will be paid up to one year from the date of property damage.

#### Compensation based on the sum insured

The maximum calculated amount of damage is 0.75% of the value of the building per month, and compensation is paid for a maximum period of one year from the date of the property damage. The value of the building is its replacement value, current value or first loss, depending on the grounds on which it is covered by the insurance.

#### 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.

If the insurance is based on an agreed sum insured in accordance with first loss, the sum insured is the maximum limit for total compensation.

#### Combating impending loss

In addition to direct material damage, the insurance covers, under the clause Obligation to prevent and limit loss or damage or salvage obligation respective to the General Terms of Contract, reasonable expenses arising from miti-

gating or preventing loss incurred 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

- the circumstances of a coverable loss when property covered under this insurance has been stolen, disappeared or been damaged as a result of a loss otherwise subject to indemnification and referred to in sections 3.2–3.5, 3.9, 3.11 and 3.12, and
- cold or heat, rain or other similar reason if the loss was a direct consequence of a coverable loss as specified in sections 3.2–3.12.

## **ES 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.

## **ES 5 Appraisal and indemnification regulations**

Depending on what is specified in the policy document, the insurance is either a full value insurance, which means the object of insurance is insured with no maximum limit for compensation and the insurance premium is based on the reported cubic content of the building, or is based on the agreed sum insured.

## **5.1 Sum insured**

Property is insured for the agreed sum insured entered in the policy document for each object of insurance. This sum, adjusted by the index entered in the insurance policy (see clause 7, Index clauses), is the maximum compensation payable 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 policy document. It is one of the following:

### **5.1.1 Full value**

In full value insurance, the object of insurance is insured with no maximum limit for compensation, and the insurance premium is based on the reported cubic content of the building. The definition provided in the RT card published by the Building Information Foundation is used to calculate the actual cubic content of the target.

### **5.1.2 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 the demolition and disposal of the old 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.

### **5.1.3 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.

### **5.1.4 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 (see section 5.5.1 Under-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).



The insurance also covers the cost of opening up and re-instating structures in the insured building and the cost of excavating and filling land when these costs are essential for the repair of direct material damage, or for acquiring a replacement.

### **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 in clause 5.1.2 above.)

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 clause 5.1.3 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 clause 5.1.4 above.)

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

### **5.4 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.

### **5.5 Indemnity amount**

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

#### **5.5.1 Under-insurance**

##### **Full value insurance**

If the cubic content of the building indicated in the policy document is smaller than its actual cubic content, the insurance will only cover losses up to the amount corresponding to the proportion of the indicated and actual cubic content. The definition provided in the RT card is used to calculate the actual cubic content.

##### **Insurance based on the sum insured**

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, when the indemnity based on replacement value is calculated, with the replacement value of the property and, when the indemnity based on current value is calculated, with the current value of the property.

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

#### **5.5.2 Overinsurance**

On the basis of an insurance event incurred by overinsured property, the insurance will not cover more than is necessary to cover the loss.

##### **Full value insurance**

If the cubic content of the building indicated in the insurance policy is larger than its actual cubic content, the building is overinsured.

##### **Insurance based on the sum insured**

If the sum insured is higher than the property's value, the property is overinsured.

### **5.6 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.

## 5.7 Residual value of the building

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

### 5.7.2 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.

## 5.8 Other regulations concerning indemnity

### 5.8.1 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 to decide from which source of supply similar property is to be acquired.

### 5.8.2 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.

### 5.8.3 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;
- the amount of indemnity is small compared to the value of the property, or
- it is otherwise obvious that indemnification will not impair a creditor's prospect of payment.

### 5.8.4 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).

### 5.8.5 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 6 Index clauses

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

### 6.1 Index adjustment of the insurance premium or the sum insured per insurance period

#### Full value insurance

The insurance premium is linked to the index indicated in the insurance policy. The insurance premium is adjusted on the first day of each insurance period. The insurance premium is adjusted by as many per cent as the adjustment index deviates from the basic index.

The basic index is the construction cost index for August in the year preceding the insurance commencement year.

The adjustment index is the construction cost index for August of the calendar year preceding the first month of the insurance period entered in the insurance policy.

#### Insurance based on the sum insured

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 (not applicable to full value insurance)

The sum insured at the time of loss is as many per cent of the original sum insured 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 and specified in each section of the

insurance policy may be a maximum total of 15% of the sum insured as indicated in the insurance policy, but no more than the amount entered in the insurance policy.

## 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.

## VA GENERAL LIABILITY INSURANCE

### VA 1 Purpose of insurance

On the basis of these terms and conditions and the General Terms of Contract (YL), Pohjola Insurance Ltd (hereinafter referred to as the "Insurance Company") undertakes to

- cover the losses referred to in clause VA 2.1 below and other expenses specified separately in these terms and conditions
- investigate the grounds for and amount of the damages,
- negotiate with the claimant, and
- handle court proceedings or pay legal expenses if the indemnity issue is subjected to legal proceedings.

### VA 2 Coverable losses and related restrictions

#### 2.1 Coverable losses

The insurance covers bodily injury or material damage caused by the owner of the property recorded in the insurance policy, provided that

- such injury or damage is discovered during the insurance period, and
- the policyholder is liable for it under legislation in force.

The insurance also covers a purely financial loss, caused to another as specified in the Finnish act on data protection or EU's General Data Protection Regulation, which was the result of illegal processing of personal data in the insured activity during the policy's validity and which the insured person is liable for in the capacity of a controller.

#### 2.2 Restrictions

##### 2.2.1 Loss or damage sustained by the policyholder or insured

The insurance does not cover any loss sustained by the policyholder or the insured.

##### 2.2.2 Property in use

The insurance does not cover any damage to property that was in the possession of, at the personal disposal of, borrowed by the insured at the time of the act or omission causing the loss.

**Additional cover for a working machine or piece of equipment borrowed on a temporary basis**

Additional cover compensates loss or damage to a piece of machinery or equipment borrowed for the insured operations on a temporary basis and without payment.

However, the additional cover does not cover any damage

- caused to property comparable to fixed assets that has been leased by or is otherwise at the disposal of the insured party,
- caused to property in accordance with the insurance cover as a result of factors, acts or circumstances on the basis of which the damage to the property has been foreseeable, or
- caused by loss of property or property being left behind.

The sum insured for the losses covered by this additional cover is EUR 20,000 per loss and EUR 40,000 in total during the insurance period. This sum insured is included in the sum insured of the Commercial General Liability Insurance.

##### 2.2.3 Damage caused to property being handled by or in the care of the insured party

The insurance does not cover any damage to property which, at the time of the act or omission causing the loss, was caused by the insured party or a third party working for the insured party

- being manufactured, installed, repaired, processed or otherwise worked on by the policyholder or a third party on behalf of the policyholder
- stored
- subject to the safety or prevention obligation in view of the nature and immediate sphere of influence of the insured party's operations or of the work causing the loss, or
- otherwise in their care.

##### 2.2.4 Contractual liability

The insurance does not cover any loss insofar as the liability is based on a contract, guarantee or other obligation signed by the policyholder, unless the liability would exist even without such an obligation being in force.

##### 2.2.5 Environmental damage, various discharges or disturbances

The insurance does not cover any damage to

- pollution of water, air or soil
- smoke, soot, dust, steam, gas
- noise, vibration, radiation, light, heat or smell or
- other similar disturbance.

The insurance does, however, cover sudden loss caused by a random or single error or omission or by a fault or defect in a building, plant or piece of equipment appearing suddenly or unforeseeably as a result of an eventuality constituting liability for the policyholder. An additional condition is that the loss sustained for a reason fulfilling the above conditions took place suddenly, unforeseeably and quickly, and is not based on either slow, gradual influence or a repeated act or omission/otherwise recurring events.

A further precondition for payment of indemnity is that the policyholder became aware of the pollution, emission/



discharge or other disturbance no later than fourteen days after its onset, and has filed a written claim with the insurer within sixty days of the date when such pollution, emission or other disturbance began.

For measures to be taken to prevent environmental damage and for indemnification of expenses incurred due to such measures, see clause 3.4 Loss prevention costs.

#### **2.2.6 Costs incurred by the authorities in the event of environmental damage**

The insurance does not cover expenses from prevention and reinstatement measures incurred by the authorities under the Act on Compensation for Environmental Damage.

#### **2.2.7 Loss caused by moisture and flooding**

The insurance does not cover any damage caused by

- moisture or
- flooding caused by rainwater or thaw, waste water, rivers, lakes and seas.

The insurance does, however, cover sudden loss caused by a random or single error or omission or by a fault or defect in a building, plant or piece of equipment appearing suddenly or unforeseeably as a result of an eventuality constituting liability for the policyholder. An additional condition is that the loss sustained for a reason fulfilling the above conditions took place suddenly, unforeseeably and quickly, and is not based on either slow, gradual influence or a repeated act or omission/otherwise recurring events.

The insurance does not, however, cover any loss incurred from flooding caused by a planning, measurement or construction defect in water pipes or sewers.

#### **2.2.8 Groundwater**

The insurance does not cover any loss caused by a change in the groundwater level.

The insurance does, however, cover loss caused by a temporary incident or circumstance due to a random error, or a sudden or unforeseeable fault or defect in a building or a piece of equipment.

#### **2.2.9 Loss caused by use of watercraft or aircraft**

The insurance does not cover any damage caused by

- use of craft or vessel subject to registration, unless the use is connected with work performed by the policyholder for the policyholder's own benefit or
- use of an aircraft for aviation when the policyholder is held liable in the capacity of owner, possessor or user of the aircraft, in the capacity of someone carrying out a task or duty aboard the aircraft or in the capacity of the employer of the above.

#### **2.2.10 Loss caused by quarrying and blasting**

The insurance does not cover any loss caused by quarrying or blasting performed using external labour or for a third party, or by any consequential subsidence or landslide.

#### **2.2.11 Pharmaceutical or patient injury, occupational accident, work-related exposure or occupational disease**

The insurance does not cover

- patient injuries referred to in the Patient Insurance Act
- losses that relate to healthcare or medical care provided outside Finland
- personal injury caused by medication
- personal injury inasmuch as it is covered by the insured person's policy referred to in the Workers' Compensation Act, or
- loss or injury caused by occupational disease or other work-related exposure.

#### **2.2.12 Road accident**

The insurance does not cover any loss caused by use of a motor vehicle in traffic under the provisions of the Motor Liability Insurance Act or corresponding foreign legislation.

However, the insurance compensates road accidents in Finland that were not compensated by motor liability insurance as specified in section 40(2) of the Motor Liability Insurance Act, causing damage to the owner's or keeper's property that was not in the vehicle.

The insurance also compensates road accidents not covered by motor liability insurance as specified in section 42 of the Motor Liability Insurance Act, if the accident was caused during loading, unloading or other work performance

- if the vehicle is stationary, to vehicle's owner, driver or other person performing the specified work.
- with regard to the property subject to the work performance or with regard to another vehicle engaged in the work performance.

The insurance does not, however, cover

- damage to the insured party's property that was being hoisted, towed or transported.
- damage to the insured party's property or property specified in clause 2.2.2.
- personal injury inasmuch as it is covered by a policy referred to in the Workers' Compensation Act (see clause 2.2.11).

If the country where the loss occurs has no law which corresponds to the Finnish Motor Liability Insurance Act, the insurance does not cover loss caused by use of a motor vehicle in traffic.

#### **2.2.13 Chemical products or equivalent**

The insurance does not cover any loss or damage caused either directly or indirectly by

- asbestos
- lead or lead paint
- polychlorinated biphenyl (PCB)
- chlorinated hydrocarbons
- ureaformaldehyde
- diethylstilbestrol (DES)
- electromagnetic fields (EMF)
- welding fumes
- silica or silica-related dust

- genetically modified organisms (GMO)
- nanotechnology elements in products
- fungi, mould or bacteria on or within a building or other structure
- creosote

#### **2.2.14 Loss caused by defamation of character or invasion of privacy**

The insurance does not cover any loss caused by attacks on the policyholders' honour or invasion of their privacy.

#### **2.2.15 Fines**

The insurance does not cover fines or other similar sanctions.

#### **2.2.16 Loss caused by known risk of loss**

The insurance does not cover any loss caused by an error, deficiency or other grounds for liability of which the policyholder was or should have been aware at the inception of the insurance cover.

#### **2.2.17 Other liability insurance policies**

The insurance does not cover any loss to the extent that the loss is covered by another liability insurance policy taken out by the policyholder.

#### **2.2.18 Loss of key**

The insurance covers expenses for rekeying or renewing locks arising from the loss of key to premises used by others only when the following conditions are fulfilled simultaneously,

- an employee of the policyholder or a member of a governing body has caused the loss of the key through any fault or neglect,
- it is obvious that the key is possessed by a person who is not authorised to access it, which is why the property kept in the premises is under an immediate risk of theft and
- the policyholder would be liable for loss caused by theft.

See also clause 3.9 Special deductibles

#### **2.2.19 Loss caused by tobacco**

The insurance does not cover any loss caused by tobacco, tobacco products or tobacco smoke.

#### **2.2.20 Loss caused by costs of repairing and remedying environmental damage as referred to in the EU Environmental Liability Directive**

The insurance does not cover costs based on the EU Environmental Liability Directive (2004/35/CE) or corresponding legislation concerning the remedying or restoration of environmental damage, nor any other costs or compensation related to such damage.

#### **Additional cover for costs of remedying environmental damage**

However, the additional cover does cover the costs of remedial measures pursuant to the EU Environmental Liability Directive arising from environmental damage subject to compensation in accordance with clause 2.2.5. The additional cover is in effect within the EU. With regard to damage that occurs outside Finland, only the costs in accordance with the minimum requirements of the EU

Environmental Liability Directive shall be compensated at the maximum. The additional cover covers the costs of the damage limitation or preventive measures required by a competent authority as well as primary, complementary or compensatory remedial measures as defined in the EU Environmental Liability Directive. The costs of remedial measures will not be covered unless the insurance company has approved them in advance. In other respects, the insurance terms and conditions and the insurance policy of VA (Commercial General Liability Insurance) shall apply.

The sum insured for the losses covered by this additional cover is EUR 500,000 per loss and in total during the insurance period. This sum insured is included in the sum insured of the Commercial General Liability Insurance.

## **VA 3 Indemnification regulations**

### **3.1 Insurance company's obligations**

The insurance company must investigate whether the policyholder is liable to pay damages for any reported loss covered under the insurance, for the part exceeding the deductible, and negotiate with the claimant.

If the policyholder covers the loss, makes an agreement concerning it or accepts the claim, this will not be binding on the insurance company unless the amount of and grounds for the damages are manifestly correct.

If the insurance company has reached an agreement on indemnification with the party that suffered the loss and the policyholder does not agree to this, the insurance company will not be held liable for any subsequent expenses or for more than it would have indemnified on the basis of the aforementioned agreement. The insurance company will also not be required to conduct any further investigations into the matter.

### **3.2 Obligations of the policyholder**

The policyholder must

- participate in the investigation into the loss at their own expense
- provide the Insurance Company with information, documents and other material in the policyholder's possession relevant to the claims settlement
- obtain or prepare any necessary clarifications and studies available to the policyholder at reasonable expense and
- provide the insurance company with the opportunity to participate in bringing about an amicable settlement.

### **3.3 Damages**

The insurance covers the damages for which the policyholder is liable. The amount of compensation is calculated according to compensation regulations and legal practice.

Legal provisions on value added tax will be taken into account when calculating the loss amount. Accordingly, the tax will not be paid if it is tax-deductible by the beneficiary.

If several parties are jointly liable for the same loss, the insurance will only cover that share of the loss which corresponds to the policyholder's share of the indemnification liability. If no other grounds exist, the indemnity is paid per capita.

### 3.4 Loss prevention costs

#### 3.4.1 Expenses incurred from preventing an impending loss

The insured is under obligation to prevent or limit the loss from an impending or actual insurance event (see General Terms of Contract (YL), clause 6.2). This obligation only concerns measures that eliminate the immediate threat of liability for a loss caused to a third party; but not any further measures after the event, unless these measures are separately agreed on with the insurance company. Costs arising from such necessary measures are coverable under the insurance.

#### 3.4.2 Supplementary conditions for indemnification of costs incurred due to prevention of environmental damage to property owned by or in the possession of the insured party

If the policyholder causes environmental damage to property owned by or in the possession of the policyholder, such as soil, the following shall apply, in addition to clause 3.4.1 above.

No indemnity is paid for damage caused to property in the ownership or possession of the insured party.

Prevention costs will be covered only if there is imminent risk of damage to the property of a third party, for example when environmental pollutants pass through the ground-water or soil beyond the boundary of the policyholder's land. Only such measures are coverable that are necessary to eliminate an impending threat of coverable damage to the property of a third party.

After the occurrence of environmental damage, more extensive measures than merely the prevention of imminent danger may be necessary to remedy the situation completely. These may include the transportation of polluted soil and the disposal or neutralisation of the hazardous waste. Costs arising from these measures are not coverable as loss prevention costs under the general liability insurance, even in the event that the measures are mandatory under official regulations.

#### 3.4.3 Measures in the event of environmental damage

The policyholder must inform the insurance company without delay of any impending or occurrence of environmental damage (see clause 2.2.5 Environmental damage) in order to confirm which prevention measures are coverable under the general liability policy (see clauses 3.4.1 and 3.4.2).

### 3.5 Investigation and legal expenses

In addition to the damage, the insurance also covers reasonable and necessary expenses incurred in investigating the loss, but not the investigation expenses for which the policyholder is liable under the insurance terms and conditions or on which have not been specifically agreed with the Insurance Company.

If a claim for damages, based on grounds which constitute a loss coverable under the insurance, is submitted to the court, the policyholder must immediately notify the insurance company thereof as soon as the policyholder has been informed of such legal proceedings.

If a claim for damages concerns a loss or damage that, as to its grounds and amount, is coverable under the insurance, the insurance company will pay the resulting legal expenses, provided that

- the loss report has been submitted before the statement of defence is given and
- the insurance company has approved the attorney being used.

If the legal proceedings also concern other issues, the insurance shall only cover the share of expenses arising from the claim for damages covered by the insurance.

The insurance company always retains the right to assume control of the legal proceedings.

### 3.6 Maximum indemnity

The aggregate maximum amount of all indemnities for a single loss, including any loss prevention, investigation, negotiation, interest and legal expenses, is the sum insured as specified in the insurance policy. Loss prevention costs are coverable in accordance with clause 6.2 of the General Terms of Contract, YL.

The maximum compensation for a single financial loss, as specified in the Finnish act on data protection or EU's General Data Protection Regulation, is EUR 50,000 during one insurance period.

The special terms and conditions may specify different sums insured.

### 3.7 Serial loss

Losses caused by the same event or circumstance will be considered a single loss regardless of whether they are discovered during one or more insurance periods. If such losses are discovered during different insurance periods, they will be attributed to the insurance period in which the first loss was discovered.

### 3.8 Deductibles

For each loss, the policyholder's deductible specified in the insurance policy will be subtracted from the total amount of indemnity including any expenses incurred from loss prevention, investigations, negotiations, interest payments and legal proceedings, all calculated in accordance with the insurance terms and conditions.

### 3.9 Special deductibles

In cases of loss resulting from hot work, waterproofing, excavation or earthmoving work or the loss of a key, the policyholders deductible is 10% of the loss amount but not less than EUR 3,000 and no more than EUR 20,000 or the amount of deductible, if greater, recorded in the insurance policy.

#### Leaks and flooding resulting from public-utility water supply pipes and sewers

Special deductibles are applied to any losses incurred from leaks or flooding resulting from public-utility water supply pipes, drainage, sewerage or heating systems or similar pipelines as shown in the table below.

Age of pipes	Deductible, %
20–30 years	20%
Over 30 years	40%

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

The amount to be paid out of pocket by the policyholder for each insured event is always at least equal to the deductible specified in the policy document.

## TJ DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

### TJ 1 Purpose of insurance

On the basis of these terms and conditions and the General Terms of Contract (YL), Pohjola Insurance Ltd (hereinafter referred to as the "Insurance Company") undertakes to

- cover the losses referred to in clause TJ 3.1 below and other expenses specified separately in these terms and conditions
- investigate the grounds for and amount of the damages,
- negotiate with the claimant, and
- handle court proceedings or pay legal expenses if the indemnity issue is subjected to legal proceedings.

### TJ 2 Those insured

Those insured are the lawfully elected Board members, deputy members and the Chairman of the General Meeting as well as the managing director (property manager) of the housing company, real estate company or housing co-operative recorded in the insurance policy.

## TJ 3 Coverable losses and related restrictions

### 3.1 Coverable losses

The insurance covers financial loss caused to the policyholder, shareholder or another person in the management of the real estate specified in the insurance policy

- that is not related to a personal injury or material damage and
- for which the insured is liable under existing Limited Liability Companies Act, Limited Liability Housing Companies Act or the Co-operatives Act as a result of action or negligence during the insurance period.

### 3.2 Restrictions

#### 3.2.1 Work performed under contract

The insurance does not cover expenses arising from work performed in order to rectify the result of work included in the insured person's responsibilities or work redone, not even in the case the work is performed by a party other than the policyholder.

#### 3.2.2 Bodily injury and material damage

The insurance does not cover bodily injury or material damage, or any related financial loss.

Material damage is also deemed to include the destruction of, damage to or loss of cash, securities, unused postage stamps, coupons, bills of exchange, cheques or other similar notes and bonds.

#### 3.2.3 Expenses for rekeying or renewing locks

The insurance does not cover any loss caused by rekeying or renewing locks.

#### 3.2.4 Contractual liability

The insurance does not cover any loss insofar as the liability is based on a provision of a contract under which the insured person has assumed greater responsibility than would apply to him/her under current legislation in the absence of such contractual provision.

#### 3.2.5 Loss related to payment in or acceptance of cash

The insurance does not cover any loss caused by miscalculations or another reason in accepting cash or making payments in cash.

#### 3.2.6 Loss related to the insured persons remuneration

The insurance does not cover any loss caused by a decision on the salary, bonuses or other personal benefits or compensation paid to the insured person.

#### 3.2.7 Loss related to fines and taxes

The insurance does not cover fines, taxes or other similar sanctions.

#### 3.2.8 Loss caused by defamation of character or invasion of privacy

The insurance does not cover any loss caused by attacks on the policyholders' honour or invasion of their privacy.

#### 3.2.9 Loss related to maintenance of insurance policies

The insurance does not cover any loss caused by the insured person's error or failure in taking out and maintain the necessary and sufficient insurance policies on behalf of the policyholder.

#### 3.2.10 Loss related to share purchases

The insurance does not cover any loss caused by the insured person buying, directly or indirectly, on behalf of the policyholder shares of the company acting as the policyholder or of its parent company or subsidiary.

#### 3.2.11 Loss related to employment contract, the Employment Contracts Act and Act on Equality between Women and Men

The insurance does not cover loss in case liability for damages is based on breach of an employment contract, collective agreements, the Employment Contracts Act or the Act on Equality between Women and Men.

#### 3.2.12 Known risk of loss or damage

The insurance does not cover any loss caused by an error, deficiency or other grounds for liability of which the insured person was or should have been aware at the inception of the insurance cover.



### 3.2.13 Other liability insurance

The insurance does not cover any loss coverable under some other or previously effective liability insurance held by the policyholder or the insured person.

### 3.2.14 Professional property management

The insurance does not indemnify for loss or damage caused by professional property management.

### 3.2.15 Loss or damage sustained by the insured

The insurance does not cover loss inflicted by the insured person on itself.

If the insured owns more than 30% of the shares of the company acting as the policyholder, loss caused to the company acting as the policyholder is considered loss inflicted by the insured on itself in the same proportion as the insured owns the company's shares.

### 3.2.16 Loss caused by tobacco

The insurance does not cover any loss caused by tobacco, tobacco products or tobacco smoke.

### 3.2.17 Chemical and other substances or products

The insurance does not cover any loss caused by

- asbestos, silica (silicon dioxide), silica-related dust, chemical and other substances or products,
- mould or fungi or bacteria.

### 3.2.18 Loss related to public procurement

The insurance does not cover loss or damage or compensatory fees resulting from public procurement procedures as referred to in the Public Procurement Act.

### 3.2.19 Loss related to loss report

The insurance does not cover any loss caused by neglected or delayed loss report.

## TJ 4 Indemnification regulations

### 4.1 Insurance Company's obligations

The insurance company shall investigate whether the insured is liable to pay damages for a reported loss covered under the insurance, for the part exceeding the deductible, and shall negotiate with the claimant.

If the policyholder covers the loss, makes an agreement concerning it or accepts the claim, this will not be binding on the insurance company unless the amount of and grounds for the damages are manifestly correct.

If the insurance company has reached an agreement on indemnification with the party that suffered the loss coverable under the insurance and the policyholder or the insured does not agree to this, the insurance company will not be held liable for any subsequent expenses or for more than it would have indemnified on the basis of the aforementioned agreement. The insurance company will also not be required to conduct any further investigations into the matter.

## 4.2 Policyholder's and insured person's obligations

The policyholder and those insured shall

- after having become aware of a claim or any event or circumstance that might give rise to a claim, notify the insurance company thereof without delay
- participate in the investigation into the loss at their own expense
- provide the Insurance Company with information, documents and other material in the policyholder's possession relevant to the claims settlement
- obtain or prepare any necessary clarifications and studies available to the policyholder at reasonable expense and
- provide the insurance company with the opportunity to participate in bringing about an amicable settlement.

## 4.3 Damages

The insurance covers the damages for which the insured party is liable. The amount of compensation is calculated according to compensation regulations and legal practice.

If several parties are jointly and severally liable for the same loss, the insurance covers only that part of the loss which corresponds to the insured person's share of the liability. If no other grounds exist, the indemnity is paid per capita.

## 4.4 Expenses incurred from prevention of imminent danger

The policyholder and the insured are under obligation to prevent or limit the loss from an impending or actual insurance event (see General Terms of Contract YL section 6.2). This obligation only concerns measures that eliminate the immediate threat of liability for a loss caused to a third party; but not any further measures after the event, unless these measures are separately agreed on with the insurance company. Costs arising from such necessary measures are coverable under the insurance.

## 4.5 Investigation and legal expenses

In addition to the damage, the insurance also covers reasonable and necessary expenses incurred in investigating the loss, but not the investigation expenses for which the policyholder is liable under the insurance terms and conditions or on which have not been specifically agreed with the Insurance Company.

If a claim for damages, based on grounds which constitute a loss coverable under the insurance, is submitted to the court, the policyholder and the insured person must promptly notify the Insurance Company thereof as soon as such legal proceedings have been brought to the policyholder's or the insured person's attention.

If a claim for damages concerns a loss that, as to its grounds and amount, is coverable under the insurance, the Insurance Company will pay the resulting legal expenses provided that

- the loss report has been submitted before the statement of defence is given and

- the insurance company has approved the attorney being used.

If the legal proceedings also concern other issues, the insurance shall only cover the share of expenses arising from the claim for damages covered by the insurance.

The insurance company always retains the right to assume control of the legal proceedings.

The insurance does not cover legal expenses arising from a summary penal order.

#### 4.6 Maximum indemnity

The aggregate maximum amount of all indemnities paid for losses caused during one insurance period, including any expenses incurred due to investigations, negotiations, interest payments and legal proceedings, is the sum insured indicated in the insurance policy.

#### 4.7 Serial loss

Losses caused by the same event or circumstance will be considered a single loss regardless of whether they are discovered during one or more insurance periods. If such losses are discovered during different insurance periods, they will be attributed to the insurance period in which the first loss was caused.

#### 4.8 Deductible

For each loss, the deductible specified in the insured board member's insurance policy will be subtracted from the total amount of indemnity including any expenses incurred from loss prevention, investigations, negotiations, interest payments and legal proceedings, all calculated in accordance with the insurance terms and conditions.

## OI LEGAL EXPENSES INSURANCE

### OI 01 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 any necessary and reasonable legal expenses incurred as a result of resorting to legal counsel in a disputed civil case, criminal case or non-contentious civil case concerning the ownership, management or use of the real estate specified in the insurance policy and the buildings on the real estate, concerning insurance events referred to in clause OI 4.

### OI 02 Those insured

Those insured are

- the policyholder,
- the policyholder's employees, persons who receive no remuneration for their work or who work on a temporary basis, provided that the policyholder, under effective legislation, is liable to make good any loss or damage caused by such persons
- independent entrepreneurs comparable to the policyholder's employees, provided that the policyholder, under effective legislation, is liable to make good any loss or damage caused by such entrepreneurs

### OI 03 Courts of law and territorial limits of validity of insurance

The insured may use the insurance in cases which may be brought before a district court and its appellate levels, an arbitrate court, the Finnish Insurance Complaints Board and the Consumer Disputes Board in Finland. If the case concerns a disputed civil case to be settled out of court, the insurance can be used if the case could have immediately been brought before a district court in Finland. The insurance cannot be used in other courts or Boards even if the case could be alternatively brought before a district court or the aforementioned courts or Boards.

### OI 04 Insurance event and coverable insurance events

#### 4.1 Definition of an insurance event

In disputed and non-contentious civil cases, an insurance event refers to a dispute. A 'dispute' refers to a claim specified as to its grounds and amount and which has been demonstrably and specifically disputed as to its grounds or amount.

In a criminal case, an insurance event refers

- to charges pressed by the insured person as the complainant
- to a complainant's charges against the insured brought and pursued after a public prosecutor has decided to waive or withdraw charges for the same action, or the pre-trial investigation authority or prosecutor has decided that a pre-trial investigation will not be carried out or it is suspended or terminated. Insurance events also refer to situations where the complainant brings charges after the pre-trial investigation is postponed by decision of the officer in charge.

The charges are considered to have been brought when the complainant's application for a summons has arrived at the office of a district court. The charges are considered pursued when the complainant has notified the court in writing of pursuing the charges after the public prosecutor has withdrawn the charges.

A 'single insurance event' refers to an insurance event where

- two or more people covered by this insurance are on the same side in a disputed civil case, criminal case or non-contentious civil case
- the insured has several disputed civil cases, criminal cases or non-contentious civil cases pending which are based on the same event, circumstance, juristic act or legal offence, or which are based on the same or a similar claim with different grounds.

#### 4.2 Coverable insurance events

The insurance indemnifies for insurance events occurring during the validity of the insurance. If the insurance has been valid for less than two years at the time of the insurance event, the matters on which the claim or charge is based must also have taken place during the validity period of the insurance. The validity period means the time

this insurance alone or consecutively together with other terminated legal expenses insurance policies with equivalent contents, has been continuously valid for the benefit of the insured. However, if, on the occurrence of an insurance event, the insured has several effective legal expenses insurance policies, only this policy will be taken into account when determining the validity period of the insurance.

If the policy's coverage has been extended and the extension had been valid for less than two years when the insurance event occurred, the extension will only be applied if the factors upon which a dispute, demand, denial, notification of termination of employment contract, prosecution or suspected crime is based arose after the extension had entered into force. By extension of the policy's coverage we mean a higher sum insured, broader territorial limits, or the adverse party's expenses being included in the policy.

## Ol 05 Restrictions relating to insurance events

The insurance does not cover expenses incurred by the insured in a case

- caused by other than ordinary maintenance-related construction, repair or demolishing started on the real estate or buildings on it before the entry into force of the insurance, or by their planning, or by contracts, guarantees or collaterals regarding them
- which relates to a tenancy relationship,
- in which those insured under this insurance represent adverse parties; the insurance does, however, cover expenses incurred by the policyholder
- which is related to a claim or receivable transferred to the insured, unless, at the time the dispute arises, two years have elapsed since the transfer
- in which the insured is being prosecuted by the public prosecutor or in which the complainant has filed a civil claim against the prosecuted insured while such prosecution is pending
- which concerns a civil claim against the insured on account of which the insured's expenses are indemnified under liability insurance
- which concerns a bankruptcy
- which relates to a distraint, execution dispute referred to in the Execution Act or the execution of distraint
- which concerns debt rescheduling or financial restructuring
- which demand clarification of whether the expenses incurred from the insurance event reported by the insured are fully or partly coverable under the legal expenses insurance
- which is dealt with as a class action and in which the insured is a claimant or a member of the group.

## Ol 06 Measures to be taken on occurrence of an insurance event

6.1 Any insured person wishing to use the insurance, must inform the insurance company thereof in advance in writing. The insurance company will then send the insured a written claim settlement decision.

6.2 The insured must be represented by a third-party attorney-at-law, a public legal aid counsel or other such lawyer who has the right to act as an attorney or a legal counsel.

No indemnity will be paid if the insured decides not to use a third-party representative or chooses to use a representative who is not a Finnish Master of Laws or does not have equivalent foreign qualifications.

Exclusion

If the insured does not use any representative at all or uses a representative other than specified above, no indemnity will be paid.

6.3 In cases that go to the main hearing, the insured must require the opposing party to reimburse the insured's legal expenses in full. However, in matters processed in court according to the procedure prescribed in the Act on Court-annexed Mediation, no such demand is required for the mediation expenses.

If the insured has presented to the adverse party a legal expenses demand which has been partly or fully rejected by a court order, an appeal must be lodged against the decision if the insurance company so requires.

Exclusion

If the insured fails to lodge such demand, waives the right to do so, or refuses to appeal the court decision, the insurance compensation may be lowered or altogether denied.

6.4 The insured has no right to approve, in a manner that would be binding on the insurance company, the amount of expenses incurred from handling the case.

Exclusion

Any payment made by the insured to his representative for legal fees and charges is not binding on the insurance company in its evaluation of necessary and reasonable litigation costs.

## Ol 07 Indemnification regulations

### 7.1 Sum insured

The sum insured recorded in the insurance policy is the upper limit of the insurance company's liability in each insurance event.

However, the sum the insurer is obliged to pay for expenses prior to a main hearing at a district court or the commencement of mediation in a court of law, or for expenses in a matter resolved without a trial, is only up to 50% of the sum insured specified in the insurance policy.

If the monetary value of a disputed benefit is assessable, the insurance covers, in a disputed or non-contentious civil case and when the insured party is a complainant in a criminal case, up to double the amount of the disputed

benefit. When assessing the amount of benefit, no claims for interest, legal or litigation expenses or expenses arising from being party to the matter are taken into account. If a dispute concerns a periodical payment, a maximum of a tenfold amount of the disputed periodical payment is taken into account when assessing the amount of benefit.

During one insurance period, the maximum amount of indemnity paid for insurance events is double the sum insured.

## 7.2 Deductible

The deductible specified in the policy document is subtracted from the coverable expenses.

# 01 08 Coverable expenses

## 8.1 Use of a representative, presentation of evidence and the fee of the mediator

The insurance covers expenses incurred by the insured for use of a representative and for presentation of evidence in cases which have or could have immediately been brought before the courts of law and Boards referred to in clause 3 (OI 03).

If bringing the case before a court requires a juristic act or a decision taken by a given body or in connection with any specific proceedings, the expenses are indemnified as of the date when the said requirement was fulfilled.

If the matter has been handled as a mediation case by a court of law, the insurance will also cover the insured person's portion of the fee and expenses for an assistant to the mediator calculated per capita of the parties to the dispute.

If a dispute between the insured and an entrepreneur or legal person as adverse party has been handled as a voluntary conciliation case other than that by a court of law, the insurance will also cover the insured person's portion of the conciliator's fee calculated per capita of the parties to the dispute. Compensating this fee requires that the mediator is an attorney or other legal counsel.

## 8.2 Appealing to a Court of Appeal and the Supreme Court

If a permit for further consideration of the case is required to appeal to a Court of Appeal or leave to appeal to the Supreme Court is required, the costs incurred from the appeal will be indemnified under the insurance only if the permit or leave has been granted.

Costs incurred in the use of extraordinary channels of appeal are indemnified only if the Supreme Court has approved the appeal for nullification, reversed the judgement, or reinstituted a time limit forfeited.

## 8.3 Common interest

If the case involves interest essentially other than that of the insured, or the insured has an interest to safeguard in the insurance event in common with persons not covered by this insurance, the insurance indemnifies only for those costs which are attributable to the insured.

## 8.4 Amount and calculation of indemnity and value added tax

The legal expenses indemnified under the insurance are determined in accordance with the relevant provisions of the Code of Judicial Procedure and the Criminal Procedure Act.

If, owing to the admission by interested parties or some other reason, the court of law has not mentioned legal expenses in its decision, or if the matter has been settled out of court, the coverable expenses are determined also by taking into account the expenses normally paid or ordered by a court to be paid in similar cases. However, the coverable expenses come to a maximum of the amount which the court orders the insured's adverse party to pay, unless the court has specifically concluded on the basis of the grounds appearing from its decision that the insured must personally bear his expenses, in part or in full, to his detriment.

For the use of a legal counsel, the insurance covers a reasonable fee charged by the counsel for services rendered and necessary expenses. A reasonable sum for the fees and expenses is determined by the value of the disputed benefit, the difficulty and extent of the case and the quantity and quality of the work involved. Coverable expenses are, however, a maximum of the amount of the expenses claimed by the insured person's opposing party.

If, under the Value Added Tax Act, the insured is entitled to deduct the tax included in the counsel's invoice or the legal expenses, the value added tax included in the expenses is deducted from the indemnity.

## 8.5 Expenses not covered by the insurance

The insurance does not cover

- costs incurred due to measures taken before the insurance event, the preliminary investigation of a case or the investigation or handling of such a disputed case as a result of which the insured justifiably waives his claims against the adverse party. The insured is also considered to waive the claims if the indemnity received through settlement is below the minimum deductible of the insurance.
- any legal expenses of the adverse party which the insured has been ordered or has agreed to pay, unless agreed upon separately and entered in the insurance policy
- expenses arising from the enforcement of a ruling or decision
- the insured person's wasted time, own work, loss of income or earnings, travel or accommodation costs or any additional costs arising from a change of representative or from any conduct on the part of the insured which has increased costs unnecessarily
- the costs of acquiring expert legal opinion
- costs incurred from reporting a criminal offence or from pre-trial investigation of a criminal case
- costs caused by the insured or the insured's legal counsel by failing to appear in court, by disregarding court orders, or by entering a plea which they knew or should have known to be unfounded, or costs which they have



caused by prolonging the litigation wilfully or through negligence

- arbitral tribunal fees, travel expenses and other similar expenses
- the administrative fee of the Arbitration Institute or other expenses incurred by the Institute by the arbitration.
- costs incurred due to matters and evidence which the court of law will not take into account

## 8.6 Reimbursing the opposing party's legal expenses

The insurance indemnifies legal expenses payable by the insured, provided this has been separately agreed and entered in the insurance policy.

The compensation for legal expenses payable by the insured can be no more than half of the sum insured, and in the cases referred to in clause 7.1, no more than the sum of the insured's own legal expenses to be indemnified.

The insurance will indemnify the insured's adverse party's necessary and reasonable legal expenses which the insured is forced to pay in the matter only if the insured's own legal expenses are indemnified from this legal expenses insurance.

### Exclusion

The insurance does not cover expenses to the insured person's adverse party

- if the ruling is based on an agreement on the expenses or
- which have been caused to the adverse party as a result of the action of the insured or their representative that increased expenses unnecessarily.

If the ruling is based on an amount accepted to be correct by the insured, the insurance company has the right to assess the opposing party's legal expenses to be indemnified in accordance with the relevant provisions of the Code of Judicial Procedure and the Act on Criminal Proceedings.

## 01 09 Payment of indemnification

9.1 The insurance company indemnifies the insured for legal expenses per court instance. The final indemnity is paid only after a legal ruling has been issued or a settlement reached.

9.2 If, under the Value Added Tax Act, the insured is entitled to deduct the tax included in the invoice for legal expenses, the insurance company will pay the indemnity to the insured against the invoice paid by the insured for legal expenses.

9.3 The insurance company's liability to pay indemnity will be reduced by any compensation for expenses which the insured person's opposing party has been ordered by the court or has undertaken to pay to the insured, provided that it has been possible to collect this sum from the party liable for payment.

9.4 If the opposing party has been ordered by the court or has undertaken to pay expenses compensation to the insured and this remains unpaid at the time the indemnity is paid, the insured is obliged, before the indemnity is paid, to transfer the right to the said compensation to the insurance company, up to the sum indemnified under the insurance.

If the insured has had to pay a portion of the costs out of pocket because the costs exceed the maximum indemnity under section 7.1, the insured is obliged to transfer to the insurance company that part of the expenses compensation collected from the opposing party which is in excess of the part already paid by the insured out of pocket.

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