



Corporate fire insurance

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CORPORATE FIRE INSURANCE

Structure of insurance

The insurance consists of Property Insurance (ES) and the General Terms and Conditions (YL).

ES PROPERTY INSURANCE

ES 1 Purpose of insurance

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

ES 2 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 and equipment serving the building

The building includes the following items which are permanently fixed in the building and which serve its purpose

- 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
- stationary charging points for vehicles
- equipment in premises intended for joint use by private households, and
- trees and other plants in the yard.

2.1.3 The insurance does not 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 fittings and surface coverings
- motor vehicles with a design speed of over 15 kilometres per hour
- energy and water.

2.2 Moveable 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 repaired or maintained and during related transportation, but no more than EUR 50,000.

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 IT equipment, 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, 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.

- Damage caused to a building used by the policyholder and located in the place of insurance indicated in the insurance policy, when the apartment or another space containing property covered by burglary and robbery insurance is broken into by damaging its structures or locks: EUR 3,000.

The insurance does not cover, unless otherwise specified in the policy document

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

2.3 Further investments

The insurance also covers, with the restrictions referred to under section 6.2 below, investments made in buildings and machinery during the insurance period.

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 an insurance event is unforeseeable or not is subject to an objective assessment, on the basis of the cause of the loss, not on the basis of the consequence of the loss.

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)

3.1 Deductible

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

The insurance covers the following losses

3.2 Fire

The insurance covers damage caused by uncontained fire.

The insurance does not cover damage to an object subjected to heat.

Special deductible

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.

Hot work is defined in the safety regulations' section Fire safety.

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

3.3 Heat, smoke and soot

The insurance covers loss caused by heat, smoke or soot rising suddenly and unpredictably from a heating unit or a burning or hot object.

3.4 Lightning

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

3.5 Electrical phenomenon

The insurance covers loss caused to an electrical appliance by an electrical phenomenon in the appliance.

A short circuit, electrical breakdown or other electrical discharge which has permanently damaged the insulation of an electrical appliance constitutes an electrical phenomenon.

As opposed to the regulations under 'Additional damage' below concerning the compensation of additional damage, the insurance does not compensate damage caused to other property exclusively by loss resulting from electric phenomena. Such ensuing losses can be indemnified only if they were caused by another indemnifiable phenomenon in connection with the same event, such as fire, explosion or leakage.

The insurance does not cover loss or damage

- caused by an interruption in electricity supply or changes in the quality of electricity
- 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 under the insurance is, however, indemnified to the extent that the policyholder shows that the party found to be liable is unable to meet its liability.

3.6 Explosion

The insurance covers loss caused by an explosion.

The insurance does not cover

- loss caused by internal stress, by loosening of a seal or by fluid pressure
- loss caused by professional blasting and quarrying (loss covered otherwise under the insurance is, however, indemnified to the extent that the policyholder shows that the party found to be liable is unable to meet its liability)
- 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 or steam, unless the reason for the breakage was exceptional overpressure arising suddenly and unforeseeably.

3.7 Triggering of fire extinguishing equipment

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

3.8 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, any of the above specified in the policy document

- have been broken into by damaging their structures or locks, or
- by means of a key which has been obtained either through robbery or burglary as described above.

3.9 Robbery

The insurance covers loss caused by theft carried out by using immediate violence on or threatening a person with immediate violence in order to carry out the theft.

3.10 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 reduction is calculated by multiplying the reduction percentage by the number of full years of use. The counting of the years of use starts as of the beginning of the calendar year following the installation year.

3.11 Malicious damage to buildings

The insurance covers malicious damage caused to an insured building.

The insurance does not cover

- loss caused by scratching or other comparable damage
- 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.

3.12 Leakage, moisture and condensing water

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

The insurance also covers any loss to the leaked liquid, vapour or gas in connection with a leakage loss, provided that the said substance is the object of insurance.

The precondition is that the said substance has escaped suddenly, unforeseeably and directly from

- a fixed structure included in the building, such as water pipes, or sewer, heating, steam, gas or oil pipes, oil tanks, a rainwater drain inside the building, pipes of a whirlpool or swimming pool
- the permanently fixed pipes of a machine or piece of equipment
- a container used for storage of a substance.

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 and a pressure-proof hose pipe appropriate for the use

- the operating equipment connected to the water supply network is equipped with a cut-off valve
- 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, down-pipes outside the building, storm drains or from elsewhere
- by condensing water
- by flooding of manhole or pipe during rain, thaw or flood
- by leak in the outlet pipe or valve of a bathtub or pool
- by damage or blockage in a municipal or other public water or sewer line
- by malfunction of a no-return valve in a sewer pipe
- by moisture, such as rotting, fungal growth or odour
- by the flowing of liquid from a fixed network before the pipe network has been approved for use
- by 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
- by defective design, foundation, installation or construction or any damage caused by these
- to the pipes, operating equipment or their insulation
- by liquid leaking from an open tap, cut-off valve or shower connected to the mains or from an unplugged pipe end, unless the tap, cut-off valve or shower has been mechanically broken,
- external corrosion of pipe or equipment.
- wear and tear, corrosion or other gradual reason.

Loss amount in case of leakage damage

In case of leakage damage, age reductions are made on all repair and replacement costs, based on the age of the cables, pipes or other equipment which caused the damage, 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 |
| Over 51 | 60 |

The age reduction shall not, however, exceed EUR 20,000 per loss.

The age of any cables, pipes or other equipment is calculated as of the beginning of the 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.

3.13 Storm

The insurance covers loss caused by storm wind.

The insurance does not cover

- loss caused by snow or water penetrating, during a gale, into structures without breaking them
- 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 a jetty
- damage to movable property outdoors, nor
- damage to movable property unless incurred in connection with storm damage to the building.

3.14 Other coverable expenses

Additional expenses resulting from regulation issued by the authorities

In case 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 and 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 for a maximum of EUR 200,000 per loss.

Additional damage

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.

ES 4 Security guidelines

4.1 Compliance with safety regulations

Safety regulations are part of the insurance contract. The insured must comply with the safety regulations given in the insurance policy, insurance terms and conditions or other instructions in writing. If the insured 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 and conditions. The insured person must follow the rules and regulations concerning the insured property and operations. Buildings, machinery and equipment shall be maintained in a condition which complies with the Building Act, building regulations and occupational safety regulations. The user instructions and maintenance programmes of buildings, machinery and equipment must be followed and any faults and defects fixed without delay.

The separate safety regulations are mentioned in the insurance policy.

ES 5 Appraisal and indemnification regulations

The sum insured and indemnities 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 of property

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 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 to replace the old one. 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 damage occurred.

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 underinsurance shall not apply to first loss insurance. Otherwise the provisions of the appraisal and indemnification regulations shall apply.

5.2 Significance of the sum insured

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.

5.3 Scope of indemnity

The insurance covers direct material damage to insured property. The indemnity is at most the agreed sum insured for the property, each object or property item, adjusted by the index of the time of the loss (see section Index clauses).

5.4 Calculation of property value and material damage

5.4.1 Loss amount in accordance with replacement value (see clause 1.1.5)

The loss amount based on replacement value is calculated by deducting the value of the remaining property (residual value) from the value of the property immediately before the loss. Both values are calculated in accordance with the replacement value.

If the damaged property can be repaired, the resulting repair costs constitute the loss amount. 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 (see section 5.1.2). Each damaged object is appraised separately.

Any age reductions specified in the insurance terms and conditions or the insurance policy are subtracted from the compensation.

5.4.2 Loss amount in accordance with current value (see clause 5.1.2)

The loss amount based on current value is calculated by deducting the value of the remaining property (residual value) from the current value. Both values are calculated in accordance with the current value.

If the damaged property can be repaired, the resulting repair costs constitute the loss amount. However, the maximum loss amount equals the difference between the current value and residual value.

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

Any age reductions specified in the insurance terms and conditions or the insurance policy are subtracted from the compensation.

5.4.3 Loss amount in accordance with First loss (see clause 5.1.3)

If first loss insurance has been taken out on property, indemnity deviates from that based on the replacement and current value in such a way that provisions governing underinsurance shall not apply.

Any age reductions specified in the insurance terms and conditions or the insurance policy are subtracted from the compensation.

5.4.4 Value added tax

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

Accordingly, the tax will not be paid if it is tax-deductible by the beneficiary.

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

5.5 Amount of indemnity

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

5.5.1 Under-insurance

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

5.5.2 Over-insurance

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.

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 a 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, to 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 provisions concerning indemnity

5.8.1 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.

5.8.2 Unfinished work

Unless otherwise agreed on the insured value of current assets, the value of unfinished work is calculated in accordance with the pricing bases which the policyholder has agreed on in advance with the buyer. The indemnity is paid in accordance with the above-mentioned pricing bases up to the value of the work phase of the damaged property at the time of loss.

5.8.3 Securities

In case of equities, amortisable bonds, debentures, other fixed-income securities and other amortisable financial instruments, indemnity is only paid for the amortisation costs incurred.

5.8.4 Third party property

In case of damaged third party property covered by the insurance, indemnity is only paid in the event that the said property is not indemnified under another insurance contract. The loss is covered in full up to the sum insured, in maximum, and the regulations concerning underinsurance are not applied.

5.8.5 Alternatives to cash indemnity

The insurance company has the right to have the lost or damaged property built, acquired or repaired instead 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.

5.8.6 Loss investigation 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.

5.8.7 Mortgageable property

The policyholder will be indemnified for property for which a mortgage can be secured only if he has ascertained that the property has not been mortgaged in security for debt or that the mortgagees have agreed that the policyholder should be indemnified (cf. section 13 of the Finnish Business Mortgages Act and chapter 17, section 8 of the Code of Real Estate).

For real estate, no such ascertainment is required,

- provided that the damage has been repaired
- 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.

5.8.8 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).

5.8.9 Policyholder's obligation to return recovered property

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

5.8.10 Motorised machinery and equipment

Compensation for motorised machinery and equipment is calculated in the basis of current value.

ES 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 time of loss

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 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.

ES 7 Double insurance

In the case of multiple insurance, i.e. the same property is insured under several insurance policies for the same loss, indemnity is calculated in accordance with the Insurance Contracts Act.

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