

Disability business interruption insurance KE2

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1 Disability business interruption insurance

This insurance covers the financial loss that a policyholder's business suffers if a company's management or other personnel become unable to work or if they die.

Disability business interruption insurance covers losses suffered as a result of interruption to the insured business as well as the expenses paid to mitigate such loss, in accordance with an insurance contract signed between LocalTapiola and the policyholder.

Disability business interruption insurance comprises the insurance policy, the special conditions shown in it, these disability business interruption insurance terms and conditions, and LocalTapiola's general terms and conditions (YS15).

Upon conclusion of an insurance contract or when revising any such contract, it may have been agreed that the insurance cover included in the contract is more limited or more extensive than what is set out in these terms and conditions. Any deviations are recorded in the insurance policy. The objects of insurance, the sums insured, the liability periods, the insurance cover chosen and the deductibles are described in the insurance policy.

2 Disability business interruption insurance terminology

In addition to the following terminology, the terms and concepts defined in LocalTapiola's General terms and conditions (YS15) apply to all interruption insurance contracts.

2.1 Insured business

Insured business refers to the economic activities in which the policyholder engages, which is specified in the insurance policy, and the results of which are covered against interruption losses.

2.2 Designated person

Upon conclusion of an insurance contract, the persons whose inability to work or whose death is covered against financial loss are designated.

All designated persons are shown in the insurance policy.

2.3 Interruption loss

Interruption loss refers to an interruption to, or a reduction of, business which leads to a loss of turnover.

2.4 Liability period

Liability period is the longest uninterrupted period of time for which LocalTapiola will cover any interruption loss. The liability period begins on the day when the inability to work causing an interruption to business starts. The length of the liability period is shown in the insurance policy.

2.5 Estimated gross profit

Estimated gross profit refers to the operating profit which is calculated by subtracting the costs of materials and services from turnover.

2.6 Additional expenses

Additional expenses refer to the actual extra costs incurred to and paid by the policyholder in speeding up the continuation of the insured business or in continuing the insured business by means of temporary solutions.

Such expenses include the salary costs and employer contributions of hiring a substitute, the overtime salary costs and associated employer contributions of the other staff members, and any subcontracting costs.

2.7 Sum insured

The sum insured is the amount of money shown in the insurance policy for which the object of insurance is insured. The estimated gross profit or the additional expenses may serve as the basis on which the sum insured is calculated.

The sum insured is the basis on which the premium is calculated, but it is not a basis on which the amount of any loss is calculated or assessed.

2.8 Deductible

The deductible is the proportion shown in the insurance policy of any loss which remains the liability of the policyholder.

Any time-based deductible refers to the company's days of operation.

3 What can be insured under disability business interruption insurance?

This insurance may be taken out to cover the estimated gross profit or the additional expenses. What is insured is shown in the insurance policy.

In respect of any estimated gross profit, the sum insured is the sum insured agreed upon for the contract and shown in the insurance policy. This insurance covers lost estimated gross profit up to the sum insured.

In respect of the additional expenses, the sum insured is the sum insured agreed upon for the contract and shown in the insurance policy. This insurance covers the additional expenses incurred up to the sum insured.

It is a good idea to take out this insurance on the additional expenses whenever the continuity of business can be safeguarded by means of temporary arrangements and where the temporary arrangements do not result in any loss of the policyholder's income or earnings.

4 Validity of disability business interruption insurance

4.1 Territorial limits, validity and expiry of this insurance

Disability business interruption insurance is in force within the territory shown in the insurance policy. Any insurance in force outside Finland or worldwide is in force outside Finland without interruption for a maximum of six months from the commencement of travel.

This insurance expires with regard to each designated person at the end of the insurance period in which the insured reaches the age of 68.

4.2 Validity in sports activities

Professional sports

No interruption loss is covered where an accident occurs in professional sports. Professional sports are sports in which athletes receive payment or some other consideration for their performance or where they are obligated to take out an insurance set out in the Act on Athletes' Accident and Pension Cover.

Competitive sports

No interruption loss is covered where an accident occurs in a competition, a match or some other sporting event for which the organiser requires the participants to have a valid sports licence insurance or similar or to sign a disclaimer. Neither is this insurance in force in any training organised specifically for the above sporting activities or in any training appropriate to a sport.

Risky sports

No interruption loss is covered where an accident occurs in the following sports or functions:

- power sports, such as weightlifting, powerlifting or bodybuilding;
- combat sports or contact sports, such as boxing, wrestling, judo or karate;
- motorsports, such as rally, go-karting or motocross;
- bungee jumping;
- climbing sports, such as mountaineering, rock climbing, ice climbing or wall climbing;
- scuba diving or freediving;
- speed skiing, downhill, freestyle and off-piste;
- air sports, such as parachuting, hang gliding, gliding, ultralight aviation, or aviation with home-built aircraft.

5 Types of disability business interruption insurance

5.1 Disability business interruption insurance

5.1.1 Loss covered by disability business interruption insurance

This insurance covers losses caused by an interruption to business where the interruption to business is a direct consequence of a designated person's disability to work or accidental death. Compensation is conditional on any accident occurring within the territorial limits and during the validity of this insurance.

Accident refers to a sudden occurrence caused by an external factor that results in a bodily injury to a designated person against his or her will. Accidents also include:

- drowning;
- heatstroke, sunstroke and frostbite;
- gas poisoning, and poisoning by a substance ingested by mistake;
- bodily injuries caused by a strong variation in pressure;
- muscle or tendon strains resulting from a sudden movement or exertion the principal reason for which is not a designated person's illness or physical defect.

Compensation for any muscle or tendon strains is conditional on medical treatment commencing within 14 days of an injury.

Compensation will be paid for up to six weeks from the date on which a strain occurs.

5.1.2 Cover restrictions and exclusions

This insurance does not cover any interruption loss where a designated person's disability to work, or death, is caused by:

- that designated person's illness or physical defect, or in connection with any surgery, care measure or some other medical measure performed to treat an illness or a physical defect;
- poisoning by an ingested substance;
- an injury caused to a tooth or dentures by occlusion, even where an external factor contributes to such injury;
- an illness, injury, defect or musculoskeletal degeneration independent of any accident, even where it was asymptomatic before the accident.
- a rupture of the Achilles tendon, hernia of the intervertebral disk, abdominal hernia and hernia in the inguinal region, unless the injury is caused by an accident wherein even healthy tissue would be damaged;
- any psychic consequences of an accident.

Upon conclusion of an insurance contract or when revising any such contract, other exclusionary conditions may be included in it. Any exclusion clauses are shown in the insurance policy.

5.1.3 Loss covered in respect of one accident

As a consequence of loss caused by any one accident, compensation is paid not longer than for a period equalling one liability period.

5.2 Comprehensive disability business interruption insurance

5.2.1 Loss covered by comprehensive disability business interruption insurance

This insurance covers losses caused by an interruption to business where the interruption to business is a direct consequence of the disability to work, or death, of a person shown in the insurance policy. Compensation is conditional on any disability to work, or death, being caused by an illness which manifests, or by an accident which occurs, within the territorial limits and during the validity of this insurance.

5.2.2 Cover restrictions and exclusions

This insurance does not cover any interruption loss where a designated person's disability to work, or death, is caused by:

- any symptoms reported by a designated person which cannot be considered justified based on examination findings;
- pregnancy, childbirth or abortion.

Upon conclusion of an insurance contract or when revising any such contract, other exclusionary conditions may be included in it. Any exclusion clauses are shown in the insurance policy.

5.2.3 Loss covered in respect of one illness or accident

As a consequence of an insured event caused by any one illness or accident, compensation is paid not longer than for a period equalling one liability period.

5.3 Common cover restrictions and exclusions

This insurance does not cover any interruption loss where a designated person's disability to work, or death, is caused by:

- poisoning by an ingested substance, or by any pharmaceutical substance, alcohol or some other drugs consumed by a designated person;
- suicide or attempted suicide by a designated person;
- any injury inflicted by a designated person on himself or herself with intent or through gross negligence;
- any pharmaceutical substance, alcohol or some other drugs consumed by a designated person, by any treatment of an addiction caused by consumption, or by the treatment of any other addiction;
- a sudden impact of a weapon or a device based on a nuclear reaction destroying masses of people;
- war, an armed conflict, or service in the United Nations' peacekeeping operations;
- any criminal activity by a designated person.

Neither does this insurance cover any loss or expense which is a direct or indirect consequence of:

- an illness, or the threat of an illness, caused by
- a prevention measure of
- any measures taken to mitigate the consequences of a communicable disease as defined in the Communicable Diseases Act.

Indirect consequences include:

- loss of customers, changes in customers' purchase behaviour, loss of the use of assets, lost operating profit, reduced turnover or other financial loss;
- damage to reputation.

However, comprehensive disability business interruption insurance covers loss in respect of any period when a person designated in the insurance policy is unable to work on account of being ill with an infectious disease.

6 Liability provisions of disability business interruption insurance

6.1 Amount of loss

6.1.1 Policies taken out on estimated gross profit

The amount of loss is calculated as comprising the estimated gross profit lost in the liability period as a result of the disability to work, or death, of a person shown in the insurance policy.

The amount of any estimated gross profit lost is calculated based on the turnover lost as a result of an interruption to business.

The actual business during the 12 months preceding the disability to work serves as the basis for this calculation.

In addition, account is taken of the policyholder's changed market situation, business development and the other legitimate factors having an impact on the results of the company's business operations.

The burden is on the policyholder to prove the amount of any loss created.

The amount of loss can be proved by means such as the company's accounts, management accounting reports, or business plans.

Moreover, the amount of loss includes any additional expenses which are financially justified and paid by the policyholder for the action taken to avoid or mitigate interruption loss during the compensation period. Compensation is conditional on the measure which incurs the additional expense reducing the interruption loss that would otherwise be caused by the disability to work, or death, by at least the amount of that expense during the compensation period.

If the measure incurring the additional expense continues to have a beneficial impact after the expiry of the compensation period, only the proportion of the amount that mitigates the loss during the compensation period is covered.

The additional expenses paid to mitigate interruption loss refer to the additional expenses of overtime work, hiring replacement labour, using a subcontractor, or other similar measures.

6.1.2 Policies taken out on additional expenses

The amount of loss is calculated as comprising the expenses of overtime work, hiring replacement labour, using a subcontractor, or other similar measures incurred to avoid interruption loss.

Compensation is conditional on the measure which incurs the additional expense having been necessary in order to safeguard the continuity of operations or to reduce the interruption period.

This additional expenses insurance does not cover any medical treatment expenses of an insured person's accident or illness.

6.1.3 Exceptions to calculating the amount of loss

6.1.3.1 Expansion of business

In calculating the amount of loss, no account is taken of any increase in the loss which results from some of the liability period having been used to develop or expand business or to effect some other change, irrespective of who required the change.

6.1.3.2 Cessation of business

If business does not continue on account of a disability to work, or death, loss is considered to comprise the net profit lost, and the paid expenses included in estimated gross profit, for the liability period, however for up to a maximum of three months.

6.1.3.3 Delayed deliveries or cancellation of deals

This insurance does not cover any damages payable for delayed deliveries or other similar sanctions which the insured or some other party is legally or contractually liable to pay. Such expenses include contractual penalties, costs of cancelled deals, price reductions and interest expenses.

6.2 Amount of compensation

The amount of compensation is calculated on the amount of loss, with consideration to the factors set out below.

LocalTapiola's maximum liability for compensation is the sum insured shown in the insurance policy.

6.2.1 Saved expenses included in sum insured

When calculating the amount of compensation, some expenses included in the sum insured are subtracted from the amount of loss, namely the expenses which are saved during the liability period on account of it not being necessary to pay them as a consequence of an insured person's disability to work, or death.

The expenses saved while business is interrupted may include salaries and wages and associated employer contributions, rental expenses and marketing costs.

6.2.2 Increase of estimated gross profit in other business

When calculating the amount of compensation, the following is subtracted from the amount of loss: any increase in the estimated gross profit of the policyholder's business or of the business of some other party acting on the policyholder's behalf gained as a result of the loss during the liability period.

6.2.3 Compensation paid by some other insurance policy

When calculating the amount of compensation, any compensation paid under some other insurance policy is deducted from the amount of loss.

These include sickness allowance from the Social Insurance Institution of Finland (Kela), compensation paid under workers' compensation and occupational diseases insurance, and loss of earnings paid under motor liability insurance.

6.2.4 Deductible

The policyholder is subject to a separate deductible for each case of interruption loss. The deductible, defined as number of days, begins at the start of the liability period. When calculating the level of compensation, any applicable reductions (Sections 6.2.1–6.2.3) are considered before finally deducting the deductible.

6.2.5 Claim settlement costs

This insurance does not cover any claim settlement costs, such as telephone and travel expenses, loss of earnings, costs of preparing and procuring any loss amount calculations, or similar costs.

6.2.6 Neglected accounting

LocalTapiola is discharged from all liability towards anyone who has not kept accounts of the insured business as decreed in the Accounting Act.

6.3 Other liability rules

6.3.1 Reporting losses and obligation to mitigate losses

Once loss has occurred, the policyholder must notify LocalTapiola of this without undue delay and take action, including temporary action, to resume or maintain the insured business in the same scope as before such loss.

LocalTapiola covers the expenses incurred by these actions in accordance with the compensation criteria for the additional expenses of interruption loss, which are set out in the section 'Amount of loss'. However, LocalTapiola's maximum liability for compensation in each case of loss is the sum insured determined in the insurance terms and conditions or that shown in the insurance policy.

Before taking any of the measures referred to above, the policyholder should discuss them with LocalTapiola, where possible.

6.3.2 Claim settlement

The policyholder or a representative of the policyholder is to submit any documents and information required for claim settlement as may be requested by LocalTapiola and to assist LocalTapiola in the settling of the claim.

6.3.3 Obligation to disclose other policies covering the same risk

The policyholder is to inform LocalTapiola of any insurance policies it holds with other insurance companies which cover the same risk and to provide LocalTapiola's representative with an opportunity to take part in the settling of the claim.

6.3.4 Post-loss premium

During any insurance period, the premium entitles to compensation not exceeding the sum insured shown in the insurance policy. For the period from the resumption of business to the termination of the insurance period, LocalTapiola is entitled to a premium which corresponds to the amount of compensation. However, a policy will remain effective unchanged until the end of the insurance period if LocalTapiola does not notify of any additional premiums or changes in conjunction with a claim settlement decision.

In case of any dispute under these terms and conditions the original Finnish wording shall prevail.

Insurance is granted by the following mutual insurance companies in LocalTapiola Group (business ID):

LähiTapiola **Etelä** (0139557-7) | LähiTapiola **Etelä-Pohjanmaa** (0178281-7) | LokalTapiola Syd-kusten - LähiTapiola **Etelärannikko** (0135987-5) | LähiTapiola **Itä** (2246442-0) | LähiTapiola **Kaakkois-Suomi** (0225907-5) | LähiTapiola **Kainuu-Koillismaa** (0210339-6) | LähiTapiola **Keski-Suomi** (0208463-1) | LähiTapiola **Lappi** (0277001-7) | LähiTapiola **Loimi-Häme** (0134859-4) | LähiTapiola **Länsi-Suomi** (0134099-8) | LähiTapiola **Pirkanmaa** (0205843-3) | LokalTapiola Österbotten - LähiTapiola **Pohjanmaa** (0180953-0) | LähiTapiola **Pohjoinen** (2235550-7) | LähiTapiola **Pääkaupunkiseutu** (2647339-1) | LähiTapiola **Savo** (1759597-9) | LähiTapiola **Savo-Karjala** (0218612-8) | LähiTapiola **Uusimaa** (0224469-0) | LähiTapiola **Varsinais-Suomi** (0204067-1) | LähiTapiola **Vellamo** (0282283-3) | LocalTapiola General Mutual Insurance Company (0211034-2)

The companies' contact details are available at www.lahitapiola.fi.

