

# Disability business interruption insurance KE2

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Disability business interruption insurance will protect the results of the policyholder's business operations carried on in Finland against work incapacity or death of the company's key persons.

Your policy of business interruption insurance is made up of:

- the policy schedule, and any special conditions set out in it;
- this policy wording KE2 Disability business interruption insurance;
- the General terms and conditions for corporate customers.

Your policy schedule shows the chosen insurance cover, the insured business operations, the persons designated for the policy, the sum insured, the liability period and the deductible.

## 1 Concepts

### Designated person

You will be insured against business interruption loss resulting from a designated person's work incapacity or death.

The designated persons will be stated in the policy schedule.

### Business interruption loss

'Business interruption loss' means any interruption or reduction of business operations that results in loss of turnover.

### Liability period

'Liability period' is the longest uninterrupted period of time over which business interruption loss will be covered. The length of the liability period will be stated in the policy schedule.

The liability period will begin from the day on which the work incapacity interrupting the business operations starts, and it will end once the duration of the liability period has elapsed from the day on which the work incapacity started.

### Estimated gross profit

'Estimated gross profit' means the operating profit obtained by subtracting from turnover the costs of Materials and services as determined in the Accounting Decree. In addition, account is also taken of any changes in the stocks of finished products.

### Additional expense

'Additional expense' means any actual paid expenses incurring to the insured from measures taken to mitigate business interruption loss, including 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.

### Deductible

'Deductible' is the portion of loss stated in the policy schedule which remains the liability of the policyholder. 'Time-based deductible' means the company's days of operation.

### Extra costs

'Extra costs' means any actual paid expenses incurring to the insured that are essential in order to continue the insured business operations. These 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.

### Sum insured

'Sum insured' is the basis on which the premium will be calculated, and it represents the maximum amount of indemnity during a single period of insurance.

In this insurance, a pre-agreed maximum indemnity amount will serve as the basis for the sum insured.

The sum insured will be stated in the policy schedule.

### Insured business operations

'Insured business operations' means the economic activity stated in the policy schedule and carried on by the policyholder the results of which are insured against business interruption loss.

## 2 Validity and cover termination on the basis of age

### 2.1 Validity

Cover will apply when a designated person's work incapacity or death causing business interruption loss has occurred within the geographical region stated in the policy schedule.

### 2.2 Cover termination on the basis of age

With regard to each designated person, cover will terminate at the end of the period of insurance during which the insured turns 68.

## 3 Subject matters of disability business interruption insurance

The subject matter of the insurance is, as stated in your policy schedule, either estimated gross profit up to the maximum indemnity amount stated in the policy schedule, or extra costs.

## 4 Perils insured by disability business interruption insurance

For cover to apply to business interruption loss, the work incapacity or death causing the business interruption loss must have occurred:

- within the geographical region stated in the policy schedule;
- to a person designated in the policy schedule; and
- during the period of cover.

If the scope of cover stated in the policy schedule is Accident business interruption insurance, cover will apply to business interruption loss caused by any of the events referred to in section 4.1.

If the scope of cover stated in the policy schedule is Premium disability business interruption insurance, cover will also apply to business interruption loss caused by any of the events referred to in section 4.2.

#### 4.1 Accident business interruption insurance

##### Perils insured

This insurance will provide cover for business interruption loss that is a direct consequence of accidental work incapacity or accidental death.

'Accident' means any sudden event caused by an external factor resulting in a bodily injury to the insured against his or her will.

Accidents also include:

- drowning;
- heatstroke, sunstroke and frostbite;
- gas poisoning, and poisoning by a substance ingested by mistake;
- bodily injury caused by strong pressure variation;
- muscle and tendon strain injuries resulting from a sudden movement or exertion, when the designated person's illness, disease or physical defect is not the principal cause of the injury.

##### Perils excluded from accident business interruption insurance

This insurance will not provide cover for business interruption loss if the designated person's work incapacity or death is caused from:

- the designated person's illness, disease or physical defect, or in the course of provision of any surgery, care or other medical activity carried out to treat an illness, disease or physical defect;
- injury caused from biting to a tooth or dentures, not even where an external factor contributes to the incident;
- non-accidental illness, disease, injury, defect or musculoskeletal degeneration, not even if they were asymptomatic before the accident;
- rupture of the Achilles tendon, hernia of the intervertebral disk, abdominal hernia or inguinal hernia, unless the injury is caused in consequence of an accident wherein even healthy tissue would be damaged;
- any psychic consequences of an accident.

For cover to apply to a muscle or tendon strain injury, medical treatment must be initiated within 14 days of injury. The maximum period over which indemnity will be paid is limited to six weeks from the date on which the strain injury occurs.

#### 4.2 Disability business interruption insurance, Premium cover

This insurance will provide cover for loss caused in consequence of business interruption when the business interruption is a direct consequence of the work incapacity or death of any person stated in the policy schedule.

## 5 Common cover restrictions and exclusions

The following restrictions and exclusions apply to accident business interruption insurance and premium disability business interruption insurance.

### 5.1 Professional sport

This insurance will not provide cover for business interruption loss if the accident or death has occurred

in professional sport. Professional sport is when an athlete is paid a wage, a salary or another consideration for their sport performance, or when athletes are required to take out the insurance laid down in the Act on Athletes' Accident and Pension Cover.

### 5.2 Risky sports and functions

This insurance will not provide cover for business interruption loss if the accident has occurred in any of the following sports or functions:

- mixed martial arts, rugby, American and Australian football;
- motorsports, including rally, go-karting and motocross;
- air sports, including parachuting, hang gliding, gliding, ultralight aviation, or aviation with home-built aircraft.

### 5.3 Pregnancy, abortion and childbirth

This insurance will not provide cover for business interruption loss if the work incapacity or death has been caused by pregnancy, childbirth or abortion.

### 5.4 Missing examination findings

This insurance will not provide cover for business interruption loss if the work incapacity is due to any symptoms that the designated person reports which, on the basis of examination findings, cannot be considered justified.

### 5.5 Poisoning, medicinal products, addictive substances

This insurance will not provide cover for business interruption loss if the work incapacity or death has been caused by poisoning by an ingested substance, by any medicinal substance, alcohol or another intoxicating agent that the designated person has consumed, or by the treatment of a consumption addiction or another addiction.

### 5.6 Intent, gross negligence and suicide

This insurance will not provide cover for business interruption loss if the work incapacity or death has been caused by the designated person's suicide or attempted suicide, or by any injury that the person has inflicted on themselves intentionally or through gross negligence.

### 5.7 War, armed conflict, nuclear reaction

This insurance will not provide cover for business interruption loss if the work incapacity or death has been caused by:

- a sudden impact of any weapon or device based on a nuclear reaction destroying masses of people;
- nuclear damage as described in the Nuclear Liability Act, or by damage caused by any material, device or weapon based on a nuclear reaction, regardless of where the damage occurs;
- war, rebellion, riot or armed conflict, or peacekeeping operations.

### 5.8 Criminal activity

This insurance will not provide cover for business interruption loss if the work incapacity or death has been caused by the designated person's criminal activity.

## 5.9 Neglected accounting

This insurance will not provide cover in the event that proper accounts have not been kept for the insured business operations as required by the Accounting Act.

## 5.10 Communicable diseases

This insurance will not cover loss resulting from a communicable disease, from a threat or a prevention measure of a communicable disease, or from any measure taken to mitigate the consequences of a communicable disease.

However, premium disability business interruption insurance will cover loss caused by a communicable disease over the time period when a person designated for the policy is unable to work on account of being ill with a communicable disease.

# 6 Indemnification regulations

## 6.1 Reporting a claim, and the obligation to mitigate loss

Claims must be reported to the insurer as soon as possible, and measures must be taken, including any temporary measures that are necessary, to resume or maintain the business operations in the same scope as before the loss.

Before taking any of the above measures, the policyholder should, as far as possible, discuss them with the insurer.

The policyholder or the policyholder's representative is required to give all documents and information that are necessary to settle the claim, and must provide an account of the amount of loss. The amount of loss will be determined by relying on the accounts, management accounting reports, business plans, order books and other documents describing the activities.

The policyholder is required to report to the insurer any insurance policies with another insurer that cover the same risk.

## 6.2 Calculating the amount of loss

The amount of loss will be calculated over the indemnity period:

- in accordance with section 6.2.2 if estimated gross profit is the subject matter insured;
- in accordance with section 6.2.3 if extra costs is the insured subject matter stated in the policy schedule.

### 6.2.1 Indemnity period

The indemnity period is:

- the liability period if the business operations are continued after the business interruption loss;
- three months if the business operations are not continued after the business interruption loss.

If the same illness or accident leads to several instances of business interruption or reduction, the indemnity period will be an uninterrupted period of time, equal in length to the duration of the liability period, that starts from the day on which the work incapacity begins.

### 6.2.2 Lost estimated gross profit

The amount of loss will be calculated as including the estimated gross profit lost over the indemnity period as a result of the work incapacity or death of a person stated in the policy schedule.

The amount of lost estimated gross profit will be calculated on the basis of the turnover lost as a result of the interrupted business operations.

The actual business operations during the 12 months preceding the work incapacity will serve as the basis for this calculation.

In addition, account will be taken of the policyholder's changed market situation, developments in the policyholder's business operations and any other legitimate factors that influence the results of the company's business operations.

### Additional expenses

The amount of loss will be calculated as including any reasonable additional expenses which the policyholder pays for measures that have been taken to avoid or mitigate the business interruption loss.

For cover to apply, the measure incurring the additional expense must have reduced the business interruption loss by at least the amount of that additional expense during the indemnity period.

If the measure incurring the additional expense continues to also have a beneficial impact after the expiry of the indemnity period, account will be taken only of that portion of the additional expenses that proportionally relates to mitigating the loss during the indemnity period.

### Increase of estimated gross profit in other business operations

From the amount of loss will be deducted any increase, resulting from the loss, of estimated gross profit in the policyholder's business operations or in the business operations of another entity acting on the policyholder's behalf.

### Indemnity obtained from elsewhere

From the amount of loss will be deducted any indemnity that the insured obtains from another insurance policy, the State or a municipality, for example Kela's sickness allowance, benefits paid under an accident and occupational diseases insurance policy and lost earnings compensated by motor liability insurance.

### Saved expenses

From the amount of loss will be deducted any expenses saved over the indemnity period that did not need to be paid as a consequence of the business interruption loss, for example the invalid person's salary costs and related employer contributions, rental expenses and marketing expenses.

### 6.2.3 Extra costs

When extra costs is the subject matter insured, the amount of loss will be calculated as including any extra costs incurred from avoiding business interruption loss.

For cover to apply, the measure incurring the extra cost must have been essential for safeguarding operational continuity or shortening the interruption period.

#### 6.2.4 Excluded costs

##### **Medical and treatment expenses**

This insurance will not provide cover for any medical or treatment expenses incurring from an accident or illness.

##### **Claim settlement costs**

This insurance will not provide cover for costs of claim settlement, including telephone and travel expenses, loss of earnings or costs for preparing or obtaining loss amount calculations.

##### **Contractual penalty or other special commitment**

This insurance will not provide cover for damages payable in respect of delayed delivery or for other similar sanctions that the insured or some other party is contractually or legally liable to pay.

##### **Expansion of business operations**

This insurance will not provide cover for any increase in the interruption period resulting because some of the liability period has been spent to develop or expand the business operations or to effect some other change, regardless of who has required the change to be effected.

### **6.3 Calculating the amount of indemnity**

#### **Order of the deductibles and other reductions and deductions**

The amount of indemnity will be calculated from the amount of loss by taking into account the deductible and the other reductions and deductions stated in this policy wording or in the General terms and conditions, in the following order:

1. The deductible stated in the policy schedule
2. Possible reduction of the indemnity that may be due if any of the information on which the premium is based is incorrect.

#### **Maximum amount of indemnity**

The maximum cover provided for a single instance of business interruption loss resulting from a designated person's work incapacity and in total for all instances of business interruption loss occurring during the period of insurance will be limited to the sum insured stated for this person in the policy schedule.

#### **Deductible**

For every claim, the policyholder will be liable for the deductible stated in the policy schedule. The deductible is based on the number of days or it is a percentage of the amount of loss, but in any case always at least the euro amount stated in the policy schedule.

A waiting period determined as number of days will commence from the commencement of the liability period, and if the interruption period is shorter than the waiting period, no indemnity will be provided for the estimated gross profit that has been lost.

If the interruption period is longer than the waiting period, we will deduct from the amount of loss such amount of the lost estimated gross profit, from which any increase of profit in other business operations and any saved expenses have been deducted in accordance with section 6.2.2, as reflects the number of waiting period days.

*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 **Sydkusten** -  
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](http://www.lahitapiola.fi).

