

Fixed-term Construction and erection all risk insurance 904

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Property insurance covers, in accordance with an insurance contract concluded between the insurer and the policyholder, direct damage to property and the costs specifically listed in the terms and conditions. The subject matters of insurance, the sums insured, the deductibles, and the insurance covers selected for your policy are described in the insurance schedule and in the cover summary. However, the insurance terms and conditions set out the deductibles that deviate from the selected deductible as well as the maximum amounts of compensation that deviate from the sum insured.

Property insurance is made out of:

- the insurance schedule, the cover summary, and any possible special conditions shown in those documents;
- these Construction and erection all risk insurance terms and conditions (904);
- the General terms and conditions (YS15).

1 Property insurance terminology

Replacement value

‘Replacement value’ means the amount of money needed to acquire new property of identical size, intended for the same use and having characteristics similar to the original property. Costs of transport and erection are also included in replacement value.

In addition, replacement value is calculated as comprising the cost of demolition, clearance and disposal of the damaged property, including the related cost of transport and handling, as well as any design expenses in respect of a replacement building to be constructed.

Current value

The current value of your property is the monetary value calculated by subtracting from the replacement value any depreciation through ageing, use, neglected service and maintenance, decreased usability, technological obsolescence or some other such reason.

When assessing the current value of a building, the clear impact of any changing local conditions, such as the discontinuance of trade activity, the location of the building and other reasons, is considered whenever no new equivalent building is constructed at the same site.

Fair value

The fair value of your property is the monetary value that would have been generally obtainable for the property in the market situation on the day when the loss or damage occurred, with due consideration of factors such as the item’s age, service hours, operating mode, service and maintenance history, condition and usability.

The fair value of motorised work machines running on their own engine power is also affected by factors such as make, model, and the level of equipment.

When assessing the fair value of a building, the proportion of the plot, any structures on the plot, connections and other buildings is subtracted from the fair value of the property.

Fair value does not refer to the selling price, asking price or trade-in value of sales outlets but to a price which a number of persons would have been prepared to pay in reality.

Insured value

‘Insured value’ is the value of the property on which insurance is taken out and which value is used as the basis to calculate the amount of loss and the amount of indemnity. Insured value may be the replacement value, the current value, or the fair value.

Sum insured

‘Sum insured’ is the basis on which the premium is calculated, and it is the maximum amount of indemnity, but it is not a basis on which any amount of loss is calculated or assessed.

Amount of loss and amount of indemnity

‘Amount of loss’ is the imputed monetary value of loss generated as a result of property damage.

‘Amount of indemnity’ is the monetary value payable for loss based on a claim.

First loss value

‘First loss value’ means the basis on which the sum insured is calculated and which is not equal to the actual insured value of the property. Instead it is a monetary value agreed with the policyholder when taking out insurance.

Residual value

The residual value of your property is the value of the property immediately after loss. Residual value is assessed by employing the same bases as are applied when assessing the amount of loss.

Under- and overinsurance

Your property is underinsured, if the sum insured is lower than the insured value.

Property is overinsured, if the sum insured is greater than the insured value.

Deductible

‘Deductible’ is the proportion shown in the insurance schedule or in the terms and conditions of loss which remains the insured’s liability.

2 Validity of insurance

2.1 Territorial limits

This insurance is in force at the construction compound situated at the address shown in the cover summary of your policy.

Outside that address, this insurance is in force at the temporary storages set up for the purposes of the construction compound.

Additionally, this insurance is in force up to €10,000 during transfers between the construction compound and a temporary storage set up for the purposes of that construction site.

2.2 Insurance validity

2.2.1 During construction and erection

The validity of this insurance starts on the day shown in the insurance schedule.

With respect to all property introduced into the construction compound, validity starts no sooner than once, at the end of the relevant transport, the risk of damage in relation to the property passes at the construction compound or in a temporary storage set up for that compound to the policyholder.

This insurance ends on the date shown in the insurance schedule.

In individual places of performance of the work, however, the validity of this insurance ends once:

- an installed machine or device has been handed over to the customer or taken into production use after a trial run;
- a building constructed for the customer has been handed over;
- own-account construction of a building has been completed; or
- property dismantled at the construction site has been loaded onto transport equipment.

When carrying out, in respect of the building envelope and the building yard, finishing work included in the contract price of the works, this insurance is also in force for up to a maximum period of one year after the end of the insurance period shown in the insurance schedule, if it was not possible to carry out this work in the course of the actual contract period on account of reasons attributable to temperature.

Work agreed for performance after handover

Additionally, this insurance is also in force after handover for a maximum period of one month from handover when performing work indicated in the handover inspection report for performance after the handover inspection.

2.2.2 During repairs under warranty

Even where the policy term shown in the insurance schedule has ended, this insurance is in force when repairing any defects covered by a warranty and detected during the warranty period of the insured works, however for up to a maximum period of three years from the handover or commissioning of the works or a sub-work thereof.

2.2.3 During warranty period

Even where the policy term shown in the insurance schedule has ended, this insurance is in force during the warranty period with respect to damage caused to a fault-free part of the works whenever such damage results from a direct error made in the construction and erection work, however for up to a maximum period of three years from the handover or commissioning of the works or a sub-work thereof.

In respect of surrounding property, however, this insurance always remains in force for three years from the handover of the works or a sub-work thereof, even where the warranty period is shorter than this.

3 Subject matters of insurance

This insurance covers the groups of property listed under Sections 3.1–3.8, if shown in the insurance schedule.

Secondary insurance

With respect to the following groups of property, this insurance covers loss and damage if it is not possible to receive indemnity on the basis of some other insurance or contract:

- surrounding property;
- tools and weather protection structures;
- site buildings;
- employee property.

3.1 Works

This insurance covers the works shown in the insurance schedule.

The term 'works' refers to the work performances, developments, structures repaired or erected, raw materials, supplies, buildings and structures to be constructed as well as non-permanent structures included in the works contract and in the contract price.

Purchases made by the developer and not included in the contract price, and all other movable property purchased by the developer, are excluded from the works.

3.2 Movable fixed assets purchased separately

Unless a separate sum insured for movable fixed assets purchased separately appears in the insurance schedule, up to €10,000 in movable fixed assets purchased separately, such as machines and devices to be installed as part of the works, can be included in the sum insured laid down for the works. However, the maximum amount of indemnity is always the sum insured shown for the works in the insurance schedule.

Whenever insuring movable fixed assets purchased separately for a value which is greater than that, the full value of the sum insured desired for such purchases must be indicated in the insurance schedule.

3.3 Surrounding property

Unless a separate sum insured for surrounding property appears in the insurance schedule, up to €10,000 in surrounding property can be included in the sum insured laid down for the works. In this case, however, the maximum amount of indemnity with respect to the works is always the sum insured laid down for the works in the insurance schedule.

Whenever insuring surrounding property for a value which is greater than the sum shown above, the full EUR value desired must be indicated in the insurance schedule.

'Surrounding property' means property in the immediate vicinity of or affected by the works that is damaged as a consequence of construction or erection taking place at the works.

Surrounding property does not refer to the contractor's own property or any other property indicated under Sections 3.4–3.6.

3.4 Tools and weather protection structures

If shown in the insurance schedule, the tools and weather protection structures owned, rented and borrowed by the policyholder are covered by this insurance.

This insurance does not cover any:

- work machinery and vehicles subject to registration;
- watercraft, aircraft, hovercraft, hydrocopters, caissons, floating cranes, dredgers, and structures towed on water;
- machines and devices with a power of more than 5 kW running on their own engine power.

3.5 Site buildings

If shown in the insurance schedule, the site buildings owned, rented and borrowed by the policyholder are covered by this insurance.

3.6 Employee property

If the insurance schedule shows that employee property is included in the subject matters of insurance, this insurance covers the tools, personal use items and clothing owned, rented and borrowed by employees.

3.7 Expediting costs

If shown in the insurance schedule, this insurance covers the following costs, relating to an incident covered by this insurance, from repairing damaged works:

- overtime costs and other additional labour costs;
- costs of temporary erections;
- costs of expediting purchases.

3.8 Demolition and wrecking costs

Where no separate sum insured for demolition and wrecking costs appears in the insurance schedule, the sum insured laid down for the works also includes demolition and wrecking costs that are incurred as a result of a covered incident and for which costs the policyholder is liable under the works contract, up to 10% of the sum insured laid down for the works.

Whenever insuring demolition and wrecking costs for a value which is greater than this, the full EUR value desired for them must be indicated in the insurance schedule.

4 Property insurance

4.1 Perils insured under fire insurance

This insurance covers loss and damage caused by:

- an outbreak of fire;
- smoke or soot that rises suddenly and unforeseeably whenever the smoke or soot fallout originates from a fire occurring at the works or in the immediate vicinity of the works;
- an explosion, which means sudden mechanical damage caused by a gas explosion, by a dust explosion or by an overpressure of steam;
- sudden and unforeseeable activation of smoke extraction equipment;
- a sudden and unforeseeable leak or activation of a fire-extinguishing system.

4.2 Perils insured under natural phenomenon insurance

This insurance covers sudden and unforeseeable loss and damage caused by:

- storm;
- whirlwind or downburst;

- hail;
- entry of a wild animal into a building;
- stroke of lightning directly to insured property and causing mechanical breakage thereof.

Weather conditions whereby the mean wind speed exceeds 15 metres per second at the meteorological station nearest to the location where the loss or damage occurs are considered a storm.

This insurance also covers loss and damage caused by a rise in the water level of a body of water resulting from storm winds occurring at the scene of the damage.

4.3 Perils insured under leakage insurance

This insurance covers loss and damage caused by a liquid, steam or gas whenever the substance flows suddenly, unforeseeably and directly from:

- water, sewage or heating piping, swimming pool piping or jacuzzi piping permanently fixed to a building;
- any actuator, machine or tank permanently connected to piping; or
- a building's interior rainwater piping.

This indemnity is subject to the condition that the leak begins during the period of validity of the relevant insurance policy.

Leakage insurance does not cover any costs of repair or replacement in respect of a water supply system or an actuator.

4.4 Perils insured under insurance against property crime

This insurance covers loss and damage caused to property through theft of that property whenever access to a locked and closed enclosure or space where the property is stored is gained by:

- destructing structures or locks; or
- using a key the possession of which is obtained in a robbery or break-in.

This insurance covers:

- intentional malicious damage to property;
- damage caused through theft of movable property committed by means of interpersonal violence or a threat thereof;
- damage caused through theft of movable property whenever such theft is committed by breaking a fastening or locking of the property, such as a steel chain or a lock thereof;
- malicious damage caused by an unidentified vehicle.

This insurance also covers theft claims in relation to property stored unlocked if the property concerns a bulky tool or construction products or utility goods intended for the works that, considering the amount, weight or size of the property and the relevant work phase and the site conditions, cannot be stored in a locked and closed space or locked to a permanent structure.

This indemnity is subject to the condition that it is possible to identify the relevant incident as an individual, sudden event, that the event is reported to the police and, where required, that the policyholder undertakes to confirm the authenticity of the property inventory relating to the claim in a court of law.

Theft of motorised work machine

This insurance does not, however, cover any loss or damage caused through theft of a motorised work machine running on its own engine power if the policyholder, a police authority or a customs authority becomes aware of the property having been found within 30 days of reporting such theft to the policyholder and to the police. In these cases this insurance covers the reasonable costs of collecting the motorised work machine that was found or returning it to the place of origin, up to €5,000, as well as any damage caused to the machine through theft.

4.5 Perils insured under breakage insurance

This insurance covers loss and damage in relation to property caused by a sudden and unforeseeable event not covered by fire insurance, natural phenomenon insurance, insurance against property crime, or leakage insurance.

Site buildings, tools and employee property

With respect to site buildings, tools and employee property, breakage insurance only covers claims arising from sudden and unforeseeable:

- falling;
- swerving off the road, or collapse of the road;
- an external factor that is independent of the device in question, however not lightning or any other electrical phenomenon.

5 Perils excluded common to property insurances

5.1 Property kept outdoors

This insurance does not cover any:

- malicious damage or loss and damage caused by the forces of nature whenever the damaged property was, at the time when the damage occurs, kept outdoors, in an enclosure or in an open building, unless the property was manufactured and designed for storage outdoors or in an enclosure;
- theft of small-sized and easily transportable property from an enclosure.

5.2 Neglected maintenance or repairs, and unsuitable manner of use

This insurance does not cover any loss or damage caused to:

- property through neglect of maintenance or repair measures;
- property when used contrary to the purpose for which it is intended or contrary to the relevant operation manual.

5.3 Defects

This insurance does not cover any costs arising from repairing a component part of the works that was manufactured defectively or from a defective material, not even where this is the result of a defect in any design, calculations or drawings or of poor advice or instructions. However, this insurance covers sudden and unforeseeable loss and damage caused as a result of such defect to some other property covered by this insurance.

5.4 Files, data, software and computers

This insurance does not cover any loss or damage caused to files, data, software and computers by loss of data or loss of settings, changes introduced into data, incorrect data or a data breach.

Herein a 'data breach' means an act whereby unauthorised access is gained by exploiting data networks to interfere with electronic data or with an electronic data system. Data breaches include intrusions, malware infections and denial of service attacks.

5.5 Gradual damage

This insurance does not cover any loss or damage caused to property by:

- fouling or sedimentation;
- moulding, fungi, microbes, smell, moisture, melt-water or condensation water;
- gradual change in temperature or in moisture;
- wear and tear, scratching, corrosion, rusting, rotting or degradation;
- natural material fatigue, vibration, shrinking, decay of concrete; or
- some other similar gradual phenomenon.

With respect to leakage damage caused by water pipes, heating pipes and drainpipes intended for a building, the exclusion applies to rusting or wear and tear caused by ambient conditions, including rusting of the exterior surface of a pipe under constant water stress.

5.6 Electrical phenomena and machine-internal damage

Fire insurance does not cover any:

- damage caused to an electrical device by an over- or undervoltage of electricity or by an open neutral;
- explosion damage caused by centrifugal force, internal tension, loosening of a seal, hydraulic pressure or an explosion in a combustion engine to an engine.

5.7 Clogged roof outlet and machine-internal leaks

The insurance does not cover any loss or damage caused:

- by a clogged roof outlet;
- to machines or devices by their internal fluid circulation system.

5.8 Municipal water pipes, drainpipes and district heating pipes

Leakage insurance does not cover any losses caused through damage to, or clogging or inoperability of, a municipal or some other public water pipe, drainpipe or district heating pipe, unless the damage is a direct consequence of an insured work performance.

5.9 Damage caused by animals

Natural phenomenon insurance and breakage insurance do not cover any damage caused by insects, birds, lagomorphs or rodents. Neither do these insurances cover any expenses arising from the control or elimination of such animals.

This exclusion does not apply to fire losses and leakage damage caused, or to windows broken, by the animals listed above.

5.10 Natural phenomena, and flooding

This insurance does not cover any loss or damage caused through rainfall, snowfall, meltwater, moisture, cold, heat or a rise in the water level of a body of water resulting from a factor other than storm winds, unless such loss or damage is a direct and unavoidable consequence of a covered breakage.

5.11 Impact on indemnity of other sources of indemnity

This insurance does not cover any loss or damage that is covered under an act, a warranty, a commitment or some other insurance. However, notwithstanding this exclusion clause, claims covered by these insurance terms and conditions are covered by this insurance if the policyholder proves that the party liable for damages cannot meet its commitment.

5.12 Depreciation, and expiration of warranty

This insurance does not cover any expense or depreciation of property resulting from a manufacturer or an importer notifying of the expiration of a warranty as a consequence of loss or damage that has occurred.

5.13 Financial loss, and fraud

This insurance does not cover any financial loss or loss and damage caused through fraud, embezzlement or some other deception or breach of contract.

5.14 Lost property, and shoplifting

This insurance does not cover any:

- lost property;
- theft, when the time, scene or other circumstances of the theft cannot be established;
- loss or damage detected only when taking periodic inventory;
- loss or damage caused through snatching, shoplifting or petty theft.

5.15 Malfunctions

This insurance does not cover any fixing of malfunctions, adjustment and maintenance work, preventive and scheduled maintenance or parts replaced in connection with the same.

5.16 Tools, casts, moulds and other wearing parts and instruments

Breakage insurance does not cover any loss or damage caused to any blades, casts, moulds, chains, lubricants and other consumables used in machines or devices, unless a consumable is damaged in connection with some other covered breakage.

5.17 Self-manufactured, sold or rented property

Breakage insurance does not cover any loss or damage when the insured has manufactured, sells or rents the damaged goods and the claim is covered by a warranty.

5.18 Perils excluded in emergencies

This insurance does not cover any loss or damage:

- caused by movement of the ground by quarrying, piling or blasting work;

- caused by nuclear damage, as defined in the Nuclear Liability Act, in Finland or abroad;
- caused by a strike, a work stoppage or some other similar reason;
- occurring during a war, rebellion, revolution or some other similar event destabilising social order;
- that is a direct result of a communicable disease as defined in the Communicable Diseases Act, of a threat or a prevention measure thereof, or of any measure taken to mitigate the consequences of a communicable disease.

Losses caused by a terrorist act are covered up to €3,000,000 in respect of any one incident and any one insurance period. The maximum amount of indemnity under this insurance applies to all policyholders jointly in any one claim. All losses caused by the same event or circumstance are considered to constitute one claim.

‘Terrorist act’ refers to an act committed by one person or a group of persons which involves the use of force or violence or a threat thereof, whenever the purpose of the act, by its nature or context, is to promote a political, religious or ideological goal and/or to intimidate or affect a government, a people or some part thereof.

6 Liability provisions

6.1 Notifying of, inspecting and settling claims

The insurer must be notified of any loss and damage as soon as possible, and the insurer must be given an opportunity to inspect the damaged property before disposing of or starting any repairs on it. If it is essential to start repairs immediately to prevent further loss or damage or interruption to business, repairs may be initiated even if it has not been possible to notify of the loss or damage.

The insured is to submit the documents and information required for claim settlement, including an inventory of the property destroyed, invoices and other information for the purpose of assessing the compensability of the claim and the amount of loss.

Whenever property is disposed of or repaired for overriding reasons before an inspection by the insurer, the property must be documented carefully.

6.2 Calculating amount of loss

6.2.1 Insured value, and calculation of amount of loss

Whenever calculating any amount of loss, the insured value of the damaged property is determined first.

The insured value is:

- the replacement value, if the current value of the property immediately before the loss was at least 50% of the replacement value;
- the current value, if the current value of the property immediately before the loss was less than 50% of the replacement value.

Insured value is determined separately for each damaged item and building. Whenever determining insured value, no costs of transport or erection are considered.

In the event that an individual part of a machine or of equipment is damaged, the insured value of the damaged part or of a combination of parts is determined.

Where individual building parts, structures, coatings or fixtures sustain damage, the insured value is assessed according to the building part in question. With respect to buildings joined together or buildings containing several separate functional complexes, the insured value is assessed separately for each building part and for each functional complex.

The amount of loss is calculated:

- on replacement value basis, whenever replacement value serves as the insured value of the property;
- on current value basis, whenever current value serves as the insured value of the property;
- with respect to losses caused to tools and covered under breakage insurance, as shown in Section 6.2.4.

Additionally, account is also taken of what is said under Section 6.2.5 (Special regulations on calculating the amount of loss).

6.2.2 Amount of loss when replacement value serves as insured value

When the amount of loss is calculated on replacement value basis, the amount of loss is determined according to the price level prevailing on the day when the property is replaced. If the damaged property can be repaired, the amount of loss equals the reasonable costs of repair, transport, erection and installation, however not exceeding the replacement value of the property.

Where an item of moveable property cannot be repaired, the amount of loss is not higher than the replacement value of the property less the residual value.

The time of replacement means the point in time when the property is repaired or when the damaged property is replaced with new property.

6.2.3 Amount of loss when current value serves as insured value

If the property can be repaired, the amount of loss equals as high a proportion of the repair costs as is indicated by the ratio of the current value to the replacement value.

If the property cannot be repaired, the amount of loss equals the current value less the residual value of the property.

However, whenever the amount of loss is calculated on current value basis, the amount of loss is not higher than the fair value of the property.

6.2.4 Amount of loss for tools with respect to claims covered under breakage insurance

For tools, the amount of loss is calculated as comprising:

- the repair cost of the property, if the damaged property can be repaired;
- the replacement cost of the property less the residual value of the property, if the damaged property cannot be repaired.

All expenses included in the amount of loss are subject to an age reduction.

The age reduction percentage is established by multiplying the age in years of the broken property by the percentage shown in the table below. This age includes the full calendar years which follow the first year of use and which have ended by the time when the damage occurs. The year in which the damage occurs is not included.

With respect to breakage sustained by machines and equipment that have been replaced or renovated, the first year of use is the year of replacement or the year of renovation.

In the event that the value of a machine or equipment that has broken down has declined at a rate considerably faster or slower than the age reduction calculated based on the age reduction percentage shown in the table, the amount of loss is calculated on the current value as set out in Section 6.2.X with due consideration of the fair value of the machine.

Broken tool	Age reduction
IT and telecommunications equipment	20%
Electronic measuring, research, control and regulating devices	10%
Tower cranes, construction site hoists, mould equipment of construction sites, and other tools not shown in this table	5%

6.2.5 Special regulations on calculating amount of loss

Expenses of rekeying and replacing locks to prevent damage covered by insurance against property crime

Where any keys to the locks included in the sum insured laid down for the works are stolen in a break-in or robbery, the amount of loss is calculated as comprising the necessary expenses of rekeying and replacing the locks of the premises in order to prevent imminent misuse of the keys.

Replacing the tumblers of the locks to be rekeyed, or programming an electronic lock in such a way that the stolen key ceases to function, is a priority. Replacing a lock or an entire series is deemed immediately necessary only when no other measures are possible.

Motorised work machines running on their own engine power, related accessories and equipment

With respect to motorised work machines running on their own engine power as well as related accessories and equipment, the amount of loss equals the cost of repair, however not exceeding the fair value of the machine.

Where a motorised work machine running on its own engine power or a related accessory or equipment is not repaired, or if the repair costs exceed the difference of the fair value and the residual value of the motorised work machine, the amount of indemnity equals the difference of the fair value and the residual value.

The amount of loss can be calculated as comprising a total of up to €5,000 in expenses arising from:

- lifting the insured object back onto the road;
- transporting the insured object to the nearest repair shop;
- collecting the insured object or returning it to the place of origin, whenever the insured object is found before the 30-day deadline expires.

However, the amount of loss is never higher than the fair value of the insured object.

Amount of loss with respect to yards

In respect of yards, the amount of loss is calculated on the cost of restoration using seedlings generally available for sale in Finland and the planting expenses thereof. However, no cost of restoration is covered in respect of any yard which is in a natural state.

6.2.6 Other costs included in amount of loss

The following costs can be included in the amount of loss determined for property claims covered by this insurance:

Soil restoration costs of insured place of performance of work

Where the soil of an insured construction site is contaminated following property damage, the amount of loss is calculated as comprising up to €250,000 in soil inspection, decontamination and replacement costs and in waste transport and handling costs arising on account of a mandatory regulation by a relevant public authority, if this official regulation is issued within three years from the handover of the work performance in question.

Additional costs arising from official regulations

If, following changes in legislation or in mandatory official regulations, a building or a part thereof for which indemnity is paid on replacement value basis cannot be rebuilt to the same condition in which it was before being damaged, the costs arising from the updated regulations governing the damaged parts of the property are added to the amount of loss of the actual damage suffered by the property. Such costs are covered only with respect to the premises, the building elements, and the HPAC, electricity and automation systems and machines intended for the building that have suffered damage. Such costs are covered up to 10 per cent of the amount of loss calculated without these costs.

However, this insurance does not cover any:

- costs incurred as a direct consequence of repairing a structure originally constructed in an incorrect or defective manner to comply with the relevant official regulations and guidelines;
- costs of replacement, modification or improvement in relation to a machine or device.

Expediting costs, and demolition and wrecking costs

The amount of loss is calculated as comprising the expediting costs that refer to repairing the damage caused, where these costs are specifically insured, as well as the demolition and wrecking costs as set out under Section 3.8.

Data, files and software

In respect of property damage, the amount of loss is calculated as comprising the restoration costs of data, files and software arising as a result of such damage.

Herein 'restoration costs' mean the costs of restoring a data system using backup copies.

Cost of transport, erection and installation

The amount of loss is calculated as comprising the cost of transport, erection and installation arising from employing normal modes of transport, and from erection and installation works carried out during normal working hours using conventional labour.

6.2.7 Costs excluded from amount of loss

The amount of loss is calculated as not comprising any costs arising from:

- leaked liquids or gases which have been wasted;
- the settling of claims, or any indirect costs such as telephone and travel expenses or loss of earnings;
- indoor air measurements; however where an inspection of indoor air quality directly relates to a covered leak claim, the reasonable costs of one measurement are covered by this insurance;
- improvement of the property's level of quality, equipment or technology, or repairing a structure originally constructed in an incorrect or defective manner to comply with the official regulations and guidelines;
- service and maintenance work;
- temporary repairs or expediting repairs, unless where specifically insured;
- depreciation;
- loss of usability sustained by a machine or a combination of machines as a result of damage sustained by some part thereof.

6.2.8 Value-added tax

The amount of loss is calculated less the amount of the value-added tax whenever the damaged property, at the moment when loss or damage occurs, is in use in economic activities subject to the value-added tax or whenever the policyholder or the recipient of indemnity is entitled, under the Value Added Tax Act, to deduct the tax included in the acquisition cost of the damaged property.

Additionally, the amount of loss is also calculated less the amount of the value-added tax whenever the insured or some other recipient of indemnity is entitled to recover the tax paid.

6.3 Calculating amount of indemnity

6.3.1 Order of deductibles and other deductions

The amount of indemnity is calculated on the amount of loss determined as set out under Section 6.2 by deducting from it the deductibles and the other reductions and deductions discussed in these terms and conditions and in the General terms and conditions in the following order:

1. the deductible shown in the insurance schedule;
2. any possible additional deductible;
3. any reduction of indemnity on account of reasons such as underinsurance or failure to comply with a safety regulation.

6.3.2 Maximum amount of indemnity

The maximum amount of insurance indemnity is the sum insured indicated for the relevant subject matter of insurance in the insurance schedule, plus the following:

- soil restoration costs up to the amount shown under Section 6.2.7;
- demolition and wrecking costs specifically insured up to the amount shown in the insurance schedule;
- expediting costs up to the amount shown in the insurance schedule.

Subject matters insured at first loss value

If a damaged building or movable property is repaired and it is insured at first loss value, the amount of loss calculated as set out under Section 6.2 is covered by insurance up to the first loss value agreed. Underinsurance is not applied whenever property is insured at first loss value.

6.3.3 Deductible

For every case of loss or damage, the policyholder is liable for the deductible shown in the insurance schedule and additionally, in relation to the insured events listed below, for an additional deductible. The additional deductible is calculated on the amount of loss from which the relevant deductible has been deducted.

The maximum total of the deductibles to which any one insured event is subject is the higher of €20,000 or the deductible shown in the insurance schedule.

If a single insured event causes losses exceeding the deductible to several subject matters insured under the same insurance contract, the deductible applies once only. In the event that the deductibles are not identical, the highest deductible applies, including any possible additional deductible.

Hot work

An additional deductible of 10% applies when loss or damage is caused through fire by any hot work defined in the D10 safety regulation and carried out or commissioned by the policyholder or some other party comparable to the policyholder.

Leak damage

An additional deductible of 20% applies when leak damage:

- is caused before an installed or repaired device, tank or piping has been pressure-tested; or
- is due to freezing.

Property crime losses

An additional deductible of 25% applies when:

- property is stolen from a vehicle, boat or trailer kept outdoors;
- the claim concerns property kept outdoors.

Breakage damage

An additional deductible of 25% applies when:

- damage is caused as a result of equipment being used in an operating environment not suitable for it;
- damage is caused as a result of a programming error or erroneous software;
- a lifting machine or lifting gear is used in breach of the relevant operation manual or safety regulations;

- whatever is being installed or erected is lifted in breach of the relevant instructions issued by the manufacturer.

6.3.4 Under- and overinsurance

If property is underinsured, this insurance covers only as high a proportion of the amount of loss less the deductible as is indicated by the ratio of the sum insured to the insured value. In the event of overinsurance, the actual value of the property is covered by insurance.

6.3.5 Indemnity for residual value, and redemption of property

Indemnity for residual value

If a damaged building cannot be restored on account of a valid ban or restriction on building, the residual value of the building, less any sales price obtainable for the building elements, is also covered by this insurance. The policyholder is liable to present proof of any valid building ban or restriction and, should the insurer request it, must apply for derogation to restore the building and, where necessary, appeal the relevant decision.

Should the insurer request it, the policyholder is liable to authorise the insurer to represent the policyholder in any matter pertaining to the application for derogation.

Redemption of property

Any damaged and undamaged property remaining stays in the policyholder's ownership. However, the insurer is entitled to redeem the damaged property or a part thereof at residual value.

6.4 Payment of indemnity

Indemnity that is determined on current value basis is paid once the information necessary to calculate the amount of indemnity has been submitted to the insurer.

If the policyholder is entitled to indemnity determined on replacement value basis, the difference between the indemnity calculated on replacement value basis and the indemnity calculated on current value basis is paid subject to the following conditions:

- The damaged property is either repaired or new property of the same quality and intended for the same purpose of use is constructed at the same site or such new property is acquired to replace the movable property in question.
- The repairs or the construction works are launched within two years of the relevant insured event. If construction is delayed on account of any action taken by a public authority, the duration of this delay is added to the above time limit.
- The policyholder has received a report on the repairs or replacement to be carried out.
- Any indemnity determined on current value basis has been spent on the repairs or replacement.
- Any indemnity calculated on replacement value basis is paid up to not more than the actual costs incurred.
- The policyholder, or the party for whose benefit the insurance is in force, is the only party entitled to any indemnity determined on replacement value basis. This entitlement cannot be transferred to a third party.

Subject to the conditions set out above, for breakage claims, the current-value proportion of the damaged property is first paid from the amount of loss calculated pursuant to Section 6.2.4, and any amount of loss in excess of the current value is paid once the relevant repairs have been completed.

Rather than paying the indemnity in money, the insurer has the right to have the damaged property repaired, rebuilt, or replaced with new property.

Indemnity for property secured by a mortgage guaranteeing a debt is primarily paid to the relevant mortgagee. However, this indemnity can be paid to the policyholder if the mortgagee gives written consent for this or if the policyholder is entitled to this indemnity under the provisions laid down in the Code of Real Estate.

6.5 Other liability rules

Recovery of lost goods

If the insured recovers their lost property after the payment of indemnity, the insured must without undue delay either hand over the property to the insurer or return all indemnity paid under their insurance policy.

Sum insured after loss

During any one insurance period, the premium entitles to indemnity that is not higher than the insured value, or up to the first loss value shown in the insurance schedule. However, insurance remains effective unchanged until the end of the insurance period if the insurer does not notify of any additional premium or revisions in conjunction with a claim settlement decision.

For the time period from the replacement of the property to the end of the insurance period, the insurer is entitled to a premium calculated on the basis of the amount of indemnity.

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.