

Continuous construction and erection all risk insurance 905

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Property insurance provides coverage against direct property damage and the costs specifically listed in the terms and conditions. Coverage is provided in accordance with the insurance contract concluded between the insurer and the policyholder. The subject matters of insurance, the sums insured, the deductibles and the insurance covers selected are described in the policy document and in the cover summary. However, the insurance terms and conditions set out the deductibles that deviate from the deductible shown in the cover summary. Additionally, the terms and conditions also lay down the maximum compensation amounts that deviate from the sum insured determined in the cover summary.

Property insurance cover is composed of:

- the policy document, the cover summary and any possible special conditions shown in those documents;
- these Continuous construction and erection all risk insurance terms and conditions (905);
- the safety regulations B10 'Construction, erection and repair works' and D10 'Hot work';
- 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 processing as well as any possible expenses of designing a replacement building to be constructed.

Current value

The current value of property is the monetary value obtained by subtracting from replacement value any depreciation and loss of value that occurs through age, use, neglected service and maintenance, decreased usability, technological obsolescence or some other such reason. When assessing the current value of a building, consideration will also be given to any clear impact of changed local conditions, such as discontinuance of trade activity, the location of the building and other reasons, whenever a new equivalent building is not constructed at the same site.

Fair value

The fair value of property is the monetary value that would have been generally obtainable for the property in the market situation on the day on which 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.

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

When assessing the fair value of a building, the value of the land, connections and other buildings, as well as the value of any structures situated on the land, will be deducted from the fair value of the immovable property concerned.

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

Insured value

'Insured value' is the value that the insured property has which is used as the basis on which the amount of loss and the amount of compensation are calculated. The insured value can be equal to either 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 compensation amount, but it does not represent the amount of loss or a basis on which the amount of loss is assessed.

Amount of loss and amount of compensation

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

'Amount of compensation' is the monetary value payable for a claim based on a loss event.

First loss value

'First loss value' means the basis on which the sum insured is determined, which basis is not equal to the actual insured value of the property. Instead it is a monetary value agreed with the policyholder when concluding the contract of insurance.

Residual value

The residual value of property is the value of the property immediately after loss. Residual value is assessed under the same criteria as are applied when assessing the amount of loss.

Under- and overinsurance

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 portion of loss, shown in the policy document or in the terms and conditions, for which the insured remains liable.

2 Validity of insurance

2.1 Territorial limits

Insurance cover is in force:

- at the places of performance of work where the insured work performances are carried out; and
- at the temporary storages set up for individual places of performance of work.

Additionally, this insurance is also in force, up to €10,000, during transfers between a place of performance of work and a temporary storage set up for the purposes of that place of performance of work.

2.2 Insurance validity

This insurance is in force for the time period shown in the policy document.

For an individual piecework contract, insurance validity is determined as set out in Sections 2.2.1–2.2.3 of these terms and conditions.

If the validity shown in the policy document expires, validity will also expire in respect of all individual piecework contracts.

2.2.1 During construction and erection

This insurance is in force for the contract period shown in the relevant works contract, or for some other period of time agreed with the customer for the performance of the work.

With respect to property that is introduced into a place of performance of work, insurance cover will not become effective before, at the end of transport, the risk of damage in relation to the property passes to the policyholder at the place of performance of work or at the temporary storage set up for it.

At a place of performance of work, the validity of insurance cover ends when:

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

Additionally, this insurance is also in force after the handover of the work performance concerned, for a maximum period of one month from handover, when carrying out work performances that in the handover inspection report are scheduled for performance after the handover inspection.

2.2.2 During repairs under warranty

This insurance is in force when repairing any defects covered by warranty that are detected during the warranty period of the works, but in any case for not longer than three years from the handover or commissioning of the works or a sub-work thereof.

2.2.3 During warranty period

This insurance is in force during the warranty period with respect to damage caused to a defectless part of the works whenever damage results from a direct construction or erection fault, but in any case for not longer than 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 3 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 provides coverage for the groups of property listed under Sections 3.1–3.6 if they are shown in the policy document.

Secondary insurance

With respect to the following groups of property, this insurance provides coverage for 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;
- worker property.

3.1 Work performances

This insurance provides coverage for the work performances included in the turnover that is indicated in the policy document, including any machines and equipment which the customer specifically obtains but for which the policyholder is responsible during the work performances concerned.

‘Work performance’ means the work performances, construction developments, structures repaired or erected, raw materials, supplies, buildings and structures to be constructed and non-permanent structures that are included in the works contract and in the contract price.

This insurance is not in force in respect of any work performance whose value is more than the sum insured shown in the policy document. This value is calculated as comprising, in addition to the part for which the policyholder is responsible, any possible subcontracts as well as the machines and equipment that the customer obtains. A work performance of this kind is to be insured by a specific fixed-term policy.

3.2 Surrounding property

Unless the policy document indicates a specific sum insured for surrounding property, up to €10,000 in surrounding property can be included in the sum insured for a work performance. However, the maximum compensation amount for an insured work performance is always limited to the sum insured for the work performance as shown in the policy document.

Whenever desiring to insure surrounding property for a value which is greater than the sum set out above, the full desired EUR amount must be recorded in the policy document.

‘Surrounding property’ means any property located in the immediate vicinity of or affected by the works that is damaged as a result of a work performance.

Surrounding property does not mean the contractor’s own property or any other property indicated under Sections 3.3–3.6.

3.3 Tools and weather protection structures

If so shown in the policy document, this insurance provides coverage for the tools and weather protection structures that the policyholder owns, rents and borrows.

This insurance does not provide coverage for the following:

- 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 5kW running on their own engine power.

3.4 Site buildings

If so shown in the policy document, this insurance provides coverage for the site buildings that the policyholder owns, rents and borrows.

3.5 Worker property

If shown in the policy document that worker property is also included in the scope of insurance, this insurance provides coverage for the tools, personal use items and clothing that the workers own, rent and borrow.

3.6 Expediting costs

If so shown in the policy document, this insurance provides coverage against the following costs from repairing damaged works if these costs are for a claim that is eligible for coverage under this insurance:

- overtime costs and other additional labour costs;
- costs of temporary erections;
- costs of speeding up procurement.

4 Property insurances

4.1 Fire insurance

This insurance provides coverage against loss and damage caused by:

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

4.2 Natural phenomenon insurance

This insurance provides coverage against sudden and unexpected loss and damage caused by:

- storm;
- whirlwind or downburst;
- hail;
- entry of a wild animal into a building;
- stroke of lightning directly to the insured property causing mechanical breakage thereof.

Weather conditions in which the mean wind speed exceeds 15 metres per second at the meteorological station nearest to the scene of damage are considered a storm.

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

4.3 Leakage insurance

This insurance provides coverage against loss and damage caused by a liquid, steam or gas whenever the substance flows suddenly, unexpectedly and directly from:

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

A condition for coverage is that the leak must begin during the validity of insurance.

Leakage insurance does not cover any costs of repair or replacement in respect of water supply systems or actuators.

4.4 Insurance against property crime

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

- by destructing structures or locks; or
- with a key which was obtained in a robbery or break-in.

Additionally, this insurance also provides coverage for the following:

- intentional vandalism to property;
- damage caused through theft of movable property when 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 that protects the property, such as a steel chain or a lock thereof;
- malicious damage caused through an unidentified vehicle.

This insurance also covers claims for theft of property stored unlocked if the stolen 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, the relevant work phase and the site conditions, cannot be stored in a locked and closed space or locked to a permanent structure.

A condition for coverage is that it must be possible to identify the theft as an individual, sudden event, that the event is reported to the police and, where necessary, that the policyholder is prepared to confirm in a court of law the authenticity of the relevant property inventory that relates to the compensation claim.

Theft of motorised work machine

This insurance does not provide coverage against any loss or damage that is caused through theft of a motorised work machine running on its own engine power if the policyholder or the relevant police authority or customs authority becomes aware of the property having been found within 30 days of the day on which the theft was reported to the policyholder and to the police. However, in these cases, this insurance covers the reasonable costs of collecting the motorised work machine that was found and returning it to the place

of origin, up to €5,000, and any damage caused to the machine through its theft.

4.5 Breakage insurance

This insurance provides coverage against damage to and loss of property caused by a sudden and unexpected event that is not eligible for coverage by fire insurance, natural phenomenon insurance, insurance against property crime, or leakage insurance.

Site buildings, tools and worker property

With respect to site buildings, tools and worker property, breakage insurance only covers claims that arise suddenly and unexpectedly from:

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

5 Perils excluded from all property insurances

5.1 Property kept outdoors

This insurance does not provide coverage against any of the following:

- malicious damage, or loss and damage caused by the forces of nature, if the damaged property was, at the time of being damaged, 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 provide coverage against loss and damage caused to:

- property through neglected maintenance or repairs;
- 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 provide coverage against any costs that arise from repairing a component part of the works that was manufactured defectively or from a defective material. These costs are not eligible for coverage even where incurred as a result of defects in design, calculation or drawings or by poor advice or instructions. However, coverage is provided for sudden and unexpected loss and damage caused as a result of such defects to any of the other property insured by this insurance.

5.4 Files, data, software and computers

This insurance does not provide coverage against loss or damage caused to files, data, software and computers by loss of data or loss of settings, changed data, incorrect data or a data breach.

Herein a 'data breach' means an act whereby, by exploiting data networks, unauthorised access is gained to electronic data or to an electronic data system.

Data breaches include intrusions, malware infections and denial of service attacks.

5.5 Gradual damage

This insurance does not provide coverage against loss or damage caused to property by any of the following:

- fouling or sedimentation;
- moulding, fungi, microbes, smell, moisture 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 building water pipes, heating pipes and drainpipes, this exclusion applies to rusting and wear and tear that is caused by ambient conditions, including rusting of the exterior pipe surface under constant water stress.

5.6 Electrical phenomena and machine-internal damage

Fire insurance does not provide coverage against:

- 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 the engine.

5.7 Clogged roof outlet and machine-internal leaks

This insurance does not provide coverage against loss and damage caused:

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

5.8 Municipal water pipes, drainpipes and district heating pipes

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

5.9 Damage caused by animals

Natural phenomenon insurance and breakage insurance do not provide coverage against loss and damage caused by insects, birds, lagomorphs or rodents, and they also do not cover any costs that arise from the control or elimination of these animals.

This exclusion does not apply to the breaking of windows.

5.10 Natural phenomena, and flooding

This insurance does not provide coverage against loss and damage caused through rainfall, snowfall, meltwater, moisture, cold or heat, or through a rise in the water level of a body of water that results from a cause other than storm winds, unless such loss or damage is a direct and unavoidable consequence of a covered breakage.

5.11 Impact of other sources of compensation on coverage

This insurance does not provide coverage for claims that are covered under an act, a warranty, a commitment or some other insurance. However, notwithstanding this exclusion clause, claims that are eligible for coverage under these insurance terms and conditions can be covered if the policyholder proves that the party liable for compensation cannot meet its commitment.

5.12 Lost value and expiration of warranty

This insurance does not provide coverage against any expense or lost property value which results when the manufacturer or importer notifies that the manufacturer's warranty expires as a consequence of loss or damage that has occurred.

5.13 Financial loss, and fraud

This insurance does not provide coverage against any financial loss or losses caused through fraud, embezzlement or some other deception or breach of contract.

5.14 Disappearance of property and shoplifting

This insurance does not provide coverage against any of the following:

- disappearance of 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 capture, shoplifting or petty theft.

5.15 Malfunctions

This insurance does not provide coverage against the elimination of malfunctions, or against 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 provide coverage against loss or damage caused to any blades, casts, moulds, chains, lubricants and other consumables used in machines or equipment, unless the consumable is damaged in connection with some other covered breakage.

5.17 Self-manufactured, sold or rented property

Breakage insurance does not provide coverage against loss or damage when the insured is the manufacturer, seller or renter of the damaged goods and the resulting claim is covered by a warranty.

5.18 Perils excluded in exceptional circumstances

This insurance does not provide coverage against any loss or damage:

- caused by the movement of the ground that results from quarrying, piling or blasting work;
- caused by nuclear damage, as defined in the Nuclear Liability Act, in Finland or abroad;

- caused by a strike, work stoppage or some other similar reason;
- occurring during a war, rebellion, revolution or some other similar event that destabilises 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 of a communicable disease, or of any measure taken to mitigate the consequences of a communicable disease.

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

'Terrorist act' means 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 Indemnification regulations

6.1 Reporting and inspection of losses, and settlement of claims

All loss and damage must be reported to the insurer as soon as possible, and the insurer must be afforded an opportunity to inspect the damaged property before disposing of or starting any repairs on it. If it is absolutely necessary to start repairs immediately to prevent further losses or interruption to business, repairs may be initiated even if it has not been possible to report the loss.

The insured is required to submit the documents and information that are necessary for claim settlement, including an inventory of the destroyed property as well as the relevant invoices and other information, in order that coverage and the amount of loss can be determined.

In the event that, for overriding reasons, it is necessary to dispose of or repair the property before the insurer's inspection, the property must be documented carefully.

6.2 Calculating amount of loss

6.2.1 Insured value, and calculation of amount of loss

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

The insured value is equal to:

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

Insured value is determined separately for each damaged item and building. When determining insured value, the costs of transport and erection are ignored.

If an individual part of a machine or equipment is damaged, insured value will be determined for the damaged part or combination of parts.

Where damage is caused to an individual building part, structure, coatings or fixtures, 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;
- in tool breakage claims, as set out in Section 6.2.4.

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

6.2.2 Amount of loss when replacement value serves as insured value

When calculated on replacement value basis, the amount of loss is determined according to the price level prevailing on the day of replacement of the property. If the damaged property can be repaired, the amount of loss is equal to the reasonable costs of repair, transport, erection and installation, in any case not more than the replacement value of the property.

Where a movable property item cannot be repaired, the maximum amount of loss is limited to the replacement value of the property less the residual value.

The time of replacement is considered to be the point in time when the property is repaired or when the destroyed 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 is equal to 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 is equal to the current value less the residual value of the property. However, when calculated on current value basis, the maximum amount of loss is always limited to the fair value of the property.

6.2.4 Amount of loss for tools in breakage insurance claims

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 its residual value, if the damaged property cannot be repaired.

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

The applicable age reduction percentage is obtained by multiplying the broken property's age in years by the percentage shown in the table below. This age includes the full calendar years that follow the first year of use which have ended by the time when the loss occurs. The year in which the loss occurs is not included in the above age.

In breakage claims for machines and equipment that have been replaced or renovated, the year of replacement or renovation is treated as the first year of use.

In the event that the value of a broken machine or equipment 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 current value basis as set out under Section 6.2.3, taking into account also the fair value of the machine or equipment.

Broken tool	Age reduction
IT and telecommunications equipment	20%
Electronic measuring, examination, 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 property crime insurance losses

Where any keys to the locks included in the work performance concerned are stolen in a break-in or robbery, the amount of loss is calculated as comprising the expenses of rekeying and replacing the locks of the premises when they are necessary 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

For motorised work machines running on their own engine power, related accessories and equipment, the amount of loss is equal to the cost of repair, in any case not more than 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 compensation is equal to the difference of the fair value and the residual value.

A total of up to €5,000 in expenses arising from the following can be included in the amount of loss:

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

However, the maximum amount of loss is always limited to the fair value of the insured subject matter.

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. Costs from the restoration of yards that are in a natural state are not eligible for coverage.

6.2.6 Other costs included in amount of loss

In property claims covered by this insurance, the amount of loss can be calculated as comprising the following costs:

Soil restoration costs of place of performance of work

If, following property damage, the soil of the insured place of performance of work becomes contaminated, the amount of loss will be calculated as comprising up to €50,000 in soil inspection, decontamination and replacement costs and in waste transport and handling costs that are due to a mandatory regulation issued by public authorities, 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 building part for which coverage is provided on replacement value basis cannot be rebuilt to the same condition in which it was before being damaged, the costs arising from these updated regulations that affect the damaged parts of the property will be added to the amount of direct property damage. These costs are eligible for coverage only where they concern premises and building elements, and HPAC, electricity and automation systems and machines intended for the building, that have suffered damage. The maximum coverage for these costs is limited to 10 per cent of the amount of loss calculated without these costs.

However, this insurance does not provide coverage against:

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

Expediting costs

If specifically insured, the amount of loss is calculated as comprising the costs of expediting the repairs.

Data, files and software

The amount of property damage is calculated as comprising the recovery costs for data, files and software that arise as a result of damage.

Herein 'recovery 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 from 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;
- claim settlement, or any indirect costs such as telephone and travel expenses or loss of earnings;
- indoor air measurements; however, where examination of indoor air quality directly relates to a covered leakage claim, the reasonable costs of one measurement are eligible for coverage;
- improvement of the property's level of quality, equipment or technology, or from repairing a structure that was originally constructed in an incorrect or defective manner to comply with the official regulations and guidelines;
- service and maintenance work;
- temporary repairs or expediting of repairs, unless where specifically insured;
- depreciation and loss in value;
- loss of usability caused to a machine or a combination of equipment as a result of damage sustained by some part thereof.

6.2.8 Value added tax

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

The amount of loss is also calculated net of the value added tax whenever the insured is entitled to reimbursement of the tax paid.

6.3 Calculating amount of compensation

6.3.1 Order of deductibles and other deductions

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

1. the deductible shown in the policy document;
2. any possible additional deductible;
3. any possible reduction of compensation for reasons such as underinsurance or failure to comply with the safety regulations.

6.3.2 Maximum amount of compensation

The maximum amount of insurance compensation is limited to the sum insured indicated for the subject matter of insurance in the policy document, plus the following:

- soil restoration costs, up to the amount shown under Section 6.2.6;
- expediting costs, up to the amount shown in the policy document.

Subject matters insured at first loss value

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

6.3.3 Deductible

For every case of loss and damage, the policyholder is liable for the deductible shown in the policy document and, additionally, in respect of the insured events listed below, for an additional deductible. The additional deductible is calculated on the amount of loss from which the applicable deductible has been deducted.

The maximum total of the deductibles to which an insured event is subject is the higher of €20,000 and the deductible shown in the policy document.

If a single insured event causes loss that exceeds 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, including any possible additional deductible, applies.

Additional deductibles

An additional deductible of 10% applies when:

- a fire loss is due to hot work, as defined in the D10 safety regulation, that is carried out or contracted by the policyholder or some other party comparable to the policyholder.

An additional deductible of 20% applies when:

- a leakage loss occurs before an installed or repaired device, tank or piping has been pressure-tested;
- a leakage loss is caused by freezing.

An additional deductible of 25% applies when:

- property is stolen from a vehicle, boat or trailer kept outdoors;
- property kept outdoors is the target of property crime;
- breakage is due to any dust, moisture, temperature or vibration occurring in the use environment and if the equipment in question is not intended for use in these conditions;
- loss 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;
- the works installed or erected are lifted in breach of the relevant instructions issued by the manufacturer.

6.3.4 Under- and overinsurance

If the property is underinsured, this insurance provides coverage for only as high a proportion of the amount of loss from which the applicable deductible has been deducted as is indicated by the ratio of the sum insured to the insured value. In the event of overinsurance, coverage is provided for the actual value of the property.

6.3.5 Indemnity for residual value, and salvage of property

Indemnity for residual value

If the damaged building cannot be restored on account of an in-force building ban or restriction, indemnity is also provided for the residual value of the building, less any possible sales price obtainable for the building elements. The policyholder is required to present proof of the in-force building ban or restriction and, should the insurer request it to do so, to apply for derogation to restore the building and, where necessary, to appeal the relevant decision.

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

Salvage of property

The remaining damaged and undamaged property stays in the policyholder's ownership. However, the insurer is entitled to salvage all or some of the damaged property at residual value.

6.4 Payment of compensation

Where the compensation is determined on current value basis, it will be paid after the insurer has received the information needed to calculate the amount of compensation.

If the policyholder is entitled to replacement value compensation, the difference between the replacement value compensation and the current value compensation will be 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 on the same land or such property is acquired to replace the movable property that was damaged.
- The repairs or the construction works are to be launched within two years of the insured event in question. If construction is delayed on account of any action taken by a public authority, the length of this delay will be added to the above time limit.
- The policyholder has been informed of the repairs or the replacement to be carried out.
- The current value compensation has been spent on the repairs or the replacement work.
- The maximum replacement value compensation that becomes payable is limited to the actual costs incurred.
- Only the policyholder, or the party for whose benefit the insurance is in force, is entitled to claim replacement value compensation. This entitlement cannot be transferred to a third party.

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

Where there is a confirmed mortgage on the property to secure a debt, the compensation will in the first instance be paid to the mortgagee. However, this compensation can be paid to the policyholder if the mortgagee gives written consent for this or if the policyholder is entitled to this compensation under the provisions laid down in the Code of Real Estate.

6.5 Other indemnification rules

Recovery of lost property

If the insured recovers their lost property after the payment of compensation, the insured is required without undue delay to either relinquish the property to the insurer or return all compensation that was paid under their insurance policy.

Sum insured after loss

The maximum compensation to which the premium entitles during any one insurance period is limited to the insured value, or to the first loss value shown in the policy document. However, insurance cover will continue unchanged until the end of the insurance period if the insurer does not notify of any additional premium or changes in conjunction with the relevant claim settlement decision.

In respect of the time period from the replacement of the property to the end of the insurance period, the insurer is entitled to a premium determined based on the amount of compensation.

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 **Sydusten** -
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.