

General terms and conditions of contract for private customers

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General terms and conditions of contract for private customers

These General terms and conditions of contract apply to those voluntary non-life insurance contracts and personal insurance contracts where the insurance policy so states.

The General terms and conditions provide essentially equivalent provisions as those laid down in the Insurance Contracts Act (543/1994). The Section entries shown in parentheses refer to the provisions of the Insurance Contracts Act that discuss the issues concerned. Additionally, insurance contracts are also subject to the provisions of the Insurance Contracts Act that are not written into these General terms and conditions.

The sections below concern some of the key provisions of the Act and issues on which, under the law, provisions can be given in insurance terms and conditions, as well as providing other general principles and contractual terms that govern LocalTapiola's customer relations.

In addition to these General terms and conditions, an insurance contract is subject to the insurance terms and conditions and the safety regulations shown in the insurance policy as well as being governed by the laws of Finland.

The order of priority in which the insurance contract terms and conditions are to be applied is as follows:

1. insurance contract-specific special conditions
2. insurance type-specific product terms and conditions
3. General terms and conditions of contract.

1 Some key concepts

(Sections 2, 6, 16, 17 and 31)

The key content of an **insurance contract** is determined by the insurance policy, the subject matter and cover-specific insurance terms and conditions, and the General terms and conditions. Additionally, an insurance contract may have a number of safety regulations and individual exclusions linked to it.

'Insurance' means cover, shown in the insurance terms and conditions, that is taken out on a subject matter.

'Non-life insurance' means an insurance that is taken out to provide indemnification against property damage or liability for damages, or against claims arising from some other financial loss.

'Personal insurance' means an insurance designed to provide cover for a natural person. Medical expenses, accident and traveller's insurances are all examples of personal insurance.

'Self-funded group insurance' means an insurance provided to a group for which the premium is paid, in whole or in part, by the insured.

'Insurer' and **'LocalTapiola'** mean LocalTapiola General Mutual Insurance Company or the LocalTapiola regional companies. The insurer that grants insurance is shown in the insurance policy.

'Policyholder' means the party who concludes an insurance contract with the insurer.

'Insured' means the party for whose benefit insurance is in force.

'Insurance period' means the length of time, shown in the insurance policy, for which insurance is in force. Insurance contracts continue from one agreed insurance period to another, unless terminated by one of the parties.

'Premium period' means the time period for which the premium is agreed to be paid at regular intervals.

'Policy term' means the longest possible time period, shown in the insurance policy, for which personal insurance can be in force.

'Safety regulation' (precautionary guideline) means an obligation laid down in the insurance policy, in the insurance terms and conditions or otherwise in writing to comply with the regulations intended to prevent or limit losses.

'Insured event' means any event that, according to the insurance contract, is intended to be covered by insurance.

'Deductible' means the portion of the expenses of a claim that the insured is to pay out of pocket.

Property or a benefit is considered **underinsured** if the sum insured shown in the insurance contract is significantly smaller than the real value of the property or benefit insured.

Property or a benefit is considered **overinsured** if the sum insured shown in the insurance contract is significantly greater than the real value of the property or benefit insured.

2 Provision of information prior to concluding insurance contract

2.1 Insurer's duty of disclosure

(Sections 5 and 9)

Before concluding an insurance contract, the insurer will provide the applicant with any information that the applicant may need to assess their insurance need and to select the appropriate insurance, such as information on the insurer's insurance products, on the related insurance premiums and on the insurance terms and conditions. When supplying this information, attention is to be paid to all essential exclusions that affect the insurance cover provided.

If, when marketing insurance, the insurer or its representative fails to provide the policyholder with any necessary information on the insurance or provides incorrect or misleading information, the insurance contract is considered to be in force in the form understood by the policyholder on the basis of the information provided to the policyholder.

2.2 Policyholder's and insured's duty of disclosure under non-life insurance

(Sections 22, 23, 34 and 58)

Before the issuance of insurance, the policyholder and the insured must provide true and complete answers to the insurer's questions that may be of importance for the insurer to assess its liability. Moreover, throughout the insurance period, the policyholder and the insured must without undue delay rectify any incorrect or incomplete information provided to the insurer that they discover.

If the policyholder or the insured has acted in bad faith in fulfilling their above duty of disclosure, the insurer will not be bound by the insurance contract. In this case, the insurer is entitled to retain the premiums paid to it even if insurance expires.

If the policyholder or the insured intentionally or through negligence which cannot be considered slight fails to fulfil their duty of disclosure, compensation can be reduced or it may be refused. When considering whether to reduce or refuse compensation, account will be taken of how the factor on which the policyholder or the insured provided incorrect or incomplete information contributed to the loss that has occurred. The other aspects that need to be considered include any possible intent, or the nature of negligence, by the policyholder and by the insured as well as the circumstances in general.

If, following the provision of incorrect or incomplete information by the policyholder or the by insured, the premium was agreed to be lower than it would have been had the true and complete information been provided, compensation will be reduced with due consideration of the proportion of the agreed premium to the premium that would have been charged had the information been true and complete. However, a minor deviation in the premiums does not justify any reduction of compensation.

2.3 Policyholder's and insured's duty of disclosure under personal insurance

(Sections 22 and 24)

Before the issuance of insurance, the policyholder and the insured must provide true and complete answers to the insurer's questions that may be of importance for the insurer to assess its liability. Moreover, throughout the insurance period, the policyholder and the insured must without undue delay rectify any incorrect or incomplete information provided to the insurer that they discover.

If the policyholder or the insured has acted in bad faith in fulfilling their above duty of disclosure, the insurer will not be bound by the insurance contract. In this case, the insurer is entitled to retain the premiums paid to it even if insurance expires.

Where the policyholder or the insured intentionally or through negligence which cannot be considered slight fails to fulfil their duty of disclosure and if the insurer had not granted insurance at all had the true and complete answers been provided, the insurer is discharged from liability. If, however, the insurer had issued insurance in any case but only against a higher premium or otherwise on terms different than

what was agreed, the insurer's liability is limited to the amount that reflects the agreed premium or the terms on which insurance would have been granted.

If the above consequences of failure to comply with the duty of disclosure will cause the policyholder or a party entitled to insurance compensation clear disproportionate hardship, they can be reconciled.

3 Commencement of insurer's liability, and validity of insurance contract

3.1 Commencement of insurer's liability

(Section 11)

The insurer's liability commences when the insurer or the policyholder issues or submits an acceptance of the offer made by the other party, unless a different time is individually agreed.

Where the policyholder issues or submits a written insurance application to the insurer and it is evident that the insurer would have accepted the application, the insurer will also be liable for any insured events that occur after the issue or submission of the application.

In the absence of any clear indication of the time of day when a response or an application was issued or submitted, this is deemed to have taken place at 24:00.

Commencement of the insurer's liability is conditional on the payment of the premium for the insurance period:

- if the policy is for a fixed period, unless individually agreed otherwise;
- if the insurer finds this necessary on the basis of the insurance applicant's any previous delayed or non-payment of premiums or registered defaults or because it is not possible to check the applicant's credit file.

If commencement of the insurer's liability is conditional on the payment of the premium, this is indicated in the invoice that concerns the premium.

3.2 Criteria for granting personal insurance

(Section 10)

The premium and the other terms and conditions of contract are determined on the basis of the insured's health at the time when the insurance application is issued or submitted. The insurer will not reject an application for personal insurance on the grounds that an insured event has occurred or if the health of the person to be insured has deteriorated after the issue or submission of the application documents to the insurer.

3.3 Insurance contract validity under non-life insurance

(Section 16)

After the end of the first insurance period, an insurance contract will remain in force one agreed insurance period at a time, unless the policyholder or the insurer cancels the contract. Insurance contracts can also end for the other reasons mentioned in Sections 4.2 and 15 below.

A fixed-period insurance contract will be in force for the agreed time period.

3.4 Insurance contract validity under personal insurance

(Section 17a)

After the end of the first premium period, an insurance contract will remain in force one agreed premium period at a time, unless the policyholder or the insurer cancels the contract. Where the premium period is shorter than one year or if it has not been agreed, the insurer has the right to cancel insurance to end only at the end of the calendar year. Insurance contracts can also end for the other reasons mentioned in Sections 4.2 and 15 below.

However, insurance will never end later than when the policy term shown in the insurance policy ends.

A fixed-period insurance contract will be in force for the agreed time period.

4 Premium

4.1 Payment of premium

(Section 38)

The premium must be paid within one month of the insurer sending the policyholder an invoice that concerns the premium. However, the first premium need not be paid before the commencement of the insurer's liability, and it is not necessary to pay any subsequent premiums before the commencement of the agreed premium period or insurance period. If the insurer's liability in some respects commences later, the associated premium need not be paid before liability commences.

Several insurances granted by the same insurer or by different insurers, together with the related invoices, can be combined into a single contract or invoice. In that case, the combined premiums will be invoiced on an aggregate basis in one or several instalments as set out in the contract.

Where a payment made by the policyholder is insufficient to cover the insurance companies' all premium receivables, the policyholder is entitled to instruct what premium receivables the payment is to settle. The policyholder's payment will primarily be allocated, in accordance with the reference number of the invoice paid, to the smallest premium charged, unless the policyholder specifically instructs otherwise in writing when making the payment.

4.2 Delayed payment of the premium

(Section 39)

Where the policyholder fails to pay the premium within the time limit set out in Section 4.1 above, the insurer has the right to cancel insurance to end 14 days after notification of cancellation. However, if the policyholder pays the premium before the end of the notice period, insurance will not end upon the expiry of the notice period.

Where failure to pay a premium is due to financial difficulties encountered by the policyholder as a result of an illness, unemployment or some other particular circumstances primarily without any fault on the policyholder's part, insurance will end, cancellation notwithstanding, only 14 days after the cessation of the impeding circumstance. However, insurance will end not later than three months after the expiry of the notice period. The notice of cancellation must include a mention of this option to continue the validity of insurance for a fixed period.

If, in addition to the premium of a voluntary insurance, the same invoice also includes the premium for statutory motor liability insurance, they are receivables that arise from different criteria. In case of non-payment of the full premium, the receivables are differentiated, and the premium for statutory motor liability insurance is recovered separately in accordance with the provisions governing it.

Where the premium is not paid within the time period set out in Section 4.1 above, interest for late payment under the Interest Act must be paid for the period of delay. Specific handling fees will be charged for the submission of any payment reminders for delayed premiums.

4.3 Payment of delayed non-life insurance premium

(Section 42)

Where non-life insurance has ended due to non-payment of the premium, insurance will re-enter into force if the policyholder pays the full defaulted premium before the insurance period originally agreed ends. The same applies to situations where the commencement of the insurer's liability is conditional on the payment of the first premium but it is paid late.

If insurance re-enters into force, the insurer's liability will commence from the day following the payment of the premium.

However, non-life insurance will not re-enter into force if the insurer within 14 days from the payment of the premium informs the policyholder that it refuses to accept the payment.

4.4 Payment of delayed personal insurance premium

(Sections 39 and 43)

Where personal insurance has ended due to non-payment of a premium other than the first premium, insurance will re-enter into force if the policyholder pays the defaulted premium within six months from the termination of insurance. Where more than six months have elapsed from the termination of personal insurance or where insurance ended due to non-payment of the first premium, the insurer will decide whether and on what terms insurance can be resumed.

If insurance re-enters into force, the insurer's liability will commence from the day following the payment of the premium.

4.5 Repayment of premium upon contract termination

(Section 45)

Where insurance ends earlier than what was agreed, the insurer is entitled to a premium only in respect of the time period for which its liability was in force. The insurer is to repay the policyholder the portion of the paid premium that reflects the remainder of the insurance period. However, the insurer has the right to charge a minimum fee of €20 or another minimum fee set out in the insurance class-specific product terms and conditions.

No premium will be repaid if there is any unfair practice in the situations defined in Sections 2.2 or 2.3 or if the premium to be repaid is less than €8.

4.6 Setoff from premium to be repaid

The insurer can deduct from a premium to be repaid any defaulted overdue premiums and the insurer's other overdue uncontested receivables in respect of all insurers that can be included as insurers in the same contract or in the same invoice.

5 Disclosure of information during contract validity

5.1 Insurer's duty of disclosure

(Sections 6, 7 and 9)

Following the conclusion of an insurance contract, the insurer will provide the policyholder with an insurance policy and the insurance terms and conditions.

During the validity of insurance, on an annual basis, the insurer will submit to the policyholder an indication of the sum insured as well as the other details that are clearly of relevance for the policyholder (insurance policy).

In the event that the insurer or its representative during the validity of insurance provides any incomplete, incorrect or misleading information on the insurance, the insurance contract is deemed to be in force in the form the policyholder was, on the basis of the information provided to it, justified to understand it to comprise if such incomplete, incorrect or misleading information can be deemed to have influenced the policyholder's conduct. However, this will not apply to information that the insurer or its representative, following an insured event, provides on any future indemnification.

5.2 Policyholder's general duty of disclosure

The policyholder is required to declare any changes taking place in the information declared when arranging insurance and in the information shown in the insurance policy. Changes must be declared as soon as possible, however not later than one month after reception of the insurance policy that follows the change.

5.3 Policyholder's duty of disclosure concerning increased risk under non-life insurance

(Sections 26 and 34)

The policyholder is required to declare to the insurer any changes taking place during the insurance period in the circumstances declared when concluding the insurance contract or in the circumstances shown in the insurance policy which materially increase risk and which the insurer cannot be considered to have taken into account when concluding the contract. The matters that the policyholder must declare include all repairs, modifications and extensions that affect the subject matter of insurance and any change in the designated function of the subject matter of insurance. The policyholder is required to declare such changes to the insurer not later than one month after reception of the insurance policy that follows the change. The insurer will remind the policyholder of this duty of disclosure in the insurance policy.

Where the policyholder intentionally or through negligence which cannot be considered slight fails to declare any increased risk, compensation can be reduced or it may be refused. When considering whether to reduce or refuse compensation, account will be taken of how the circumstance that increased risk contributed to the loss that has occurred. The other aspects that will be considered include any possible intent, or the nature of any negligence, by the policyholder as well as the circumstances in general.

If, following the provision of incorrect or incomplete information by the policyholder or by the insured, the premium was agreed to be lower than it would have been had the true and complete information been provided, compensation will be reduced with due consideration of the proportion of the agreed premium to the premium that would have been charged had the information been true and complete. However, a minor deviation in the premiums does not justify any reduction of compensation.

5.4 Policyholder's duty of disclosure concerning increased risk under personal insurance

(Sections 24 and 27)

The policyholder is required to declare any changes taking place in the risk-increasing circumstances that were declared to the insurer when concluding the insurance contract and that are relevant for assessing the insurer's liability. Such changes include changes in the insured's profession, residence and sport or other hobbies; terminated membership of a declared association or community; termination of statutory accident insurance or some other insurance cover; retirement; permanent move abroad; and a stay of more than six (6) months abroad. Changes in health need not be declared. The policyholder is required to declare such changes to the insurer not later than one month after reception of the insurance policy that follows the change. The insurer will remind the policyholder of this duty of disclosure in the insurance policy.

Where the policyholder intentionally or through negligence which cannot be considered slight fails to declare the above increased risk and had the insurer, owing to the changed circumstance, not kept insurance in force any longer, the insurer is discharged from liability. If, however, the insurer had continued insurance but only against a higher premium or otherwise on terms different than what was agreed, the insurer's liability is limited to the amount that reflects the premium or the terms on which insurance would have been continued.

If the above consequences of failure to comply with the duty of disclosure will cause the policyholder or another party entitled to insurance compensation clear disproportionate hardship, they can be reconciled.

6 Duty to prevent and limit losses under non-life insurance

6.1 Duty to comply with non-life insurance safety regulations

(Sections 31 and 34)

The insured is required comply with the safety regulations provided in the insurance policy, in the insurance terms and conditions or otherwise in writing. Where the insured intentionally or through negligence which cannot be considered slight neglects the duty to comply with the safety regulations, any compensation due to the insured can be reduced or it may be refused. When considering whether compensation should be reduced or refused, account will be taken of how non-compliance with the relevant safety regulation contributed to the loss. The other aspects that need to be considered include any possible intent, or the nature of any negligence, by the insured as well as the circumstances in general.

6.2 Duty to prevent and limit losses under non-life insurance (duty of salvage)

(Sections 32, 34 and 61)

Where an insured event occurs or is imminent, the insured is required to prevent or limit losses to the best of his or her ability.

If loss is caused by a third party, the insured must take the necessary measures to retain the insurer's right vis-à-vis the party responsible for the loss. For example, the insured must strive to establish the identity of the party responsible for the loss. If loss is caused through a criminal offence, the insured must without undue delay report this to the police authorities and bring criminal proceedings against the perpetrators of the offence, where the insurer's interests so require. The insured must in all respects comply with the instructions issued by the insurer to prevent and limit losses.

The insurer will reimburse the reasonable costs of fulfilling the above duty of salvage, even if the sum insured were thus exceeded.

If the insured intentionally or through negligence which cannot be considered slight fails to comply with the above duty of salvage, any compensation due to the insured can be reduced or it may be refused.

When considering whether compensation should be reduced or refused, account will be taken of how the failure to comply contributed to the loss. The other aspects that need to be considered include any possible intent, or the nature of any negligence, by the insured as well as the circumstances in general.

6.3 Failure to comply with safety regulations and duty of salvage under liability insurance

(Sections 31 and 32)

Under liability insurance, compensation will not be reduced or refused on account of the insured's negligence.

However, where the insured intentionally or through gross negligence fails to comply with the safety regulations or with his or her duty of salvage, or if the insured's consumption of alcohol or drugs contributes to this failure, compensation can be reduced or it may be refused.

Where the insured through gross negligence fails to comply with the safety regulations or with his or her duty of salvage or if the insured's consumption of alcohol or drugs contributes to this failure, the insurer will under liability insurance nevertheless pay the injured party (natural person) the portion of the compensation which the injured party fails to claim by reason of the insured's insolvency that is established in the course of enforcement or bankruptcy proceedings.

7 Causing an insured event

7.1 Non-life insurance

(Sections 30 and 34)

The insurer is discharged from liability towards any insured who causes an insured event intentionally.

Where the insured causes an insured event through gross negligence or if the insured's consumption of alcohol or drugs contributes to an insured event, any compensation due to the insured can be reduced or it may be refused. When considering whether to reduce or refuse compensation, account will be taken of how the insured person's act contributed to the loss. The other aspects that will be considered include any possible intent, or the nature of any negligence, by the insured person as well as the circumstances in general.

Liability insurance

(only concerns insurance contracts that include liability insurance)

Where the insured causes an insured event through gross negligence or if the insured's consumption of alcohol or drugs contributes to an insured event, the insurer will under liability insurance nevertheless pay the injured party (natural person) the portion of the compensation which the injured party fails to claim by reason of the insured's insolvency that is established in the course of enforcement or bankruptcy proceedings.

7.2 Personal insurance

7.2.1 Insured event caused by the insured

(Section 28)

The insurer is discharged from liability towards any insured who intentionally causes an insured event.

Where the insured causes an insured event through gross negligence, the insurer's liability can be reduced with due consideration of the circumstances.

7.2.2 Insured event caused by party entitled to insurance compensation

(Section 29)

Where a person entitled to insurance compensation other than the insured intentionally causes an insured event, the insurer is discharged from liability towards that person.

Anyone who causes an insured event through gross negligence or who because of their age or mental state cannot be convicted of an offence can be entitled to full or partial insurance compensation only if this is considered reasonable in view of the circumstances under which the insured event was caused.

If the insured has died, the other parties entitled to compensation will be paid the portion of the insurance compensation that is not paid to the person(s) responsible for the insured event.

8 Identification with another person under non-life insurance

(Section 33)

The term 'identification' means application of the provisions that govern the insured to another person who is comparable to the insured.

With regard to causing an insured event and regarding compliance with the safety regulations and the duty of salvage, the provisions set out above that concern the insured also apply accordingly to anyone who:

1. with the insured's consent is responsible for an insured motorised or towable vehicle, vessel or aircraft;
2. owns the insured property together with the insured and uses it together with the insured; or
3. lives in the same household with the insured and uses the insured property together with the insured.

With regard to compliance with the safety regulations, the provisions set out above that concern the insured also apply accordingly to anyone who, on the basis of an employment relationship or a service relationship with the policyholder, is responsible for ensuring compliance with the safety regulations.

9 Insanity and necessity

9.1 Non-life insurance

(Section 36)

The insurer will not invoke Sections 6 and 7 above to avoid or reduce liability if, when the insured causes an insured event or fails to comply with the safety

regulations or with the duty of salvage, the insured is younger than 12 years old or in such a mental state that the insured cannot be convicted of an offence. The insurer will not invoke Sections 5.3, 6 and 7 to avoid or reduce liability if, when the insured causes any increased risk or an insured event or fails to comply with the non-life insurance safety regulations or with the duty of salvage, the insured acted to prevent a bodily injury or property damage under circumstances where the failure or the act was defensible. What is provided in this paragraph on the insured also applies to anyone who can be identified with the insured as set out in Section 8.

9.2 Personal insurance

(Section 36)

The insurer will not invoke Section 7 above to avoid or reduce liability if, when the insured causes an insured event, the insured is younger than 12 years old or in such a mental state that the insured cannot be convicted of an offence. The insurer will not invoke Sections 5.4 and 7 to avoid or reduce liability if, when the insured causes any increased risk or an insured event, the insured acted to prevent a bodily injury or property damage under circumstances where the failure or the act would be defensible.

10 Indemnification procedure

10.1 Claimant's obligations

(Sections 32, 69 and 72)

The claimant must provide the insurer with all documents and information that are necessary to assess the insurer's liability. These include the documents and information that can be used to establish whether an insured event has taken place, how extensive the resulting loss is, and to whom any possible compensation should be paid. Claimants are liable, at their own cost, to acquire the documents which they can best access, however also taking into account the insurer's opportunities to acquire such documents.

The insurer will not be liable to pay any compensation before it receives the foregoing documents. If, after an insured event, the claimant in bad faith provides the insurer with any incorrect or incomplete information that has a bearing on the assessment of the insurer's liability, compensation can be reduced or it may be refused, with due consideration of the circumstances.

As far as possible, the insured is required to participate in the investigation of the loss and to contribute to the establishment of the actual cause of the loss and the agent that caused it. The insured must not, by leaving the scene of the incident, by consuming any alcohol or drugs after the incident, or in any other way, hamper the investigation of the loss.

The insurer must be afforded an opportunity to inspect the damaged property before any measures are taken to repair or dispose of it.

10.2 Limitation of claim for damages

(Section 73)

Insurance compensation must be claimed from the insurer within one year of the claimant becoming aware of the validity of insurance, of the insured event concerned and of the loss, damage or injury that derives from the insured event.

In any case claims must be presented within 10 years of the insured event in question or, if the insurance was taken out against bodily injuries or against liability for damages, within 10 years of the date when the loss, damage or injury occurred. Filing a report on an insured event is considered equivalent to presenting a claim. If no claim is presented within this time period, the claimant will forfeit their entitlement to compensation.

10.3 Insurer's obligations

(Sections 7, 9, 68 and 70)

After an insured event has occurred, the insurer will provide the claimant, including the insured, the beneficiary and, in the situations defined in Section 16.4, the party who has suffered liability insurance loss, with information on the content of the insurance and on recourse. The preliminary information that may be provided to the claimant on compensation to be paid, on the amount of compensation or on the way that compensation will be rendered will have no impact on the liability for damages under the insurance contract.

Expediently and not later than 30 days after reception of the documents and information that are necessary to establish its liability, the insurer will pay the compensation determined in the insurance contract that is due for the insured event in question or will notify that no compensation is payable. Where the amount of compensation is contested, the insurer will nevertheless pay the uncontested portion of the compensation within the time period shown above. On any delayed compensation, the insurer will pay interest for late payment as provided for in the Interest Act (633/1982).

On a claim settlement decision that concerns liability insurance, the insurer will also forward the information to the injured party.

The insurer will notify the guardianship authority of the home municipality of a person who lacks legal capacity of any insurance compensation other than reimbursement of expenses or compensation for loss of assets payable to that legally incompetent person if the total amount of compensation is higher than €1,000.

10.4 Set-off of premium and other receivables

Any defaulted overdue premiums and the insurer's other overdue uncontested receivables in respect of all insurers that can be included as insurers in the same contract or in the same invoice, can be deducted from the compensation payable.

11 Insurance compensation under non-life insurance

11.1 Overinsurance, and prohibition on enrichment

(Section 57)

Property or a benefit is considered overinsured if the sum insured shown in the insurance contract is significantly greater than the real value of the property or benefit insured. Following an insured event that affects any overinsured property or benefit, the indemnification provided by the insurer will be limited to the amount needed to cover the loss.

11.2 Underinsurance

(Section 58)

Property or a benefit is considered underinsured if the sum insured shown in the insurance contract is significantly smaller than the real value of the property or benefit insured.

Following an insured event that affects any underinsured property or benefit, the indemnification provided by the insurer is limited to the proportion of the loss that reflects the ratio of the sum insured to the value of the insured property or benefit.

12 Appeal against insurer's decision

(Section 8)

Policyholders and claimants have various means at their disposal to seek remedy against the insurer's decisions. They can contact whoever was responsible for examining their claim at the insurer or seek remedy with the insurer's Customer Conciliation Office, ask for advice and assistance from the Finnish Financial Ombudsman Bureau FINE or request a dispute settlement recommendation from FINE or the Consumer Disputes Board. Additionally, they have the right to bring legal action against the insurer. Examination of their case by FINE or the Consumer Disputes Board does not constitute a bar to bringing an action. However, these bodies of appeal will not examine any cases tried by or pending at the courts.

12.1 Application for revision and Customer Conciliation Office

Where the policyholder or the claimant has reason to suspect that the insurer's decision contains an error, they have the right to be informed in more detail of the line of reasoning underlying the decision. The insurer will revise the decision if it proves to be incorrect.

If the issue remains unresolved despite applying for revision, the customer can approach the Customer Conciliation Office. The Customer Conciliation Office is LocalTapiola's own channel for redress that examines issues that relate to voluntary non-life insurance, life insurance and investment services. The Customer Conciliation Office examines the written appeals addressed to it not pending at other bodies of appeal. An appeal must be lodged within three months of the customer receiving a written decision.

12.2 FINE and the Consumer Disputes Board

If the policyholder or the claimant is not satisfied with the insurer's decision, they can seek advice and assistance from the Finnish Financial Ombudsman Bureau FINE. FINE is a neutral body tasked with providing advice to consumers about banking, insurance and securities.

FINE and the Insurance Complaints Board also issue dispute settlement recommendations in disputes that concern the interpretation and application of the law and the insurance terms and conditions in an insurance relationship. Additionally, dispute settlement recommendations may be requested from the Consumer Disputes Board, which issues statements for consumers only.

All advisory services and dispute settlement recommendations are free of charge.

12.3 District Court

(Section 74)

If the policyholder or the claimant is not satisfied with the insurer's decision, they can bring action against the insurer. Action must be brought at the district court of the domicile in Finland of the party concerned, at the district court of the insurer's domicile, or at the district court of the location where the loss occurred, subject to the international conventions binding on Finland.

Legal action following the insurer's decision must be brought within three years of the party concerned being informed in writing of the insurer's decision and of this deadline. After the expiry of this time period, the right to bring action is extinguished.

If the case is examined by a Board, the time limit for the right to bring action is interrupted.

12.4 Average Adjuster's indemnity adjustment (applies to boat insurance)

Where the policyholder or the insured is not satisfied with the insurer's decision, in disputes that concern boat insurance, they can request an indemnity adjustment from the Average Adjuster.

The Average Adjuster also issues statements in boat insurance matters at the request of policyholders, insureds and insurers (Maritime Act, 674/1994).

13 Insurer's right of subrogation

13.1 Insurer's right of subrogation against third party

(Section 75)

The insured's right to damages from a third party who is responsible for loss, damage or injury will transfer to the insurer up to the compensation that the insurer pays. With regard to personal insurance, the insurer can invoke the right of subrogation to only claim the costs arising from illnesses, diseases and accidents and to claim loss of assets.

Where loss is caused by a third person in the capacity of a private individual, an employer, a public official or some other person comparable to them under Section 1 of Chapter 3 of the Tort Liability Act, the

insurer's right of subrogation against that person arises only if he or she causes the insured event intentionally or through gross negligence or if he or she is held liable for compensation regardless of his or her negligence.

The insurer also has the right to claim the amount of indemnity from a third person where that person causes an insured event when operating a vehicle in such a condition that their blood alcohol content during or after driving is equal to or greater than 1.2 g per mille or if their breath alcohol concentration is equal to or greater than 0.53 mg/l, or their ability to perform as required by the task is considerably hampered by an intoxicant other than alcohol or by a combination of such substances and alcohol.

13.2 Insurer's right of subrogation against policyholder, insured or anyone identified with insured under non-life insurance

(Section 75)

The insurer is allowed to reclaim any compensation it has paid to an insured defined in Section 16.1, or a portion of such compensation, from the policyholder, the insured or anyone identified with the insured in the manner set out in Section 8 who causes an insured event (Section 7) or fails to comply with any of the duties shown below:

- 2.2 (duty of disclosure before concluding an insurance contract);
- 5.3 (duty of disclosure concerning increased risk);
- 6.1 (duty to comply with the safety regulations);
- 6.2 (duty to prevent and limit losses).

The insurer may invoke the right of subrogation to claim the full compensation paid if the insurer were, based on the criteria defined in Sections 2.2, 5.3, 6 and 7, discharged from liability or entitled to refuse compensation. Had compensation been reduced in accordance with the sections mentioned above, the insurer is allowed to reclaim the portion of the compensation that reflects this reduction.

14 Amendment of insurance contract

14.1 Amendment of non-life insurance terms and conditions during insurance period

(Section 18)

The insurer has the right during an insurance period to adjust the premium and to amend the other terms and conditions of contract to reflect the new circumstances whenever:

1. the policyholder or the insured fails to fulfil their duty of disclosure laid down in Section 2.2; or
2. the factors reported by the policyholder or the insured to the insurer when concluding the contract, or the circumstances shown in the insurance policy, are affected during an insurance period by any of the changes defined in Section 5.3.

Having become aware of the above, the insurer will without undue delay send a notice indicating how and from what date the premium will be adjusted or the other terms and conditions of contract will be amended. This notification makes a mention of the policyholder's right to cancel insurance.

14.2 Amendment of personal insurance terms and conditions during insurance period

(Section 20)

The insurer has the right during an insurance period to adjust the premium and to amend the other terms and conditions of contract to reflect the true or changed circumstances whenever:

1. the policyholder or the insured intentionally or through negligence which cannot be considered slight fails to fulfil their duty of disclosure laid down in Section 2.3, and if the insurer had issued insurance in any case but only against a higher premium or otherwise on terms different than what was agreed had the true and complete information been provided;
2. the policyholder or the insured has acted in bad faith in fulfilling their duty of disclosure set out in Section 2.3 and, regardless of this and owing to reconciliation of the consequences of the failure, the insurer is bound by the insurance on the basis of Section 2.3; or
3. the factors reported by the policyholder or the insured to the insurer when concluding the contract are affected during an insurance period by any of the changes defined in Section 5.4 and if the insurer had granted insurance only against a higher premium or otherwise on terms different from what was agreed had the insured-related factor reflected the change already when insurance was granted.

Having become aware of the above, the insurer will without undue delay send the policyholder a notice concerning adjustment of the premium or amendment of the terms and conditions. This notification makes a mention of the policyholder's right to cancel insurance.

14.3 Amendment of terms and conditions of contract upon new insurance period

14.3.1 Notification mechanism

(Sections 19 and 20a)

Upon a new insurance period, the insurer has the right to amend the insurance terms and conditions and the other terms and conditions of contract and to adjust the premium and the deductible whenever this is based on any of the following factors:

- new or amended legislation or regulation issued by a public authority;
- evolution of case-law;
- an unforeseeable development in the circumstances such as an international crisis, an exceptional natural event, a catastrophe;
- an unforeseeable development in the circumstances that requires that measures be taken in order to maintain the company's solvency position to safeguard the insureds' interests;
- amendment of the terms and conditions of contract of the insurer's reinsurance cover;
- developments in the insurance administration and management expenses;
- development of claims expenditure, or development of the ratio of the premiums to the insurance claims paid;

- changes in the claims history or in claims development.

Premiums can be determined to vary from one policyholder group to another by employing various damage risk- and cost-reflective criteria under which the premiums are assessed. These criteria and premiums can be adjusted based on the relevant statistical material on insurances and claims to reflect the damage risk and the costs.

The insurance terms and conditions or the premiums may also change upon a new insurance period according to the criteria agreed in the insurance terms and conditions or in the insurance contract. Examples of these criteria can include the following: changes in the insured's or the policyholder's age or residence, or in the age or residence of the insured subject matter's owner or holder; the insured subject matter's changed characteristics or changed insured location; a change in the index determined in the policy document or in the insurance terms and conditions; or if the insured no longer meets the criteria for applying the relevant special condition or benefiting from the discount that were agreed when the insurance was taken out.

Additionally, sums insured can be adjusted upon a new insurance period according to the criteria agreed in the insurance terms and conditions or in the insurance contract. Such criteria can include changes in the insured's or the insured subject matter's age or a change in an index set out in the insurance policy or in the insurance terms and conditions.

With regard to personal insurance, it is not possible to amend or adjust the insurance terms and conditions, premiums, deductibles and other terms and conditions of contract on account of the insured person's health deteriorating after insurance is taken out or owing to the occurrence of an insured event that relates to that insurance.

The insurer has the right to introduce into the insurance terms and conditions minor changes that have no impact on the key content of insurance contracts.

In addition, the premiums may change when there are changes in the bonus rules, loyal customer rules, prime customer rules or other equivalent rules that apply to the policy. The premium is also affected by other possible customer benefits and discounts, the level, grant criteria, duration and validity of which can change.

Whenever the insurer amends an insurance contract in a manner described in Section 14.3.1, in connection with the invoice regarding the premium, the insurer will send the policyholder a notification of how the premium is adjusted or how the other terms and conditions of contract are amended. This notification makes a mention of the policyholder's right to cancel insurance. In non-life insurance, such amendments and adjustments become effective from the start of the insurance period which next follows in one month of submitting the notification. In personal insurance, amendments and adjustments become effective from the start of the premium period (or where the premium period is shorter than one year or if it has not been agreed, from the start of the calendar year) which next follows in one month of submitting the notification.

14.3.2 Changes requiring cancellation of insurance

Where the insurer makes changes to the insurance terms and conditions, the premiums or the other terms and conditions of contract in other instances than those shown under Section 14.3.1, or removes from the insurance a heavily marketed benefit, the insurer is required to cancel the insurance to end at the end of the insurance period. Cancellation must be made in writing not later than one month before the end of the insurance period in question.

In the event that the insurer makes to the insurance terms and conditions changes that require cancellation, cancels the insurance and offers the policyholder a new insurance to replace the cancelled insurance on terms that are different from the previous insurance, continuation of the insurer's liability is conditional on the policyholder accepting the offer by paying the first premium of the new insurance.

15 Expiry of insurance contract

15.1 Policyholder's right to cancel insurance

(Section 12)

The policyholder has the right at all times to cancel insurance to end during an insurance period. Any cancellation must be made in writing. All other cancellation is void. If the policyholder does not indicate when insurance is to end, insurance ends when the notification regarding cancellation is issued or submitted to the insurer.

However, the right of cancellation does not arise where the agreed period for which an insurance contract is in force is shorter than 30 days.

15.2 Insurer's right to cancel non-life insurance during insurance period

(Section 15)

The insurer has the right to cancel insurance to end during an insurance period if:

1. before insurance was granted, the policyholder or the insured provided any incorrect or incomplete information and if the insurer had not granted insurance had it been aware of the true circumstances;
2. the factors reported by the policyholder or the insured to the insurer when concluding the contract or the circumstances shown in the insurance policy are affected during an insurance period by a change that materially increases risk which the insurer cannot be considered to have taken into consideration when concluding the contract;
3. the insured intentionally or through gross negligence fails to comply with the safety regulations;
4. the insured intentionally or through gross negligence causes an insured event; or
5. after an insured event, the insured in bad faith provides the insurer with any false or incomplete information that has a bearing on the assessment of the insurer's liability.

The insurer will cancel an insurance contract in writing without undue delay once it becomes aware of a reason justifying cancellation. The reason for cancellation will be mentioned in the notification of cancellation. Insurance will end one month after the submission of the notification regarding cancellation.

The insurer's right to cancel non-life insurance on account of failure to pay the premium is determined in accordance with Section 4.2.

15.3 Insurer's right to cancel personal insurance during insurance period

(Section 17)

The insurer has the right to cancel insurance to end during an insurance period if:

1. the policyholder or the insured intentionally or through negligence which cannot be considered slight fails to fulfil their duty of disclosure within the meaning of Section 2.3 and if the insurer had not granted insurance at all had the true and complete answers been provided;
2. the policyholder or the insured has acted in bad faith in fulfilling their duty of disclosure set out in Section 2.3 and, regardless of this, the insurer is bound by the insurance contract on the basis of that Section;
3. the factors reported by the policyholder or the insured to the insurer when concluding the contract are affected during an insurance period by any of the changes defined in Section 5.4 and if the insurer had not granted insurance had the insured-related factor reflected the change already when insurance was granted;
4. the insured causes an insured event intentionally;
5. after an insured event, the insured in bad faith provides the insurer with any false or incomplete information that has a bearing on the assessment of the insurer's liability.

The insurer will cancel an insurance contract in writing without undue delay once it becomes aware of a reason justifying cancellation. The reason for cancellation will be mentioned in the notification of cancellation. Insurance will end within one month from the submission of the notification regarding cancellation.

The insurer's right to cancel personal insurance on account of failure to pay the premium is determined in accordance with Section 4.2.

15.4 Insurer's right to cancel non-life insurance at end of insurance period

(Section 16)

The insurer has the right to cancel insurance to end at the end of an insurance period. Cancellation must be made in writing not later than one month before the end of the insurance period in question. The reason for cancellation will be mentioned in the notification of cancellation.

15.5 Insurer's right to cancel personal insurance at end of premium period

(Section 17a)

The insurer has the right to cancel insurance to end at the end of a premium period. Where the premium period is shorter than one year or if it has not been agreed, the insurer correspondingly has the right to cancel insurance to end at the end of the calendar year. Cancellation must be made in writing not later than one month before the end of the premium period in question or, where the premium period has not been agreed, not later than one month before the end of the calendar year. The reason for cancellation will be mentioned in the notification of cancellation. However, insurance will not be cancelled on account of the insured's health deteriorating after insurance is taken out or owing to the occurrence of an insured event.

15.6 Change of ownership in non-life insurance

(Section 63)

A non-life insurance contract will end if the insured property, as a result of a legal act, transfers to a new owner other than the policyholder himself or herself or his or her estate. However, in the event that within 14 days of the transfer of ownership an insured event occurs, the new owner of the property is entitled to compensation if that new owner has not personally taken out insurance on the property.

Where any other insurances, such as liability, legal expenses or business interruption insurance, are linked to a policy of insurance of property, such insurance will end immediately upon the transfer of the property to the new owner.

16 Rights of third parties under non-life insurance

16.1 Other insureds for whose benefit insurance of property is in force

(Section 62)

Besides of what is otherwise prescribed on the insured in these insurance terms and conditions in the sections entitled 'Insureds', insurance of property is in force for the benefit of the owner, the party who purchased the property subject to a reservation-of-title provision, the pledgee and the lien holder as well as otherwise for the benefit of anyone to whom the risk for the property is attributable.

16.2 Insured's position after insured event

(Section 65)

Where an insured referred to in Section 16.1, before an insured event, was or should have been aware of the policyholder's or another insured's failure to comply with the duty of disclosure (Section 2.2) or failure to declare increased risk (Section 5.3), the insurer can reduce compensation or refuse it.

Each insured has entitlement to the compensation payable following an insured event. However, the policyholder is allowed, in a manner that is binding on the insured, to negotiate with the insurer and to collect compensation, except where the insured is referred to by name in the contract or if the insured declares to personally assert his or her right or if the matter concerns a mortgagee's right to compensation.

16.3 Priority to compensation

(Section 66)

Where insurance of property is in force for the benefit of someone who holds a lien on the property to secure a claim, that lien holder has priority entitlement to compensation over the owner, unless the owner remedies the loss or provides security to remedy the loss. This entitlement exists even where the claim is not due. What is provided herein is correspondingly in force for the benefit of anyone who has the right to retain property as security for an overdue claim. The owner has priority entitlement to compensation over anyone who has purchased the property subject to a reservation-of-title provision. Mortgagees' entitlement to compensation is governed by the provisions on mortgagees' entitlement to insurance compensation.

16.4 Injured party's entitlement to compensation under liability insurance

(Section 67)

In liability insurance, an injured party is entitled to claim the compensation set out in the insurance contract directly from the insurer if the insured is declared bankrupt or is otherwise insolvent.

In the event that the insurer is presented with a claim, the insurer will inform the insured of this without undue delay and will afford the insured an opportunity to provide further information on the insured event. Additionally, the insured will be notified of the subsequent examination of the matter. If the insurer accepts a claim made by the injured party, this acceptance will not be binding on the insured.

16.5 Injured party's right of redress under liability insurance

(Section 68)

Following the insurer's claim settlement decision, the injured party affected has the right to approach the insurer's Customer Conciliation Office, to submit the matter to the Finnish Financial Ombudsman Bureau FINE or to the Consumer Disputes Board, or to bring legal action against the insurer in accordance with Section 12.

17 Inflation protection

All sums insured, maximum amounts of compensation, premiums and deductibles are tied to an index if so indicated in the insurance class-specific product terms and conditions.

Compensation will be paid according to the sums insured, deductibles and maximum amounts of compensation in force at the moment when the insured event concerned occurs.

18 Embargo

Insurance is not in force insofar as an embargo or an economic blockade imposed under a declaration or a decision issued by the United Nations (UN), the European Union (EU) or the United States or pursuant to the laws of Finland limits insurance or the validity of insurance.

The insurer will not provide any insurance compensation if payment of compensation were in violation of any sanctions of an embargo or an economic blockade imposed under a declaration or a decision issued by the United Nations (UN), the European Union (EU) or the United States or pursuant to the laws of Finland.

19 Processing of personal data

LocalTapiola ensures the protection of our customers' privacy, and we process all personal data, in line with data protection legislation, insurance legislation, and good data management and data processing practice.

Personal data are processed in order to offer LocalTapiola's products and services and to take care of customer relationships. Data may also be used for purposes such as marketing to customers.

LocalTapiola utilises automated decision-making and profiling in tasks including the making of insurance decisions and claim settlement decisions and the targeting of marketing efforts. Every service making use of automated decision-making notifies of this in connection with that service.

Personal data are mainly obtained directly from customers, parties authorised by customers, public registers maintained by the authorities, and the credit register. Personal data are disclosed to third parties only with the customer's consent or under a legislative provision.

Into the insurance companies' common claims register, LocalTapiola registers data on the claims filed with us and in this connection checks what claims have been submitted to other insurance companies. The data in the claims register are used in claims handling to combat abuses targeting insurance companies. Into the insurance companies' common fraudulent claims register, LocalTapiola registers data on the criminal offences and the suspected criminal offences targeting the insurance activities in which LocalTapiola engages and checks the customer data available in the register. Data in the fraudulent claims register are used in claims handling and in the processing of insurance matters to combat crime targeting insurance companies.

Know Your Customer data and other personal data may be used in investigating, exposing and preventing money laundering and terrorist financing. In addition, data may be disclosed to the authorities to initiate investigations of money laundering and terrorist financing and of criminal offences committed to obtain any property or proceeds of crime subject to money laundering or terrorist financing.

LocalTapiola saves telephone calls and chat sessions with customers to verify that a call or a chat session has taken place and to ensure service quality.

Privacy statements have been compiled with respect to LocalTapiola's personal data files, providing information on the personal data processed in the data files, on the processing of these personal data, and on the data subject's rights. To read more about the privacy statements and how personal data are processed, visit LocalTapiola's website lahitapiola.fi/henkilotietojenkasittely. Privacy statements are also available upon request by mail or via an email to tietosuoja@lahitapiola.fi.

20 Digital services

The insurer has the right to forward all insurance related information electronically into the LocalTapiola online service and mobile service. This information includes the insurance terms and conditions, insurance documents, decisions, claim settlement decisions, invoices, messages, notifications, responses, amendments, adjustments, terminations and cancellations.

The policyholder has the right to be sent the above information by post within a reasonable time period after informing the insurer that the policyholder wishes to receive the information by post.

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.

