

# Rental return interruption insurance KE3

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## 1 Rental return interruption insurance

Rental return interruption insurance is designed to protect the results of the rental operations carried out by the policyholder.

Rental return interruption insurance provides cover for the loss caused by interruption of the insured rental operations and for the expenses paid to mitigate that loss, in accordance with the insurance contract concluded between LocalTapiola and the policyholder.

The rental return interruption insurance cover is determined by the policy document, the special conditions shown in the policy document, these Rental return interruption insurance terms and conditions, and LocalTapiola's General terms and conditions (YS15).

When taking out the policy or making changes to it, it may have been agreed that the cover included in the policy is more limited or more extensive than what is laid down in these terms and conditions. Any deviations are recorded in the policy document.

The insured rental operations, the subject matter of insurance, the sum insured, the liability period and the deductible are shown in the policy document.

## 2 Rental return interruption insurance terminology

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

### 2.1 Insured rental operations

Insured rental operations mean the economic activity, carried out by the policyholder and shown in the policy document, the results of which are covered against business interruption loss.

### 2.2 Business interruption loss

Business interruption loss means any reduced rental income that is due to interruption of the rental operations.

### 2.3 Liability period

Liability period is the longest uninterrupted period of time over which LocalTapiola covers business interruption loss. The liability period begins from the day on which the material damage that causes interruption of the rental operations occurs. The length of the liability period is shown in the policy document.

### 2.4 Technical interruption period

Technical interruption period means the uninterrupted period of time which begins on the day on which the material damage causing interruption of the rental operations occurs and which ends when the damaged property has been or could have been restored using efficient methods of repair or replacement.

### 2.5 Calculation period

Calculation period is the period of time for which the insured value of the subject matter of this interruption insurance is calculated. The length of the calculation period is:

- 12 months if the length of the liability period is equal to or shorter than 12 months;
- 24 months if the length of the liability period is longer than 12 months but not more than 24 months.

The calculation period begins at the start of the insurance period and ends after a period of time which is equal in length to the calculation period. If the business interruption loss and the liability period continue beyond the calculation period determined as set out above, the calculation period is taken to be the period which ends when the business interruption loss ceases to exist or when the liability period ceases to run, whichever is sooner, and which period precedes the date of cessation and measures a length of time that is equal to the calculation period.

### 2.6 Insured value

The insured value of the rental income from the insured rental operations is equal to the rental income in the calculation period at the level it would have been in the absence of the business interruption loss. The amount of business interruption loss and the amount of compensation are estimated based on the insured value.

### 2.7 Sum insured

Sum insured means the amount of money for which the subject matter of insurance is insured. The sum insured should be equivalent to the insured value of the rental income from the insured rental operations. The sum insured is shown in the policy document.

The sum insured is the basis on which the premium is calculated, and it represents the maximum amount of compensation, but it is not a basis on which the amount of loss is determined or assessed.

### 2.8 Deductible

Deductible is the proportion of loss shown in the policy document which remains the liability of the policyholder.

### 2.9 Under- and overinsurance

The insured rental income is underinsured if the sum insured is lower than the insured value of the insured subject matter. In the event of underinsurance, some of the risk remains the liability of the policyholder. The insured rental income is overinsured if the sum insured is higher than the insured value of the insured subject matter.

### 2.10 Area of cover

Rental return interruption insurance is in force at the addressed place of business shown in the policy document where the insured rental operations are carried out.

### 3 Subject matter of insurance

The subject matter of this insurance is the rental income from the rental operations carried out by the policyholder that are indicated in the policy document.

Rental income means the returns obtained from renting the policyholder-owned properties or apartments that are indicated in the policy document.

### 4 Perils insured under rental return interruption insurance

Rental return interruption insurance covers business interruption loss to the insured rental operations, when:

- the business interruption loss is a direct consequence of any material damage covered by the fire, natural phenomenon, leakage, property crime or breakage insurance laid down in LocalTapiola's property insurance terms and conditions (ES1); and
- the material damage occurs during the insurance period, and within the area of cover, of rental return interruption insurance; and
- the material damage occurs to property the policyholder uses in its rental operations which is not excluded from the scope of cover of LocalTapiola's property insurance terms and conditions (ES1).

### 5 Indemnification regulations for rental return interruption insurance

#### 5.1 Amount of loss

##### 5.1.1 Period over which business interruption loss is calculated (compensation period)

The amount of business interruption loss is calculated over the liability period, if:

- the property that suffered material damage has been repaired or it has been replaced with equivalent or similar property using efficient means of repair or replacement; and
- the insured rental operations are continued at the same place of business and in the same scope as before the loss.

The amount of business interruption loss is calculated over the technical interruption period, but in any case not longer than over the liability period, if:

- repairing or replacing the damaged property into its pre-damage level is delayed;
- the rental operations are not continued on the same rental premises;
- the rental operations are not continued in the same scope;
- the rental operations are discontinued.

##### 5.1.2 Calculating the amount of business interruption loss

The amount of loss is equal to the rental income lost over the liability period due to the loss that has occurred.

Furthermore, the amount of loss is calculated as including the financially justified additional expenses paid by the policyholder for any measures taken during the compensation period to avoid or mitigate the business interruption loss. A condition for cover is that the measure incurring the additional expense must reduce the business interruption loss otherwise caused as a result of the material damage by at least the amount of that expense during the compensation period.

If the measure incurring the additional expense continues to have a beneficial impact after expiry of the compensation period, cover only includes the amount proportionally used for mitigating the loss during the compensation period.

*The additional expenses paid to mitigate business interruption loss include additional expenses from overtime work, temporary installations, temporary premises, expediting of purchases and from other comparable measures.*

#### 5.2 Amount of compensation

The amount of compensation is calculated on the amount of loss, with consideration to the factors set out below. LocalTapiola's maximum compensation liability is limited to the sum insured shown in the policy document.

##### 5.2.1 Under- and overinsurance

If the rental income from rental operations is underinsured, the amount of loss is calculated as including only as high a portion 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. If the rental income from rental operations is overinsured, the actual amount of loss is the basis on which the amount of loss is calculated.

##### 5.2.2 Saved expenses

When calculating the amount of compensation, the expenses included in the rental operations which are saved during the liability period because it has not been necessary to pay them as a result of the material damage that has occurred, are subtracted from the amount of loss.

*Examples of the expenses that are saved when rental operations are interrupted include charges payable for heat, water, electricity, maintenance service and other similar charges.*

##### 5.2.3 Increased rental income in other rental operations

When calculating the amount of compensation, the following is subtracted from the amount of loss: any increased rental income by which the policyholder's rental income or the rental income of some other entity acting on the policyholder's behalf increases during the liability period as a result of the loss that has occurred.

##### 5.2.4 Compensation paid under other insurances

When calculating the amount of compensation, any rental income reimbursed under some other insurance is deducted from the amount of loss.

### 5.2.5 Deductible

For every instance of business interruption loss, the policyholder is liable for a separate deductible. The deductible, defined as number of days, begins from the moment when the liability period commences. When calculating the compensation that becomes payable, account is taken of any possible reductions (sections 5.2.1–5.2.4) that may apply, before finally deducting the deductible. In the event of underinsurance, the deductible is deducted already from the amount of loss.

### 5.2.6 Impact of a reduced material damage compensation amount on interruption compensation

If the compensation amount calculated under the property insurance terms and conditions is reduced for another reason than underinsurance, the deductible or any reductions that are based on the age of the property, LocalTapiola has the right to reduce the compensation amount payable for the business interruption loss on a commensurate basis.

### 5.2.7 Claim settlement costs

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

### 5.2.8 Neglected accounting

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

### 5.2.9 Claims caused by a terrorist act

The maximum cover for claims caused by a terrorist act is limited to €3,000,000 per claim and per insurance period. The maximum compensation amount of 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 a part of a people.

## 5.3 Other indemnification rules

### 5.3.1 Reporting of claims and the obligation to mitigate loss

Once loss has occurred, the policyholder is required to notify LocalTapiola of this without undue delay and to take measures, including any temporary measures that are necessary, to resume or maintain the insured rental operations in the same scope as before the loss. Before taking these measures, the policyholder should discuss them with LocalTapiola, where possible. LocalTapiola covers the expenses incurred by these measures in accordance with the criteria for reimbursing additional expenses of business interruption losses, which criteria are set out in the section 'Calculating the amount of business interruption loss'. However, LocalTapiola's maximum compensation liability in each case of loss is limited to the sum insured indicated in the insurance terms and conditions or the policy document.

The insured is required to comply with the safety regulations or other instructions provided in the policy document, the insurance terms and conditions or otherwise in writing that are designed to prevent or limit the occurrence of loss and damage which may result in the interruption of rental operations.

### 5.3.2 Claim settlement

The policyholder or the policyholder's representative is required to give any documents and information required to settle the claim that LocalTapiola requests and to assist LocalTapiola in the settling of the claim.

### 5.3.3 Obligation to disclose other policies covering the same risk

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

### 5.3.4 Post-loss premium

During the insurance period, the maximum compensation to which the premium entitles is limited to the sum insured shown in the policy document. For the period from the resumption of operations to the termination of the insurance period, LocalTapiola is entitled to a premium which corresponds to the amount of compensation. However, cover remains in force unchanged until the end of the insurance period if LocalTapiola does not notify of any additional premium or changes in conjunction with the claim settlement decision.

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

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

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

The companies' contact details are available at [www.lahitapiola.fi](http://www.lahitapiola.fi).

