Policy wording
Effective from 1 January 2012

Market garden business interruption insurance KE7

Contents

LOCALTAPIOLA

1 Business interruption insurance cover

The purpose of this insurance is to protect the results of the market garden business stated in the policy document that the policyholder carries on.

This business interruption insurance covers loss caused by interruption of the insured business. It also reimburses the expenses paid to mitigate the loss. The cover provided is in accordance with the contract (policy) of insurance concluded between LocalTapiola and the policyholder.

Your contract (policy) of insurance is made up of the policy document, the special conditions for each business interruption insurance that are stated in the policy document, this business interruption insurance policy wording, and LocalTapiola's General terms and conditions for corporate customers (YS15).

When taking out the policy of insurance or when making changes to it, it may have been agreed that the cover provided by the policy is more limited or more extensive than what is laid down in this policy wording. Any deviations are stated in the policy document.

The insured business, the territorial limits, the subject matter of insurance, the sum insured, the liability period and the deductible are set out in the policy document.

2 Terminology for market garden business interruption insurance

In addition to the following terminology, the terms and concepts defined in LocalTapiola's General terms and conditions for corporate customers (YS15) apply to all contracts of business interruption insurance.

2.1 Insured business

'Insured business' means the market garden business stated in the policy document that the policyholder carries on and the results of which are insured against business interruption loss.

The insured business does not include the market garden's open field plants or planter box plants, or any areas where they are cultivated.

2.2 Business interruption loss

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

2.3 Liability period

'Liability period' is the longest uninterrupted period of time over which LocalTapiola will cover business interruption loss. The liability period begins from the day of the property damage interrupting the insured business.

2.4 Technical interruption period

'Technical interruption period' means the uninterrupted period of time that begins from the time of the property damage interrupting the business and that ends when the property so damaged has been or could have been restored using efficient methods of repair, remediation or replacement.

2.5 Turnover

For the purposes of this insurance, 'turnover' means the income derived from the sale of the products of the insured business, from which income the following have been deducted: any discounts granted; value added tax; and the other direct tax on the volume of sales.

Turnover does not include any grants for the insured business, or any income recognised in the company's accounts under the item Other operating income, unless a specific entry on that has been made in the policy document.

2.6 Territorial limits of business interruption insurance

The cover provided by this insurance applies at the named and addressed place of business where the insured market garden business is carried on.

2.7 Calculation period

'Calculation period' is the period of time over which the insured value of the subject matter of business 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 from the start of the insurance period and ends after the duration of the calculation period. If the business interruption loss and the liability period continue beyond the calculation period as determined as set out above, the calculation period will be taken to be the time period which ends when the business interruption loss ceases to exist or when the liability period ceases to run, whichever is sooner, which time period precedes the date of the above cessation and the length of which time period is equal to the duration of the calculation period.

2.8 Insured value

'Insured value' is the value, for the calculation period, of the subject matter of insurance as it would have been in the absence of the business interruption loss.

The amount of business interruption loss and the amount of indemnity are estimated based on the insured value.

2.9 Sum insured

'Sum insured' means the amount of money for which the subject matter of insurance is insured. The sum insured is to be based on the insured value, for the calculation period, of the turnover of the subject matter of insurance. The sum insured may also be based on an agreed maximum indemnity amount if this is specifically agreed and indicated in the policy document. In that case, the sum insured does not need to be equivalent to the insured value of the subject matter of insurance.

2.10 Deductible

'Deductible' is the portion of loss stated in the policy document which remains the liability of the policyholder.

'Time-based deductible' means the company's days of operation.

2.11 Underinsurance and overinsurance

The insured business is underinsured if the sum insured is smaller 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 business is overinsured if the sum insured is greater than the insured value of the insured subject matter.

3 Subject matter of insurance

The subject matter of insurance is the turnover of the insured business over the calculation period.

Open field plants and planter box plants, and any turnover in respect of them, are not included in the subject matter of insurance.

4 Validity of business interruption insurance

The cover provided by business interruption insurance will be in force from the start of the insurance period stated in the policy document.

For business operations that are starting up, business interruption insurance cover will take effect when the business operations have been launched.

In respect of business interruption resulting from property damage to new acquisitions, the cover provided by this insurance will be in force only after the policyholder has notified and LocalTapiola has approved the acquisitions for inclusion in this contract of Business insurance.

5 Perils insured by business interruption insurance

5.1 Perils insured

Market garden business interruption insurance will cover business interruption loss to the insured business if:

- the business interruption loss is a direct consequence of property damage covered by the fire, natural phenomenon, leakage, property crime or breakage insurance outlined in LocalTapiola's property insurance policy wording (ES1); and
- the property damage occurs during the insurance period of market garden business interruption insurance, and in the territorial limits of market garden business interruption insurance stated in the policy document; and
- the property damage occurs to plants included in the insured business or to any assets that the policyholder uses in the insured business and that LocalTapiola has insured, provided that the plants or property are not excluded from the scope of cover of property insurance in the LocalTapiola property insurance policy wording (ES1).

In addition, this insurance provides cover for business interruption loss that is a direct consequence of:

- loss or damage caused to plants by gas released suddenly and unexpectedly from heaters or other equipment included in the insured business;
- loss or damage caused to plants by cold or heat, when the loss or damage is a direct consequence of interruption or disruption of the electricity distribution or operation of the alarm system of a greenhouse that is insured with LocalTapiola and used in the insured business;
- any other event set out in any of the special conditions that are linked to the contract of insurance.

5.2 Cover restrictions and exclusions

5.2.1 Power cut and electricity distribution disruption

This insurance does not cover loss or damage caused by:

- a power cut in the national grid;
- a disruption in the local electricity distribution network or at a local electricity utility.

5.2.2 Machine breakdown

On the basis of machine breakdown, business interruption loss to the insured business will be covered only if:

- the machine breaks down after it has been handed over or taken into use following an installation and test-run phase; and
- indemnity is paid for the machine breakdown after effecting the reductions determined under the breakage insurance clause of the LocalTapiola property insurance policy wording (ES1) that are based on the age of the damaged item of machinery or equipment.

5.2.3 Plant diseases and plant pests

This insurance does not cover any of the following:

- business interruption loss caused by plant diseases or by the activity of plant pests;
- prolongation of the period of loss due to a plant disease or plant pest that appears in connection with a covered business interruption loss.

5.2.4 Claim settlement costs

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

5.2.5 Delayed delivery, or cancellation of a deal

This insurance does not cover damages that are payable for delayed delivery or other similar sanctions that the insured or some other party is contractually or legally liable to pay.

5.2.6 Property damage to property

This insurance does not cover repair, remediation or replacement costs for damage caused to property, unless otherwise specified in a product-specific condition or a special condition.

5.2.7 Neglected accounting

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

5.2.8 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 indemnity amount of the 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.

6 Indemnification regulations for business interruption insurance

6.1 Amount of loss

6.1.1 Period over which business interruption loss is calculated (indemnity period)

The amount of business interruption loss will be calculated over the liability period if:

- the property suffering property damage has been repaired or it has been replaced with property of the like kind or quality using efficient methods of repair, remediation or replacement; and
- the insured business is continued at the same place of business and with the same scope as before the loss.

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

- the activities are continued at a different place of business;
- repairing or replacing the damaged property into its pre-damage state is delayed;
- the activities are not continued with the same scope;
- the activities are discontinued.

6.1.2 Calculating the amount of business interruption loss

The amount of loss is the turnover lost in the insured business over the indemnity period.

Furthermore, the amount of loss is calculated as including the financially justified additional expenses paid by the policyholder for any measures taken during the indemnity period to avoid or mitigate business interruption loss.

Indemnity is conditional on the measure which incurs the additional expense reducing the loss that the property damage would otherwise cause by at least the amount of that expense during the indemnity period.

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

The additional expenses paid to mitigate business interruption loss include the additional expenses for any temporary installations, temporary premises, expediting of purchases and other comparable measures. For overtime work related to repairing the property, the amount of loss only includes overtime pay and the associated employer contributions.

6.1.3 Differently calculated amount of business interruption loss

6.1.3.1 Amount of loss for destroyed computer data, files and software

If the business interruption loss results from destruction of computer data, files or software, then the business interruption loss will be covered for a maximum of 2 weeks from the moment at which the property damage occurs.

6.1.3.2 Amount of loss for damage to aged property

If the business interruption loss results from damage to any property with a current value of less than one half of its replacement value, and

- the damaged property cannot be repaired, or
- the damaged property cannot be replaced with property of the like kind, or
- the time it takes to obtain new property of the like kind is shorter than that for the damaged property of the like kind,

the maximum period over which the business interruption loss will be covered is limited to the time it would take to obtain new property of the like kind. In any case, this maximum period cannot be longer than the liability period.

6.2 Amount of indemnity

The amount of indemnity is calculated from the amount of loss, with consideration to the factors set out below. LocalTapiola's maximum liability is limited to the sum insured or a separate maximum indemnity amount stated in the policy document.

6.2.1 Underinsurance and overinsurance

If the sum insured is smaller than the insured value, the amount of loss will be calculated on the basis of the sum insured. In that case the insurance will indemnify only as great a portion of the amount of loss from which the deductible has been deducted first as is indicated by the ratio of the sum insured to the insured value.

Any additional expenses paid to mitigate the business interruption loss are covered in the proportion indicated by the ratio of the sum insured to the insured value.

If, in a policy that is based on a maximum indemnity amount, the reported turnover is smaller than the actual turnover, the amount of loss will be calculated as including as great a portion of the amount of loss from which the deductible has been deducted first as is indicated by the ratio of the reported turnover to the actual turnover.

If the sum insured is greater than the insured value, the amount of loss will be calculated on the basis of the insured value.

6.2.2 Saved expenses

When calculating the amount of indemnity, we will deduct from the amount of loss the expenses included in the sum insured that have been saved during the liability period because, following the property damage that has occurred, they did not need to be paid.

The expenses that may be saved when business is interrupted include personnel costs, rental expenses and marketing costs, and expenses for obtaining, cultivating and growing plants or cultivations.

6.2.3 Increase of turnover in other business operations

When calculating the amount of indemnity, we will deduct from the amount of loss any increase in turnover by which the turnover for the policyholder's business operations or for the business operations of another entity acting on the policyholder's behalf increases during the liability period as a result of the loss that has occurred.

6.2.4 Indemnity obtained from elsewhere

When calculating the amount of indemnity, we will deduct from the amount of loss any indemnity that has been obtained from another insurance on the basis of the loss that has occurred.

If the market garden support is included in the turnover reported in the financial statements, it will be taken into account when calculating the amount of indemnity.

Expenses covered by property insurance include the salaries and wages of the policyholder's own personnel that are reimbursed by fire insurance on the basis of clearance work undertaken in conjunction with damage caused by fire.

6.2.5 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 indemnity sum, any possible reductions (sections 6.2.1–6.2.4) will be taken into account, before finally deducting the deductible.

6.2.6 Reduced property damage indemnity amount

If the indemnity amount as calculated under the property insurance policy wording has been reduced for any other reason than underinsurance, the deductible or the reductions that are based on property age, LocalTapiola will have a right to proportionately reduce the indemnity amount payable for the business interruption loss.

If the property damage indemnity amount has been reduced for reasons such as failure to comply with the safety regulations, LocalTapiola will have a right to proportionately reduce the indemnity amount payable for the business interruption loss.

6.3 Other indemnification rules

6.3.1 Reporting of claims, and the obligation to mitigate loss

Once loss or damage 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 business in the same scope as before the loss or damage.

LocalTapiola will cover the expenses arising from these measures in accordance with the criteria for reimbursing business interruption mitigation expenses. These criteria are set out in the section 'Calculating the amount of business interruption loss'. However, LocalTapiola's maximum liability in each insured event is limited to the sum insured stated in the policy wording or the policy document.

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

The insured is required to comply with the safety regulations or other instructions for preventing or restricting the occurrence of loss or damage that are provided in the policy document, the policy wording or otherwise in writing.

As far as possible, the policyholder is required to curb the wage costs for the period of loss by assigning workforce to other duties, including outside the insured business.

As far as possible, the policyholder is also required to assign its own workforce to undertake repair and clearance of the damaged property, with consideration to the suitability of the workers in question for such work.

6.3.2 Claim settlement

The policyholder or the policyholder's representative is required to give such documents and information as may be requested by LocalTapiola that are necessary for claim settlement, and to assist LocalTapiola in the settling of the claim.

6.3.3 Other insurances covering the same risk

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

6.3.4 Post-loss premium

During the insurance period, the maximum indemnity to which the premium entitles is limited to the sum insured stated in the policy document. For the period from the resumption of business to the termination of the insurance period, LocalTapiola is entitled to a premium calculated on the basis of the amount of indemnity.

However, the insurance will continue 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.

7 Safety regulations

7.1 Binding nature and purpose of the safety regulations

The indemnity as specified in the policy wording is conditional on the policyholder's compliance with this safety regulation and the written safety regulations and orders that LocalTapiola issues separately. In the event of failure to comply with the safety regulation, and when this failure contributes to the loss or the amount or the scope of loss, under the Insurance Contracts Act and the General terms and conditions, the indemnity can be reduced or it may be refused.

Compliance with the safety regulations serves to prevent loss and damage and to reduce the amount of loss caused.

7.2 On-call arrangement, and spare parts

During the growing season, there must be an on-call arrangement in place that is adequate in the circumstances, enabling immediate rescue measures in the event of danger.

The place of business where the insured business is carried on must have available ordinary backup equipment and spare parts, and a reasonable quantity of repair and protection material.

7.3 Automatic alarm devices

The operation of operating equipment must be ensured by means of alarm devices that indicate malfunctions and failures to a permanently-manned place. Indicators must be installed at least on the following operational devices and targets that indicate any failure or changes which deviate from the set thresholds:

- burner failure or fuel feed failure;
- boiler water over- and undertemperature;
- greenhouse over- and undertemperature;
- chilling facility over- and undertemperature.

The alarm devices must be installed in compliance with the manufacturer's instructions. Functionality of the alarm devices and of the alarm transfer must be checked on a daily basis.

7.4 Reserve power units

Reserve power units must be dimensioned in such a way that they satisfy the energy needs of the normal operation mode.

In the event of a power cut, malfunction or another fault, the reserve power unit must switch on automatically, or the failure must be signalled to the on-call duty officer, who will immediately start the reserve power unit.

The reserve power unit, the coupling devices thereof and the alarm devices must be installed in compliance with the manufacturer's instructions.

During the growing season, the equipment must be maintained and its functionality checked, and the equipment must be test started, at three-month intervals or more frequently. Minutes must be prepared of all checks, and any possible faults and measures recorded in the minutes. The minutes must be presented to LocalTapiola upon request.

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.

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