

CORPORATE FIRE INSURANCE

GENERAL INSURANCE TERMS AND CONDITIONS

Valid as of January 1, 2006

This is a translation of the original Finnish terms and conditions, which take precedence should there be any differences between the original and the translation.

STRUCTURE OF INSURANCE

The insurance includes Property Insurance (ES) and the General Terms of Contract (YL).

ES PROPERTY INSURANCE

ES 1 PURPOSE OF INSURANCE

On the basis of these terms and conditions and the General Terms of Contract (YL), Pohjola Non-Life Insurance Company Ltd (hereinafter referred to as the insurance company) undertakes to cover direct material damage caused to the object of insurance by a sudden and unforeseeable loss as defined under section 3, and other expenses mentioned separately in the terms.

ES 2 OBJECT OF INSURANCE

The object of insurance is the property specified in the insurance policy at the location indicated in the policy (place of insurance).

2.1 Buildings

The object of insurance is the building specified in the insurance policy.

The building includes original or comparable items, or those of the same standard subsequently installed for the whole building, which are permanently fixed in the building and serve its purpose, such as:

- structures, fittings and surface coverings, and
- heating, cooling, water distribution, sewerage, rainwater drainage inside the building, ventilation, control, data transfer, and other such machines, appliances and equipment, and the cables, pipes, ducts and tanks related to them.

The building also includes the following items owned by the policyholder or otherwise at the risk of the policyholder and serving the purpose of the building:

- fixed water pipes, sewers, heating, oil, gas and steam pipes and electric cables outside the building, up to the connection with the public mains.

The building does not include

- *the foundation soil of the building under the base floor and foundation slab, its reinforcement, or*
- *other soil at the building site.*

2.1.1 Other property included in the insurance

The building also includes the following items owned by the policyholder or otherwise at the risk of the policyholder and serving the purpose of the building:

- ordinary fixed structures outside the building, **but not shelters for motor vehicles, waste or other purposes in excess of 40 m² without separate reference,**
- regular property-maintenance machinery and tools, such as those externally steered on foot, fuels, and
- equipment for joint use by private households.

2.1.2 Items excluded from cover

- **structures made or equipment installed by the user of the building or premises, even when these are permanent fixtures of the building,**
- **structures for which a shareholder in a condominium has maintenance responsibility, other than ordinary permanently fixed fittings and surface coverings,**
- **structures, equipment, cables and pipes which are exclusively serving any business taking place in the building or which are connected with machinery and equipment used in the building,**
- **motor vehicles.**

2.2 Movable property

The object of insurance is the movable property specified in the insurance policy at the location indicated in the policy (place of insurance).

The following property items are not covered by the insurance unless separately agreed and indicated in the insurance policy:

- **property not owned by the policyholder, such as leased or other rented property, data and software contained in data media, drawings, files, models, moulds, manuscripts and documents,**
- **vehicles and equipment driven by machine, or their fittings and accessories,**
- **aircraft,**
- **vessels and boats subject to registration, money, securities or collections of valuables, including unused postage stamps and coupons,**
- **lottery tickets, bills of exchange, cheques and similar certificates of claim,**
- **plants and animals.**

2.3 Further investments

The insurance also covers, with the restrictions referred to under section 7.2 below, investments made in buildings and machinery during the insurance period.

ES 3 COVERABLE LOSSES AND RELATED RESTRICTIONS

3.1 Fire

The insurance covers loss caused by uncontained fire.

The insurance does not cover damage to an object subjected to heat.

3.2 Heat, smoke and soot

The insurance also covers loss caused by heat, smoke or soot rising suddenly and unpredictably from a heating unit or a burning or hot object.

3.3 Lightning

The insurance covers loss caused by lightning directly striking property covered under this insurance. The insurance also covers loss caused by surge originating from lightning.

3.4 Electrical phenomenon

The insurance covers loss caused to an electric appliance by an electrical phenomenon in the appliance.

A short circuit, electrical discharge or other electrical breakdown which have permanently damaged the insulation of an electrical appliance constitute an electrical phenomenon.

In contrast to the provisions under section ES 4 below on indemnifying for additional losses, the insurance does not cover losses caused to other property resulting from an electrical phenomenon alone. Such additional losses can be indemnified only if they were caused by another indemnifiable phenomenon in connection with the same event, such as fire, explosion or leakage.

The insurance does not indemnify for a loss caused by an interruption in electricity supply or changes in the quality on electricity.

3.5 Explosion

The insurance covers loss caused by an explosion.

The insurance does not cover

- **loss caused by internal stress, by loosening of a seal or by fluid pressure,**
- **loss caused by the detonation of explosives owned by a public institution,**
- **loss caused by professional blasting or quarrying (loss otherwise included in the scope of cover is, however, indemnified to the extent that the policyholder provides evidence of the liable party's inability to fulfil its obligation to make good the loss),**
- **damage to a combustion engine caused by an explosion in the engine, or**
- **damage to a closed, pressure-resistant container, equipment, pipe or tank in which there has been gas or steam, unless the reason for the breakage was exceptional overpressure arising suddenly and unforeseeably.**

3.6 Triggering of extinguishing equipment

The insurance covers loss caused when extinguishing equipment is triggered suddenly and unforeseeably.

3.7 Burglary

The insurance covers loss caused by theft or malicious damage when the building or premises mentioned in the policy

- have been broken into by damaging their structures or locks, or
- have been entered with a key obtained through robbery or through burglary carried out as described above.

3.8 Robbery

The insurance covers loss caused by theft carried out by using or threatening with immediate violence against the person (see the Finnish Penal Code, chapter 31, sections 1 and 2).

3.9 Leakage

The insurance covers loss caused by leakage of liquid, vapour or gas.

The insurance also covers any loss to the leaked liquid, vapour or gas in connection with a leakage loss, provided that the said substance is the object of insurance.

The precondition is that the said substance has escaped suddenly, unforeseeably and directly from a fixed structure included in the building, such as

- water pipes, or sewer, heating, steam, gas or oil pipes, oil tanks, a rainwater drain inside the building, pipes of a whirlpool or swimming bath,
- machines or appliances permanently connected to the above-mentioned, or
- a container used for storage of a substance.

The insurance also covers sudden leakage of liquid on the structures of the building, caused by a resident's operating equipment. The precondition is, however, that the operating equipment is connected to the mains by an approved connection and cut-off valve, and that the loss was not caused by the user's negligence.

The insurance does not cover

- **loss caused by rainwater or melt water from roof gutters, from rainwater drains or downpipes outside the building, or from elsewhere,**
- **loss caused by condensing water,**
- **loss caused by flooding of a manhole or pipe during rain, thaw or flood,**
- **loss caused by a leak in the outlet pipe or valve of a bathtub or pool,**
- **loss caused by damage or blockage in a municipal or other public water or sewer line,**
- **loss caused by moisture, such as rotting, fungal growth or odour,**
- **loss caused by the flowing of liquid from a fixed network before the pipe network has been approved for use,**
- **loss caused by liquid leaking through the water insulation in the structures or through the join of pipes and structure such as between a floor gully and a raising piece, or**
- **loss caused to the pipes, operating equipment or their insulation.**

3.10 Storm

The insurance covers loss caused by a storm. A storm refers to wind with a velocity of at least 20 metres per second.

Excluded losses and restrictions

The insurance does not cover

- **damage to an outside wall cladding or a window, door, aerial, or ordinary structures on the premises, unless it was caused by a tree brought down by the storm or by some other object loosened by the storm,**
- **loss caused by heavy seas, movement of ice, weight of ice or snow, flood, or rise in water level,**
- **damage to a jetty,**
- **damage to movable property outdoors, or**
- **damage to movable property unless incurred in connection with storm damage to the building.**

ES 4 ENSUING LOSSES

The insurance also covers loss caused by

- property being stolen, disappearing or being damaged, as a result of circumstances of a coverable loss, in connection with a loss otherwise subject to indemnification, and
- cold or heat, rain or other similar reason if the loss was a direct and unavoidable consequence of a coverable loss.

ES 5 SAFETY REGULATIONS

The policyholder shall comply with the safety regulations indicated in the insurance policy and below (see General Terms of Contract, section 6.1).

5.1 The safety regulations indicated in the policy must be followed when engaged in hot work.

Hot work refers to work where sparks occur or where a gas flame, other open fire or a hot-air blower is used.

5.2 The windows, doors and other openings to storage spaces shall be closed in a manner providing protection against theft and burglary. The protection and locking must also meet the requirements for structural protection against burglary, as referred to in the appendix to the policy.

5.3 The doors of a safe or a vault must be locked after use, and the key to them must not be kept in the same premises.

5.4 Cash registers and cashboxes must be left unlocked and open in closed storage spaces.

5.5 The connection of an operating device connected to the pipes of the building must conform to the instructions and regulations issued by the manufacturer or importer and the authorities.

5.6 Any goods stored at the lowest basement level must be kept at a minimum of 10 cm from the floor surface. Basement level refers to a space where the floor is entirely or partly at least one metre below the ground.

5.7 The pipes of the building shall be managed with care and protected against freezing. The pipes must be drained of water if the building is left without adequate heating and supervision during the cold season.

5.8 The insured property must be serviced in the manner required or recommended by the importer or manufacturer. A record of servicing procedures must be kept.

5.9 System and application software and data must be secured at least once a week so that, in addition to the original, there are two updated copies on magnetic tape, disc or a similar data medium. One copy must be kept in a fireproof safe intended for data media. The safety file must not be located in the same fire compartment as the other copies, or it must be placed in a data medium cabinet of at least class S60 DIS.

5.10 Keys and other access control equipment enabling entry must be stored safely and not handed to outsiders.

5.11 Extinguishing equipment in protected locations must have a written maintenance programme drawn up in compliance with official regulations for these systems. The extinguishing equipment must be functional and properly checked and serviced.

5.12 If specified on a separate agreement that the insurance is valid during transportation of the insured property, the property transportation may not be entrusted to a person who, owing to his/her age or state of health, is not suitable for the task.

ES 6 APPRAISAL AND INDEMNIFICATION REGULATIONS

The sum insured and indemnities of property insurance are determined in accordance with these regulations, unless otherwise prescribed under some other terms and conditions connected to the insurance, or in the insurance policy.

6.1 Sum insured of property

Property is insured for the agreed sum entered in the insurance policy in respect of each object or property item. This sum, adjusted by the index entered in the insurance policy (see section 7, Index terms), is the maximum indemnity in the case of loss.

The basis of the sum insured is entered in the insurance policy. It is one of the following:

6.1.1 Replacement value

The replacement value refers to the sum required for acquiring new similar or equivalent property for the same place.

Unless otherwise agreed with the insurance company, the sum insured is based on the replacement value of the property.

6.1.2 Current value

The current value refers to the sum obtained when the reduction in value of the property, as a result of age, use, reduced utility or similar reasons, is deducted from the replacement value. Any reduction in the utility of the property due to changed conditions in the locality concerned, such as termination of the business operations conducted or some other such reason, is also taken into account.

6.2 Significance of the sum insured

The sum insured is used as the calculation basis for insurance premium and equals the maximum indemnity, but it does not function as a basis for amount of loss or its assessment.

6.3 Scope of indemnity

6.3.1 Material damage

The insurance covers direct material damage to insured property. **The indemnity is at most the sum insured for the property, each object or property item, adjusted by the index of the time of the loss (see section 7, Index terms).**

6.3.2 Other coverable expenses

Additional expenses incurred from a regulation by the authorities

In the case of damage to a building, the insurance covers reasonable additional expenses arising from the imperative regulations of the authorities concerning repair or construction, though not more than 20% of the total amount of the direct material damage and related expenses as defined above. The total maximum indemnity is the sum insured.

Expenses arising from combating impending loss

In addition to direct material damage, the insurance also covers, under section 6.2 of the General Terms of Contract (YL), reasonable expenses arising from limiting or combating a loss incurred or immediately impending and coverable under the insurance.

Expenses arising from damage to soil

As a result of coverable material damage to the object of insurance, the insurance covers the analysis, cleaning or replacement costs and waste transportation and treatment costs arising from damage to the soil on the property owned or controlled by the policyholder. The prerequisite is that the costs were incurred from measures carried out because of a mandatory official order issued not later than within one year of the loss event.

The costs referred to herein are indemnified to a maximum of EUR 200,000 per loss.

6.4 Deductible

The policyholder has a deductible in every loss. The deductible is recorded in the insurance policy and is linked to the Finnish consumer price index (see section 7, Index terms). The insurance policy or other terms and conditions pertaining to the insurance may include rules for the calculation of deductible, such as the increased deductible in fire insurance for loss or damage caused by hot work.

6.4.1 Deductible for hot work

If a fire loss referred to in section 3.1 (ES) is caused by hot work (see section 5.1), the policyholder's deductible is ten times that recorded in the insurance policy, though not more than EUR 20,000 or a higher deductible specified in the insurance policy.

6.5 Assessment of property value and loss amount

6.5.1 Loss amount in accordance with replacement value (see section 6.1.1)

The loss amount based on replacement value is calculated by deducting the value of the remaining property (residual value) from the value of the property immediately before the loss. Both values are calculated in accordance with the replacement value.

If the damaged property can be repaired, the repair costs constitute the loss amount. The maximum loss amount, however, is the difference between replacement value and residual value.

If, however, the value of the property item had by the time of loss decreased to the extent that the current value of the object was less than 50% of the replacement value immediately before the loss, the loss amount is calculated in accordance with the current value (see section 6.5.2). Each damaged object is appraised separately.

6.5.2 Loss amount in accordance with current value

The loss amount in accordance with current value is calculated by deducting the value of the remaining property (residual value) from the current value. Both values are calculated by current value.

If the damaged property can be repaired, the repair costs constitute the loss amount. The maximum loss amount, however, is the difference between current value and residual value.

6.5.3 Value added tax

In the calculation of the loss amount, the provisions pertaining to value added tax are taken into account.

The portion of the tax is not paid when the recipient can deduct the tax in his/her taxation.

6.6 Indemnity amount

6.6.1 Indemnity amount

The indemnity amount is calculated by subtracting the deductible from the loss amount.

6.6.2 Under-insurance

If the sum insured is less than the value of the property, the property is under-insured. In that case, the indemnity is calculated in accordance with section 11.2 of the General Terms of Contract (YL).

6.6.3 Over-insurance

If the sum insured is more than the value of the property, the property is over-insured. In that case, the indemnity is calculated in accordance with section 11.1 of the General Terms of Contract (YL).

6.7 Payment of indemnity

Indemnity in accordance with current value is paid first. The difference between the replacement value and current value indemnities is paid when, within two years of the loss, the damaged property has been repaired or similar property has been acquired in its place for the same use at the same location.

The right to the difference between the replacement value and current value indemnities is held only by the policyholder or, in the event of insurance taken out in favour of a third party, by this party. The right cannot be transferred.

If construction is delayed because of action taken by the authorities, the delay time is added to the two-year time limit.

6.8 Residual value of a building

6.8.1 Indemnity for reduction of residual value

If the parts of the building remaining after the loss cannot, because of a ban or restriction on building in force under the provisions of the Finnish Building Act or Road Act, be used for restoring the building, the reduction of residual value is also indemnified.

6.8.2 Special permit

The policyholder shall prove that a ban or restriction on building is in force.

If the insurance company so requests, the policyholder shall apply for a special permit to restore the building to its former condition and, if the permit is not granted, to appeal against the decision. At the request of the insurance company, the policyholder shall authorise the insurance company to represent him/her in acquiring the permit.

6.9 Other provisions concerning indemnity

6.9.1 Indemnity for drawings, etc.

Drawings and documents, as well as patterns and moulds, are indemnified only if similar property is acquired within two years of the loss to replace the damaged property. In case of unfinished manuscripts and translations, indemnity is only paid for those sheets that, owing to the loss, must be rewritten in order to complete the unfinished work.

6.9.2 Indemnity for data and software

If data and software are the object of insurance, damage to them is indemnified only in connection with material damage to hardware or data medium. In addition to data retrieval from back-up copies, the insurance indemnifies for any normal costs incurred from reconstruction of data produced within a maximum of one week before the property loss occurred.

6.9.3 Unfinished work

Unless otherwise agreed on the insured value of current assets, the value of unfinished work is calculated in accordance with the pricing bases which the policyholder has agreed on in advance with the buyer. The indemnity is paid in accordance with the above-mentioned pricing bases up to the value of the work phase of the damaged property at the time of loss.

6.9.4 Securities

In case of equities, amortisable bonds, debentures, other fixed-income securities and other amortisable financial instruments, indemnity is only paid for the amortisation costs incurred.

6.9.5 Third party property

In case of damaged third party property covered by the insurance, indemnity is only paid in the event that the said property is not indemnified under another insurance contract. The loss is covered in full up to the sum insured, in maximum, and the regulations concerning under-insurance are not applied.

6.9.6 Alternatives to cash indemnity

The insurance company is entitled to have the lost or damaged property built, acquired or repaired in lieu of cash indemnity.

6.9.7 Mortgageable property

The policyholder is indemnified for property for which a mortgage can be secured, only when he/she has ascertained that the property has not been mortgaged as collateral for debt or that the holders of mortgage have agreed that the policyholder should be indemnified (see section 13 of the Finnish Company Mortgage Act and chapter 17, section 8 of the Code of Real Estate).

For real estate, a report is not required provided that the policyholder

- proves that the damage has been repaired,
- shows a guarantee stating that the indemnity will be used to repair the damaged property, or
- indicates that the amount of indemnity is small in comparison to the value of the real estate, or
- it is otherwise obvious that indemnification shall not impair a creditor's prospect of payment.

6.9.8 Insurance company's right to redeem damaged property

The owner of insured property retains ownership even if the property is damaged. The insurance company is, however, entitled to redeem the damaged property or part thereof. The redemption shall be indemnified on similar grounds as damage to that object or property item (i.e. in accordance with either replacement value or current value).

6.9.9 Policyholder's obligation to return recovered property

If the policyholder recovers part of the lost property after payment of indemnity, he/she shall surrender that property immediately to the insurance company or return the relevant indemnity.

6.9.10 Combustion-engine driven machinery and equipment

The indemnity for combustion-engine driven machinery and equipment is calculated on the basis of current value.

ES 7 INDEX TERMS

The insurance is linked to the index entered in the insurance policy.

7.1 Index adjustment of the sum insured per insurance period

The sum insured entered in the insurance policy is adjusted on the first day of each insurance period. The sum insured is adjusted by as many per cent as the adjustment index deviates from the basic index. At the same time, the amount of investments made and reported during the insurance period is added to the sum insured.

The basic index is the calendar month index four months before the first month of the first insurance period.

The adjustment index is the calendar month index four months before the first month of the insurance period entered in the insurance policy.

The insurance premiums are altered to match the adjusted sum insured.

7.2 Sum insured at time of loss

The sum insured at the time of loss is as many per cent of the original sum insured entered in the insurance policy as the calendar month index four months earlier is of the basic index. In addition, the sum insured at the time of loss is increased by the amount of investments in buildings and machinery made in the place of insurance concerned before the loss during the insurance period, yet with the below-mentioned restrictions:

- the investments are based on the same activity for which the property covered under the insurance is used,
- the increase in the sum insured for each property item recorded in the policy is, in the aggregate, no more than 15% of the sum insured indicated in the policy,

the maximum being the sum insured entered in the insurance policy.

7.3 Index clause for deductible

The deductible is linked to the Finnish consumer price index, observing the rules given below.

The basic index is the Finnish consumer price index for September 2000 and the corresponding deductible is EUR 500.

The adjustment index is the Finnish consumer price index for September of the calendar year preceding the first month of the insurance period entered in the insurance policy.

The index is adjusted on the first day of each insurance period.

The deductible for the following insurance period is as many per cent of the deductible entered in the insurance policy as the adjustment index is of the basic index. The deductible will not, however, be altered unless the index change is at least 10%.

ES 8 MULTIPLE INSURANCE

In the case of multiple insurance, where the same property is insured under several insurance policies for the same loss, indemnity is calculated in accordance with section 59 of the Insurance Contracts Act.

GENERAL TERMS OF CONTRACT

YL 1 KEY CONCEPTS

The policyholder is the party who has concluded an insurance contract with Pohjola Non-Life Insurance Company Ltd (hereinafter Pohjola).

The insured is the party for the benefit of whom the insurance is valid.

The consumer is a person who acquires consumer goods mainly for a purpose other than his/her business activity.

An entrepreneur comparable to a consumer is an entrepreneur who, considering the type, extent and other circumstances of his/her business activity, is comparable to a consumer as a contracting party of the insurer.

The insurance period is the agreed time indicated in the policy during which the insurance is valid. The contract continues for one agreed insurance period at a time, unless one or other contracting party gives notice of termination.

A loss is the event for which indemnity is paid under the insurance.

The safety regulation is the obligation to observe instructions recorded in the insurance policy or insurance terms and conditions, or otherwise written down, aimed at preventing or restricting the occurrence of loss.

YL 2 DISCLOSURE OF INFORMATION PRIOR TO CONCLUDING THE INSURANCE CONTRACT

2.1 Pohjola's obligation to disclose information

Prior to concluding the insurance contract, Pohjola shall provide the applicant for insurance with essential information on such matters as Pohjola's own types of insurance, premiums and insurance terms and conditions, so that the applicant can evaluate his/her insurance needs and choose the most suitable insurance cover.

Pohjola shall also bring to the applicant's attention the essential restrictions on the insurance cover.

If Pohjola or its representative has failed to provide the policyholder with the essential information when marketing the insurance or has provided him/her with erroneous or misleading information, the insurance contract is considered valid in the form that the policyholder has had reason to understand it in the light of the information he/she was given.

2.2 Policyholder's and insured's obligation to disclose information

Prior to the insurance being granted, the policyholder and the insured shall provide correct and complete information on all issues that may have an effect on the evaluation of Pohjola's liability. During the insurance period, the policyholder and the insured shall also, without undue delay, correct any information provided to Pohjola which they have found to be erroneous or deficient.

If the policyholder or the insured has acted fraudulently with regard to the above-mentioned obligation, the insurance contract is not binding on Pohjola. Pohjola has the right to withhold all premiums paid, even if the insurance is annulled.

2.3 Failure to disclose information

If the policyholder or the insured has wilfully or through negligence which cannot be deemed minor failed in his/her obligation to disclose information, the indemnity can be reduced or disallowed. The effect of the erroneous or deficient information given by the policyholder or the insured on bringing about the loss shall be taken into account when reduction or disallowance is being considered. In addition, the policyholder's and the insured's intent or the type of negligence and other circumstances shall be taken into account.

YL 3 BEGINNING OF POHJOLA'S LIABILITY AND VALIDITY OF THE INSURANCE CONTRACT

3.1 Beginning of Pohjola's liability

Pohjola's liability starts at the point of time agreed by the parties. If no point of time has been agreed, Pohjola's liability starts when Pohjola or the policyholder has submitted or sent an affirmative reply to the offer of the other contracting party.

If the policyholder has submitted or sent a written insurance application to Pohjola and if it is obvious that Pohjola would have approved the application, Pohjola also assumes liability for a loss which has occurred after the application was submitted or sent.

An insurance application or an affirmative reply which the policyholder has submitted or sent to Pohjola's representative is considered to have been submitted or sent to Pohjola.

If there is no clarification of the time of day when the reply or application was submitted or sent, it is considered to have taken place at 12.00 midnight.

3.2 Validity of the insurance contract

An insurance contract is either continuous or for a fixed period.

After the first insurance period, the continuous insurance contract is valid for one agreed insurance period at a time, unless the policyholder or Pohjola terminates the contract. The insurance contract can also be terminated without notice on grounds specified under section 16.4 (change of owner).

A fixed-period insurance contract is valid for the agreed insurance period unless the policyholder or Pohjola terminates the contract or the contract is terminated on grounds specified under section 16.4 (change of owner).

YL 4 PREMIUM

4.1 Premium payment

The insurance premium must be paid, at the latest, on the due date recorded on the invoice sent by Pohjola. However, the initial premium need not be paid before the start of Pohjola's liability.

If a payment by the policyholder is not sufficient to cover all Pohjola's premium receivables, the policyholder has the right to decide for which outstanding premium he/she wishes to use the

money. The payment is, however, primarily used for the insurance on whose invoice it has been paid, unless the policyholder has ordered otherwise in writing.

4.2 Delayed premium

If the policyholder has neglected to pay the premium by the due date, Pohjola has the right to terminate the insurance contract 14 days after sending a notice of termination.

However, if the policyholder pays the outstanding premium in full before the end of the notice period, the insurance contract does not terminate at the end of the notice period.

If the policyholder is a consumer or an entrepreneur comparable to a consumer and the delay of payment is caused by the policyholder's insolvency resulting from illness, unemployment or other special reason primarily beyond the policyholder's control, the insurance does not expire, despite notice, until 14 days after the said obstacle has ceased to exist. However, the contract does expire three months from the end of the notice period, at the latest. The policyholder must notify Pohjola in writing, and at the latest during the notice period, about the insolvency referred to here.

If the premium is not paid by the due date, penalty interest shall be paid for the period of delay in accordance with the Finnish Interest Act.

4.3 Payment of delayed premium

If a policyholder pays an overdue premium in full after the insurance has expired, Pohjola's liability commences on the day following payment. In this case, the insurance is valid as of the time the insurance regained validity until the end of the insurance period originally agreed.

However, if Pohjola is against granting a renewal of validity, it will, within 14 days of the payment of the premium, notify the policyholder that it will not accept the payment.

4.4 Liability to return premium

If the insurance expires before the date agreed, Pohjola is entitled only to the premium for the period during which it was liable. The rest of the premium paid is returned to the policyholder. The premium is not returned, however, if the policyholder or the insured has acted fraudulently with regard to the obligation to disclose information as specified in section 2.2.

The amount of premium refund is calculated by subtracting from the total premium of the insurance period in question the part that corresponds to the actual validity period of the insurance, as shown in the formula below:

Premium for insurance period - (Actual validity in days / Insurance period in days x Premium for insurance period) = Premium to be returned

Pohjola deducts a handling fee of EUR 50 from the premium to be returned.

However, the premium is not returned separately if the amount of the premium refund is smaller than the sum provided in the Finnish Insurance Contracts Act or otherwise decreed.

The above regulations on premium refund do not apply to erection all risks insurance and contractors' all risks insurance but the regulations concerning the premium to be returned are stated in the insurance policy.

4.5 Setoff against premiums to be returned

Pohjola may deduct any outstanding premiums overdue and other overdue receivables from the premium to be returned.

YL 5 DISCLOSURE OF INFORMATION DURING VALIDITY OF CONTRACT

5.1 Pohjola's obligation to disclose information

On conclusion of an insurance contract, Pohjola issues the policyholder with an insurance policy and the insurance terms and conditions.

During the validity of the insurance, Pohjola notifies the policyholder annually in writing of the sum insured and any other insurance-related matters with obvious relevance to the policyholder.

If, during the validity period of the insurance, Pohjola or its representative has provided deficient, erroneous or misleading information on the insurance, the insurance contract shall be considered valid in the form that the policyholder has had reason to understand it in the light of information he/she was given, if such deficient, erroneous or misleading information can be regarded to have influenced the policyholder's conduct. However, this does not apply to information provided by Pohjola or its representative on future indemnity after a loss has occurred.

5.2 Policyholder's obligation to disclose information in the case of increased risk

The policyholder shall notify Pohjola without delay of any essential change in the circumstances stated at the time of concluding the contract or in the state of affairs recorded in the policy, which has increased the risk of loss, and which Pohjola cannot be deemed to have taken into account when concluding the contract.

In the event of the policyholder being a consumer or an entrepreneur comparable to a consumer, the policyholder must notify Pohjola of any such change when the next premium following the change is paid, at the latest.

Changes increasing the risk can be, for instance, a change in the use of the insured object, repair, change or extension work, changes in transport conditions or changes in the activity insured.

If the policyholder fails to notify Pohjola, Pohjola can reduce the indemnity to be paid on the basis of the insurance, disallow it altogether or cancel the insurance contract. In such a case, the insurance terminates one month from the date the notice of termination was sent.

In the event of the policyholder being a consumer or an entrepreneur comparable to a consumer, Pohjola has no right for this reason to cancel the insurance contract. In such a case Pohjola has, however, the right to reduce the indemnity or disallow it altogether but only if the policyholder has wilfully or through negligence which cannot be deemed minor failed to notify Pohjola. The effect of the changed, risk-increasing circumstance on the occurrence of the loss is taken into account when considering whether to reduce or disallow the indemnity. Moreover, the policyholder's intent or the type of negligence and any other circumstances shall be taken into account.

YL 6 OBLIGATION TO PREVENT AND LIMIT LOSS

6.1 Obligation to observe safety regulations

The insured shall observe the safety regulations indicated in the policy or insurance terms and conditions or otherwise provided in writing. **If the insured has wilfully or through negligence which cannot be deemed minor failed to observe the safety regulations, Pohjola can reduce or disallow any indemnity payable to him/her.**

The effect of failure to observe the safety regulations on the occurrence of the loss is taken into account when considering whether to reduce or disallow the indemnity. The insured's intent or type of negligence and any other circumstances will also be taken into account.

In the event of the policyholder being a consumer or an entrepreneur comparable to a consumer, the indemnity may, in liability insurance, be reduced or disallowed because of the negligence of the insured only if the insured has failed to observe the safety regulations wilfully or through gross negligence or if the negligence was caused by the insured while under the influence of alcohol or drugs.

Pohjola will nevertheless, despite the behaviour of the insured, pay from liability insurance the part of the indemnity which the natural person who has suffered the loss has been unable to collect from the insured. The indemnity is not, however, paid if the insured has wilfully failed to observe the safety regulations.

6.2 Obligation to prevent and limit loss

In the case of a loss or the immediate threat thereof, the insured shall, in accordance with his/her abilities, take the necessary action to prevent or limit the loss. If the loss is caused by an outside party, the insured shall take the necessary action to uphold Pohjola's right against the tort-feasor. The insured shall, for instance, attempt to establish the identity of the tort-feasor. If the loss resulted from a punishable act, the insured shall, without delay, report it to the police and sue the offenders if Pohjola's interest so requires. The insured shall, in other ways, too, observe all instructions given by Pohjola aimed at preventing and limiting loss. Pohjola will indemnify for reasonable expenses incurred in fulfilling the obligation to prevent and limit loss even if the sum insured were thus exceeded.

If the insured has wilfully or through negligence which cannot be deemed minor failed to observe the obligation referred to above, Pohjola can reduce or disallow the indemnity payable to him/her. The effect of the insured's failure to observe the obligation on the occurrence of the loss is taken into account in considering whether to reduce or disallow indemnity. The insured's intent or the type of negligence and any other circumstances will also be taken into account.

In the event of the policyholder being a consumer or an entrepreneur comparable to a consumer, the indemnity may, in liability insurance, be reduced or disallowed because of the negligence of the insured only if the insured has failed to observe his/her obligation wilfully or through gross negligence or if the negligence was caused by the insured while under the influence of alcohol or drugs.

Pohjola will nevertheless, despite the behaviour of the insured, pay from liability insurance the part of the indemnity which the natural person who has suffered the loss has been unable to

collect from the insured. The indemnity is not, however, paid if the insured has wilfully failed to observe his/her obligation.

YL 7 CAUSING A LOSS

Pohjola is released from liability to any insured who has wilfully caused a loss.

If the insured has caused a loss through gross negligence or if the insured's use of alcohol or drugs has contributed to the loss, the indemnity payable to him/her may be reduced or disallowed.

The effect of the insured's action on the occurrence of the loss is also taken into account in considering whether the indemnity is to be reduced or disallowed in the above-mentioned cases.

If the insured has caused the loss through gross negligence or if the insured's use of alcohol or drugs has contributed to the loss, Pohjola will, however, pay from liability insurance the part of the indemnity which the natural person who has suffered the loss has been unable to collect because of the insured's state of insolvency as authenticated by distraint or bankruptcy.

YL 8 IDENTIFICATION

What has been said above about the insured with regard to causing a loss, observing the safety regulations or salvage obligation also applies to a person

- who, with the consent of the insured, is responsible for a motor-driven or towed vehicle, vessel or aircraft which is an object of insurance,
- who, jointly with the insured, owns the insured property and uses it jointly with him/her; or
- who co-habits with the insured and uses the insured property jointly with him/her.

What has been said above about the insured with regard to observing the safety regulations also applies to a person who, on the basis of his/her employment or official post with the policyholder, is responsible for supervising the observance of such regulations.

YL 9 IRRESPONSIBILITY AND NECESSITY

Pohjola will not appeal to sections 6 and 7 above to release itself from or restrict its liability if the insured was under 12 years of age at the time he/she caused the loss or failed to observe the safety regulations or the obligation to prevent and limit loss or was in such a state of mind that he/she could not have been sentenced for a crime.

Pohjola will not appeal to sections 5, 6 and 7 to release itself from or restrict its liability if the insured was seeking to prevent bodily injury or material damage in circumstances in which his/her negligence or action was justifiable at the time he/she increased the risk or caused the loss or failed to observe the safety regulations or the obligation to prevent or limit loss.

What is said in this section concerning the insured also applies to a person identifiable with the insured under section 8.

YL 10 CLAIMS SETTLEMENT PROCEDURE

10.1 Duties of claimant

Pohjola must be given the opportunity to inspect the loss. The police must, without delay, be informed of any crime.

The claimant shall provide Pohjola with documents and information necessary for the assessment of Pohjola's liability. These include documents and information (e.g. police investigation report or notice of a crime, abstract of title and account of mortgage holders) which confirm the occurrence of an insurance event, the extent of the loss, and the recipient of indemnity. The claimant is required to acquire the documentation which he/she is best equipped to acquire.

Pohjola is not obliged to pay indemnity before it has acquired the said documentation.

If the claimant has, after the loss, fraudulently provided Pohjola with erroneous or deficient information which is of importance in investigating the loss and Pohjola's liability, the indemnity can be reduced or disallowed, depending on what is reasonable in the circumstances.

10.2 Limitation of right to obtain indemnity

A claim for indemnity shall be presented to Pohjola within one year of the date on which the claimant was informed of his/her right to obtain indemnity, at the latest within 10 years of occurrence of the loss. Making notification of the loss is comparable to presentation of the claim. If the claim is not presented within the said period, the claimant loses his/her right to obtain indemnity.

10.3 Pohjola's obligations

After the occurrence of a loss, Pohjola provides the claimant with information on the contents of the insurance and the claim procedure. No advance information given to the claimant on the indemnity, the amount of indemnity or the method of payment will affect the payment obligation as stated in the insurance contract.

Pohjola will pay the indemnity resulting from the loss in accordance with the insurance contract or notify the claimant of non-payment of indemnity without delay or, at the latest, one month from the date when it received the documentation and information necessary for the assessment of its liability.

If the amount of the indemnity is disputed, Pohjola will nonetheless pay any undisputed part of the indemnity in the said period.

Pohjola will pay penalty interest on any delayed payment of indemnity in accordance with the Interest Act.

10.4 Setoff against indemnity

Pohjola may deduct any outstanding premiums overdue and other overdue receivables from the indemnity.

YL 11 INDEMNITY

11.1 Over-insurance and principle of non-enrichment

The property or benefit is over-insured if the sum insured indicated in the insurance contract is considerably higher than the real value of the insured property or benefit.

In the case of a loss incurred by over-insured property or benefit, Pohjola does not indemnify for more than is necessary to cover the loss. If, however, the sum insured is essentially based on an estimate given by Pohjola or its representative, the indemnity equals the sum insured even in the case of over-insurance, except when the appraisal

has been affected by erroneous or deficient information submitted wilfully by the policyholder.

11.2 Under-insurance

The property or benefit is under-insured if the sum insured recorded in the insurance contract is considerably lower than the real value of the insured property or benefit.

In the case of a loss incurred by under-insured property or benefit, Pohjola indemnifies for only that part of the loss which corresponds to the ratio of the sum insured to the value of the property or benefit. In the estimate of under-insurance, the sum insured is compared, when the replacement-value indemnity is calculated, with the replacement value of the property and, when the current-value indemnity is calculated, with the current value of the property.

If, however, the sum insured is essentially based on an estimate given by Pohjola or its representative, the indemnity is paid according to the loss; however, not in excess of the sum insured.

YL 12 WAR AND NUCLEAR ACCIDENT

The insurance does not cover any loss due to

- ***war, rebellion, revolution or other comparable reason,***
- ***nuclear damage referred to in the Nuclear Liability Act or in corresponding foreign legislation, or the explosion of a nuclear weapon.***

YL 13 LODGING AN APPEAL AGAINST A DECISION TAKEN BY POHJOLA

If the policyholder, the insured, a person who has suffered a loss in liability insurance or other claimant is dissatisfied with Pohjola's decision, he/she may bring action against Pohjola in the Helsinki district court, in the district court of his/her domicile in Finland or in the district court of the place of loss in Finland, unless otherwise prescribed by Finland's international agreements.

Pohjola's decision can also be submitted to the Insurance Board of the Consumers' Insurance Office, which provides recommendations for decisions.

Action against Pohjola's indemnity decision shall, at the risk of loss of right to appeal, be brought within three years of the party concerned being informed in writing of Pohjola's decision and the time limit.

YL 14 POHJOLA'S RIGHT OF RECOVERY

14.1 Pohjola's right of recovery against a third party

If a person engaging in business, professional or other gainful employment or a public corporation is liable for damages, the policyholder's right to claim for damages from the tort-feasor is transferred to Pohjola up to the amount of indemnity it has paid for the loss.

The right of recovery is also in force against the party who, despite his/her negligence, is liable for damages in accordance with the law in force.

If a third party has caused the loss or if the indemnity has been paid under the employer's liability, the right to claim for damages from the tort-feasor is transferred to Pohjola only

if the loss was caused wilfully or through gross negligence or under the influence of alcohol or drugs.

14.2 Pohjola's right of recovery against the policyholder, the insured or a party identifiable with the insured

Pohjola's right of recovery against the policyholder, the insured or a party identifiable with the insured is defined according to §75, paragraph 4, of the Finnish Insurance Contracts Act.

YL 15 ALTERING INSURANCE CONTRACT

15.1 Altering the terms of contract during the insurance period

Pohjola has the right to alter the insurance premiums or other terms of contract during the insurance period to correspond with the changed circumstances if

- the policyholder or the insured has neglected his/her obligation to disclose information as referred to under section 2.2; or
- during the insurance period, a change as referred to under section 5.2 has occurred in the circumstances recorded in the policy or reported by the policyholder or the insured to Pohjola at the time the contract was concluded.

After being informed of the said change, Pohjola shall, without undue delay, send the policyholder a notification of how or when the premium or other terms of contract will be altered. The notification shall mention that the policyholder has the right to cancel the insurance.

15.2 Altering the terms of contract at the end of an insurance period

15.2.1 Notification procedure

Pohjola has the right to alter the insurance terms and premiums and other terms of contract at the end of the insurance period on the basis of

- new or amended legislation or a regulation by the authorities,
- an unforeseeable change in circumstances (e.g. an international crisis, exceptional natural event, catastrophe),
- a change in the index affecting the insurance and recorded in the policy,
- a change in the claims expenditure of the insurance.

Pohjola also has the right to make minor changes to the insurance terms provided that the changes do not affect the primary content of the insurance contract.

If Pohjola alters the insurance contract as outlined above, it shall, when sending the policy, notify the policyholder of the changes in the insurance premium and other terms of contract and the date they will take effect. The notification shall mention that the policyholder has the right to cancel the insurance.

15.2.2 Changes requiring termination of insurance

If Pohjola alters the insurance terms and conditions, premiums or other terms of contract in cases other than those listed in section 15.2.1 above or discontinues an actively marketed benefit, Pohjola must give notice of the termination of the insurance as of the end of the insurance period. The notice of termination must be given in writing one month before the end of the insurance period at the latest.

YL 16 TERMINATION OF INSURANCE CONTRACT

16.1 Policyholder's right to terminate the insurance

The policyholder has the right to terminate the insurance contract during the insurance period. The notice of termination must be given in writing. Any other notice is invalid. If the policyholder has not specified a later termination date for the insurance, the insurance will terminate when the notice was submitted or sent to Pohjola.

16.2 Pohjola's right to terminate the insurance during the insurance period

Pohjola has the right to terminate the insurance during the insurance period if:

- 16.2.1 the policyholder or the insured has, before the insurance was granted, submitted erroneous or deficient information and Pohjola, had it known the circumstances, would have refused to grant the insurance;
- 16.2.2 during the insurance period, a change which has essentially increased the risk of loss has occurred in the circumstances recorded in the policy or reported by the policyholder or the insured to Pohjola at the time the contract was concluded and which the latter cannot be deemed to have taken into account when concluding the contract;
- 16.2.3 the policyholder or the insured has wilfully or through gross negligence failed to observe the safety regulation;
- 16.2.4 the policyholder or the insured has wilfully or through gross negligence caused the loss; or
- 16.2.5 the policyholder or the insured has, after the loss, fraudulently submitted to Pohjola erroneous or deficient information which is of importance in assessing Pohjola's liability;

16.2.6 a loss coverable under the insurance terms and conditions occurs;

16.2.7 the policyholder has failed to submit the notification referred to under section 5.2 (reporting increased risk),

16.2.8 the policyholder has been declared bankrupt.

If the policyholder is a consumer and an entrepreneur comparable to a consumer, Pohjola has no right to terminate the insurance during the insurance period on the grounds mentioned under sections 16.2.6, 16.2.7 and 16.2.8.

Pohjola shall give notice of termination in writing without undue delay, having first been informed about the grounds permitting termination. The insurance contract shall terminate one month from the time the notice was sent.

Pohjola's right to give notice of termination of insurance as a result of an outstanding insurance premium is defined under section 4.2.

16.3 Pohjola's right to terminate the insurance at the end of the insurance period

Pohjola has the right to terminate the insurance as of the end of the insurance period. The notice of termination shall be sent one month before the end of the insurance period at the latest.

16.4 Change of owner

The insurance contract shall expire if the insured property is transferred to a new owner other than the policyholder himself/herself or his/her estate. If a loss takes place within 14 days of the transfer of ownership, the new owner is, however, entitled to indemnity unless he/she has taken out insurance for the property.

YL 17 RIGHTS OF A THIRD PARTY

17.1 Other insured parties who benefit from property insurance

Unless otherwise agreed, the property insurance is valid for the benefit of the owner, the person

who has purchased the property under a provision regarding reservation of title, the holder of a right of lien and a right of retention or some other party who bears the risk pertaining to the property.

17.2 Position of the insured after a loss has occurred

Against the insured referred to under section 17.1, Pohjola will, for reduction or disallowance of the indemnity, appeal to a failure of the policyholder or other insured to disclose information (section 2.2) or notify of increased risk (section 5.2) only if the insured, prior to the loss, knew or should have known of the conduct of the policyholder or other insured.

Every insured has the right to be indemnified as a result of a loss. The policyholder may, however, negotiate with Pohjola in a manner which is binding on the insured and collect indemnity unless the insured has been designated by name in the contract or the insured has declared that he/she will assert his/her rights or the case concerns a mortgage holder's right to be paid from the indemnity.

17.3 Priority to payment from indemnity

If the property insurance is valid in favour of a person who has right of lien over the property as security for a receivable, he/she is entitled, even if the receivable is not overdue, to a payment from the indemnity before the owner if the owner has not rectified the loss or set collateral for its rectification. What is said here will likewise apply in favour of a person who is entitled to retain the property as security for an overdue receivable.

The owner is entitled to payment from the indemnity before a party who has bought the property on a provision regarding reservation of title.

What is provided on a mortgage holder's right to indemnity shall apply to the mortgage holder's right to be paid from the indemnity.

