



Business Property Insurance

Product guide, valid as of 1 October 2023

The most significant asset and capital investment of a company is often a building, property or business premises. There are several risks associated with owning, managing and maintaining a building. The greatest threats to property owners are include, water damage for various reasons, and damage caused by natural phenomena. If's solutions include insurance products that meet the needs of different types of companies and are as comprehensive as possible. It is possible to insure commercial, production and warehouse buildings, as well as your company's farm buildings and holiday homes.

Commercial Property Insurance

In If's Property Insurance, the company's property risks are divided into easy-to-understand categories. In the Policy Document, you can easily see the insured property, the territorial limits and level of cover and deductible you have selected for each insured asset.

Property is categorised as follows:

- Residential buildings
- **Non-residential buildings**
- Movable property of the company, such as inventories, machinery and equipment
- Business interruption insurance
- Construction and installation work, tools and surrounding property
- Commercial forest and plot forest
- Production animals, horses and dogs

Types of commercial property insurance solutions

Business Property Insurance covers non-residential buildings, such as commercial and warehouse buildings.

They can be insured either at

- full replacement value on the basis of total area, or
- a sum insured in euros.

Typically, buildings are insured on the basis of total area, in which case they are always insured for the full replacement

value, provided that the total area, purpose of use and building category required for calculating the insurance premium are reported to the insurance company correctly. Insurance based on total area does not have a maximum amount of compensation in euros.

An alternative insurance solution is to insure the building with a maximum sum insured. This is a sensible alternative especially if the building is structurally simple or outdated.

The sum insured of the maximum compensation must also cover both reconstruction and repair costs as well as the costs of demolition and clearance after the damage. Objects covered by all-risks insurance and based on total area automatically include the necessary demolition and clearance costs. Each building is insured separately, but warehouses and sheds of less than 20 m² in area are included in the building's insurance.

Select a suitable level of coverage

Select a suitable level of coverage for your business needs. The limited level of Business Property Insurance provides cover against fire damage. In addition to fire, the basic level covers damage caused by natural phenomena and crimes, as well as damage caused by breakdowns in HVAC, electrical and mechanical engineering systems that serve the operation of the building. The basic level also provides cover against breakage of glass windows and doors. In addition to the above, the extensive level also covers other damage events, such as damage caused by non-storm wind.

| LEVELS OF COVERAGE OF BUSINESS PROPERTY INSURANCE | Extensive | Basic | Limited |
|--|-----------|-------|---------|
| Fire, soot and smoke damage | ✓ | ✓ | ✓ |
| Building electricity system and machinery breakdown | ✓ | ✓ | |
| Water damage to the building caused by leakage and breakdown of HPVAC technology | ✓ | ✓ | |
| Natural phenomena include storm wind, hail, flooding of waterways and exceptionally heavy rain | ✓ | ✓ | |
| Criminal damage includes burglary, robbery and vandalism | ✓ | ✓ | |
| Breakage of glass windows and doors | ✓ | ✓ | |
| Other insured events | ✓ | | |
| OPTIONAL EXTRAS | | | |
| Building restoration costs using non-standard work methods | ✓ | ✓ | ✓ |
| Costs of cleaning contaminated soil as a result of property damage | ✓ | ✓ | |

Business Property Insurance also covers pipes and cables on the plot that service the building, as well as fences, gates, waste containers and solar panels on the property and outdoor lighting, car heating sockets and charging stations for electric cars in the manner stated in the insurance terms and conditions, if they are owned by the policyholder.

The insurance covers sudden and unforeseen property damage in accordance with the level of coverage you have selected. The loss event must be verifiable: what, how, where and when it has occurred, what caused the loss or damage.

In addition to direct damage to property, the insurance covers costs incurred in preventing imminent damage. For example, when keys are stolen by breaking and entering and there is a threat that they will be used without permission, the cost of rekeying the lock is covered.

When assessing the amount of compensation, the new value and the current technical value of the damaged property are always taken into account. Market value, or fair value, is also taken into account, as the current technical value cannot exceed market value.

If the sum insured is sufficient, the insurance covers the costs of building a new equivalent building when the current technical value and fair value of the destroyed building are more than half of the construction costs of a new equivalent building and the new equivalent building is built on the same site within two years. Otherwise, the amount of damage is estimated on the basis of the technical value and fair value.

When constructing a new building, the insurance also covers an additional 10% of the costs of premises, structures and technical systems that existed in the building at the time of the damage, for which the current building regulatory requirements are stricter than those of the destroyed building. The insurance does not cover installations such as fire alarm systems, civil defence shelter or piling, even if they are a condition of a building permit, if the installations were not present in the destroyed building.

The value of a building is reduced by its age, use, unsuitability for the current purpose of use, outdated technology or inadequate care and maintenance, as well as its location affecting fair value.

When a building is under repairs, the amount covered is based on work carried out using modern work methods and modern, commonly available construction materials. If the building is listed as protected or, for some other reason, the building must be repaired using restorative methods following the damage, the restoration costs must be insured separately.

The rules for evaluating and compensating for losses and damage are listed in chapter 10 of the terms and conditions.

Age deductions

Age deductions are applied in the event of breakage damage when the broken equipment is aged, for example. As a rule, the age deduction is not applied during the first five full calendar years. However, there are exceptions, and in rapidly aging systems, such as burglary alarm and access control systems,

the corresponding time limit is one full calendar year. In the case of breakage damage, age deductions are calculated based on the age of the original appliance or equipment.

Normally, the age deduction for technical building systems is 5% per year. For devices that age faster, the corresponding age deduction is 15%.

When a building technical system, such as piping, heating system, sprinkler, heat accumulator or exchanger breaks down or a drain is clogged, this may result in water damage. The age deductions for water damage caused by leaks are not applied until 20 full calendar years. After this, the age reduction is 3% per year. In case of leakage damage, the maximum is 60% and no more than 30,000 euros.

No age deductions are applied in the event of leakage from appliances connected to the building, such as a washing machine or dishwasher. Their compensation, on the other hand, has an increased deductible that is 25% of the amount of the damage, but at least the deductible selected for the cover.

Detailed information on age deductions can be found in section 7 of the terms and conditions.

A deductible is applied to the compensation

Each damage comes with a deductible, which is the amount of money deducted from the compensation and which your company must pay. You can choose your deductible from several alternatives. With a higher deductible, you pay expenses arising from smaller loss or damage yourself, while we cover larger claims that involve more substantial financial losses. The amount of deductible also affects the price of your insurance. The deductible is not, however, deducted from costs arising from limiting or preventing a loss, with the exception of the cost for coding locks.

Some losses are subject to higher deductibles, which are described in more detail in chapter 7 of the terms and conditions.

The amount of the deductible may be adjusted by our company due to general cost developments by notifying the policyholder.

Exclusions

Not all losses are compensated. The coverage level shows which events are and are not covered by each insurance cover.

In general, losses are not compensated if the damage is caused by, for example:

- wear, corrosion, spoiling or other gradually occurring phenomena
- damage to property that has been incorrectly designed, constructed or installed or not used according to instructions
- a manufacturing defect or defective materials

Nor does the Insurance cover:

- misplacing or losing property
- fraud or embezzlement
- theft without burglary or robbery

The levels of coverage of each insured interest are listed in the Policy Document. Covered events and exclusions related to each level of coverage and type of loss can be found in chapter 5 of the insurance terms and conditions.

Section 2.1 of the General Terms and Conditions also contains certain general restrictions which, among other things, completely exclude damage caused by certain causes from coverage.

Take care – safety regulations

The terms and conditions of property insurance also involve safety precautions. By following the safety regulations, loss or damage can be prevented and the extent of damage suffered can be mitigated. If safety precautions are ignored, the compensation due may be reduced or refused.

Safety precautions include regulations on

- fire safety
- crime prevention
- data security of software and files

Please read the safety regulations you received with your insurance in section 8 of the terms and conditions and act accordingly. Please note that the safety precautions for hot work found on our website are part of the safety regulations, even though they are not supplied with the Policy Document.

General safety regulations

- Laws, decrees and regulations issued by the authorities must be followed
- Instructions for storing, handling, operating and servicing machinery and equipment must be followed
- Fire, flammable liquids and gases, explosives and other hazardous substances must be handled with care so that there is no danger of loss.
- In the event or under immediate threat of a loss or damage, the policyholder or other party entitled to compensation shall immediately take protective and rescue measures, as well as otherwise prevent or limit the event as far as possible.

Insurance is a contract

Insurance is based on an insurance contract. The policyholder must provide accurate and complete information when entering into the contract. The contract determines the scope of coverage and the amount of the deductible which form the basis of the compensations payable when the damage occurs. The main content of the insurance contract is stated in the Policy Document.

Insurance premium and its payment

Depending on the Insured Interest, the insurance premium is based on, among other things

- the policyholder's line of business, location of the office, insurance and claims history
- the properties and the purpose of use of the Insured Interest
- the scope of cover and the amount of deductible.

Read more:
[if.fi/en/
commercial](https://if.fi/en/commercial)

The insurance remains valid if the insurance premium is paid no later than the date due. If the insurance premium has not been paid, If will terminate the insurance, effective at the earliest 14 days from the date of dispatch of the notice of termination.

Changes to and expiry of the insurance contract

The insurance is valid for one agreed insurance period at a time and is automatically renewed for the next period unless changed or agreed for a fixed term. During the period of validity of the insurance, the policyholder must immediately report any changes or errors in the information concerning the policyholder or insured interests to our company.

The insurance company may amend the insurance terms and conditions and adjust premiums at the turn of the insurance period as provided in the terms and conditions. We notify you of any amendments in advance.

Your insurance can expire:

- at a previously agreed date
- if you notify our company of termination in writing
- upon the insurance company's decision during the insurance period if the insurance premium has not been paid
- upon the insurance company's decision in other circumstances specified in the insurance terms and conditions and legislation

DAMAGE EXAMPLE

The electrical switchboard of a production building has a short circuit, causing a fire in the building. Because the accident occurred at night, it took hours for anyone to notice that a building on the outskirts of the town was on fire. By the time the rescue services arrived, the fire had caused extensive damage, in addition to which the water used to put out the fire damaged whatever was remaining.

Although fire damage is covered even under the limited scope of coverage, the company in question had also prepared for other damages and chosen an extensive of insurance. The building was insured for its full value. No age deductions are applied for fire damage, but the technical service life of the burnt building is taken into account when calculating the amount of compensation. The amount of compensation is reduced by the deductible chosen by the company.

The damage to movable property was covered under movable property insurance instead of building insurance. Fortunately, personal injuries were avoided in the accident.

DAMAGE EXAMPLE

Water is detected on the floor of a conference room in an office building. An investigation of the source of the water finds out that the thermostat of a radiator in an upstairs room has broken and is leaking.

Direct leakage damage caused by a breakdown in the HPVAC technology servicing building is covered under basic and extensive insurance. Fortunately, the office building in question had selected an extensive level of coverage. The 22-year-old thermostat was the same age as the building itself. Age deductions for water damage caused by leaks are not applied until 20 full calendar years. After this, the deduction is 3% per year. In the example, the age deduction is 6% of the amount of compensation. The amount of compensation is reduced by the deductible chosen by the company for the office building.



if.fi/en/commercial
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