



Residential Property Insurance

Product guide, valid as of 1 October 2023

Residential buildings owned by housing companies and real estate companies as well as semi-detached houses in the form of a property are insured by If Residential Property Insurance. The greatest threats to residential property owners are fires, water damage that has spread to many apartments for various reasons, damage caused by natural phenomena and serious personal injuries on the company's property. An insurance policy that is suitable for the company's needs and as comprehensive as possible protects the housing company and homeowners in case of unexpected events

We offer residential property insurance as a package that includes liability and legal expenses insurance in addition to property insurance. Liability and legal expenses insurances are described in more detail in the product descriptions of General Liability Insurance and Corporate Legal Expenses Insurance.

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 property insurance solutions

Residential Property Insurance is used to insure residential buildings such as apartments, terraced houses and semi-detached houses. They can be insured either at

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

Typically, a building is insured on the basis of total area, in which case it is always insured for its 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 This is a sensible alternative especially if the building is structurally simple, low-value or outdated.

The sum insured of the maximum compensation must 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. Warehouses, sheds, garages and technical facilities of less than 300 m² in area are automatically included in the insurance of a residential building. Similar buildings owned jointly are also included if the policyholder's share of the buildings is less than 300 m².

A housing company is a limited liability company that may be liable for damage occurring in the area of the property or get into disputes with a shareholder or contractor, for example. Because of this, in addition to insurance of the property itself, liability and legal expenses insurances are an essential part of the housing company's risk management. General liability insurance covers personal injuries and property damage for which the policyholder is liable under current legislation. Legal expenses insurance, on the other hand, covers necessary and reasonable legal costs related to the ownership, possession and management of the property. If's legal expenses insurance also includes 15 hours of free legal advice for each insurance period. In the legal help service, corporate lawyers advise your company on issues related to housing and real estate law, for example.

Select a suitable level of coverage

Select a suitable level of coverage for your business needs. The limited level of Residential 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 covers water damage caused by breakdowns of HVAC technology. In addition, the basic level provides cover against breakage of glass windows and doors. In addition to the above, the extensive level also covers other damage events, such as flooding of the shower floor drain due to an obstacle, leakage of drain pipes and damage caused by non-storm wind. We always recommend extending your property insurance with pest insurance, which covers pest control expenses until the problem is addressed.

LEVELS OF COVERAGE OF RESIDENTIAL 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	✓	✓	✓
Pest insurance	✓	✓	
Costs of cleaning contaminated soil as a result of property damage	✓		

LIABILITY AND LEGAL EXPENSES INSURANCE COVERS	Always included	Additional product
Property liability losses for which the property owner is liable for damages	✓	
General liability losses , personal injuries and property damage caused by the company to another party in its operations, as well as property damage directly related to these	✓	
Directors' and officers' liability losses , financial losses caused to a company or a third party for which the insured is liable for damages as the board of directors of the housing company		✓
Legal assistance , 15 hours of legal advice during the insurance period on legal issues related to the operations of the housing company	✓	
Legal expenses cover for necessary and reasonable lawyer's fees and legal costs incurred by the use of legal assistance in civil and criminal cases and non-contentious civil cases related to activities listed in the Policy Document	✓	
Legal costs of the opposing party ordered to be paid by the insured under the court's final decision under the same terms and conditions as the insured's own legal costs		✓

Territorial Limits

In addition to the building, the insurance also covers pipes and cables on the property that serve the operation of the building, as well as fixed conventional structures located on the property, such as fences, gates, waste and barbecue shelters, playground racks, benches and similar. Residential Property Insurance also covers movables shared by residents, such as yard tools. In addition, the insurance covers company-owned solar panels, vehicle charging stations, docks and rowing boats.

Residential property insurance also covers damage to insured property during maintenance and repair to up to 200,000 euros, even if the property is not at the place of insurance at the time.

What is compensated and how?

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.

General liability insurance covers, for example, costs incurred by the property owner if a bystander slips and injures themselves in the property area and the accident is found to be a consequence of neglect of maintenance, making the property owner liable for damages.

Amount of compensation

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.

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 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.

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

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

When a building technical system, such as piping, heating system, sprinkler, heat accumulator or exchanger breaks down or a drain is clogged, this often also results 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 age deduction is 60% and no more than 30,000 euros.

Age deductions are applied in the event of breakage damage when the broken equipment is aged. 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 time limit is one full calendar year. For heat pumps and other similar equipment, age deductions begin immediately after the year of installation. In the case of breakage damage, age deductions are calculated based on the age of the original appliance or equipment.

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

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. The maximum amount of this deductible is 10,000 euros.

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 the policyholder 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.

The insurance remains valid if the insurance premium is paid no later than the date due. If the insurance premium has not been paid, it 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

A resident of a housing company comes home and notices water on the kitchen floor. He immediately reports the observation to the property manager, and the source of the leak is investigated. It is found out that the leak was caused by broken plumbing in the building.

While the event would not have been covered by insurance with only a limited scope of coverage, the 30-year-old residential building had a basic level of insurance that covered the damage. As the leak was caused by broken plumbing, the damage is covered under the insurance terms and conditions. An age deduction from 10 years was deducted from the compensation, as age deductions for residential buildings begin to apply after 20 years, after which the deduction is 3% per year. In this example, the age deduction is 30% of the amount of water damage. The age deduction for breakage damage applies to the repair costs of broken plumbing. Age deductions are applied in case of breakage damage as the older the piping, the greater the likelihood of damage. In addition, the deductible chosen by the housing company is deducted from the compensation.

DAMAGE EXAMPLE

A resident of the housing company slipped in the shower and fell over the floor drain. The resident was injured and unable to get up, turn off the shower or move away from the floor drain. As a result, the water leaked into the rest of the apartment and all the way to the apartment downstairs. The shower was turned off and the water drained once the resident's spouse came home.

Limited or basic insurance would not have covered the damage caused by an obstructed drain. Fortunately, in this example, the housing company had extensive property insurance, which covered the water damage. Since the water damage did not occur as a result of a breakage, no age deduction was applied. A special deductible of 25% is applied to the amount of compensation, but at minimum the deductible chosen by the housing company.

DAMAGE EXAMPLE

A resident of the housing company has lit candles to enjoy the dark autumn evenings. A gust of wind from a crack in the ajar front door knocks the candle over and a fire breaks loose. The resident wakes up when the fire detector begins to sound an alarm. The resident is unable to put out the fire and leaves the apartment to ensure their personal safety. By the time the rescue services arrive, the fire has spread to the whole apartment. Rescue services extinguishes the fire with water, which also damages other apartments.

Fire damage is by all three levels of coverage of property insurance, whether limited, basic or extensive. Damage to other apartments caused by water used to put out the fire is also covered by property insurance. The housing company had selected an extensive level of coverage, and the property was insured for its full value. No age deductions are applied for fire damage, but the compensation is based on the technical service life and fair market value of the residential building, which can sometimes reduce the amount of compensation. The deductible chosen by the housing company is applied to the compensation.

Residents' personal damaged property is not compensated by property insurance, and each resident must apply for compensation from their own home insurance.

DAMAGE EXAMPLE

While walking home, a resident of the housing company slips on the icy ground. The resident was not seriously injured, but nonetheless went to see a doctor for possible injuries. The resident's overcoat and trousers were also damaged in the accident.

The housing company is responsible for sanding and general maintenance of outdoor areas, so the costs of the resident's doctor's appointment and damaged clothes were covered by the housing company's general liability insurance.

DAMAGE EXAMPLE

Burglars break into a housing company's storage room used by residents. Burglars break both the door leading to the room containing storage cages and the window in the room. In addition, burglars commit vandalism and spray paint the walls of the room. The burglars also break into residents' storage cages and steal property.

Criminal damages are covered by extensive and basic insurance. Because the criminal damage was caused by breaking and entering and damaging structures, the damage is covered by insurance. The vandalism caused by spray painting the walls is also covered. No age deductions are applied to criminal damage. However, the deductible chosen by the housing company is applied to the compensation.

The residents' stolen property is not covered by the housing company's insurance. Each resident from whom property was stolen in the burglary can apply for compensation from their own home insurance.



if.fi/en/commercial
Customer service: 010 19 15 00

The Insurance Contracts Act and other Finnish legislation regulate insurance policies issued by If P&C Insurance Ltd (publ), branch in Finland. If P&C's transactions are under the supervision of the Financial Supervisory Authority, Snellmaninkatu 6, P.O. Box 103, 00101 Helsinki, www.finanssivalvonta.fi, tel. +358 9 1835360.

If P&C Insurance Ltd (publ), branch in Finland, registered domicile Stockholm, Business ID 1602149-8, P.O. Box 4, 00025 IF