

**FOREST INSURANCE TERMS AND CONDITIONS**  
**CONDITION MET 230.11, valid as of 1 January 2019**

This is a translation of the original Finnish insurance terms and conditions 'Metsävakuutusehdot'. In case of discrepancy, the Finnish wording prevails.

The content of the forest insurance comprises the Policy Document, these Forest Insurance Terms and Conditions and the General Terms and Conditions.

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**KEY CONCEPTS USED IN THE TERMS AND CONDITIONS**

**Market price**

Market price is the cash price which could have been obtained for the growing stock or timber if sold in an appropriate manner at the time of the loss in Finland.

**Deductible**

The deductible is the amount of money entered in the Policy Document or in the Terms and Conditions of the Insurance, which is deducted from the amount of loss covered in each case of loss.

**Growing Stock**

Growing stock refers to a forest with a dominant height of more than seven (7) metres.

**Timber**

Timber refers to timber felled or energy wood collected from an insured commercial forest owned by the Policyholder.

**Seedling Stand**

Seedling stand refers to a forest with a maximum dominant height of seven (7) metres.

**Commercial Forest**

Commercial forest refers to a forest, the main purpose of which is production of timber for the forestry industry.

**On-site Forest**

On-site forest refers to a seedling stand and growing stock with forestry industry value located on a site with a maximum area of three hectares, on which the main building of the farm is also located or for which a building licence has been granted for a main building.

**1 VALIDITY OF THE INSURANCE**

The Insurance is valid in the place of insurance specified in the Policy Document.

**2 INSURED INTEREST**

The Insured Interest comprises the commercial forest or the on-site forest of a farm specified in the Policy Document.

**3 INSURANCE COVERS**

**3.1 Cover for a Sudden and Unforeseen Event**

The Insurance covers direct property damage arising from a sudden and unforeseen event.

**3.2 Fire Cover**

The Insurance covers sudden and unforeseen direct property damage caused by

- an outbreak of fire
- an explosion
- a lightning strike.

In addition, the Insurance covers damage, caused by extinguishing action, to the seedling stand and the growing stock.

**3.3 Cover for Storm and Snow Damage**

The Insurance covers sudden and unforeseen direct property damage caused by a storm or snow.

**3.4 Cover for Damage Caused by Insects**

The Insurance covers sudden and unforeseen direct property damage caused by insects.

**3.5 Cover for Damage Caused by Rodents**

The Insurance covers sudden and unforeseen direct property damage caused by rodents.

**3.6 Expected Value Cover**

The Insurance covers loss of the expected value of growing stock covered by the commercial forest insurance, when the forest has been subject to damage compensable under the scope of cover stated in the Policy Document.

**4 GENERAL EXCLUSIONS**

The Insurance does not cover damage caused

- 1) to forest property
  - by an error in planning, handling or workmanship
  - by neglect of forest management
  - as a result of a long-term process developing slowly into damage.
- 2) by frost, ice, freezing, rain, drought, heat, frost heaving, subsidence of land or other similar, gradually occurring phenomenon
- 3) by variation in water levels, waves or the movement of ice
- 4) by contamination of air, water or soil, or fungal diseases
- 5) by nematodes, such as the pine wood nematode
- 6) by animals of the deer species other than roe deer
- 7) by fraud, embezzlement or some other comparable, deceitful practices, or the violation of an agreement
- 8) by a cause which is compensable on the basis of a special Act, guarantee, other obligation or insurance, or from public funds.

The Insurance does not cover

- 9) pure financial loss
- 10) loss, if the occurrence of loss or damage cannot be determined
- 11) loss or damage, if the event causing the loss or damage has begun before the entry into force of the Insurance.

**5 PRECAUTIONS**

The precautions include the most common safety measures, with the purpose of preventing loss or damage or reducing its extent.

The Policyholder, the Insured Person and any person comparable to the Insured Person, must observe the precautions. Negligence of the precautions may cause the compensation to be reduced or completely refused in accordance with clause 5.1.1 of the General Terms and Conditions.

**5.1 Fire Safety**

- 1) An open fire made in the forest must be continuously supervised, and after extinguishing the fire it must be ensured that the fire is not left smouldering on the site.
- 2) It is forbidden to make an open fire in a yard area or on the terrain when a forest fire or grass fire warning is in force.

**5.2 Prevention of Damage Caused by Insects**

- 1) The forest owner is obliged to ensure that all growing stock or timber damaged by fire, storm, snow or other factors as well as timber stored after usual fellings is transported away from the forest or timber storage in accordance with the Forest Damages Prevention Act (1087/2013) or to otherwise ensure that no

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significant amount of insects causing forest damage can spread from the growing stock or timber.

**6 COMPENSATION**

**6.1 Basis for Compensation**

The Insured Interests and the selected covers are listed in the Policy Document.

**6.1.1 Direct Property Damage**

The Insurance covers direct material damage to the Insured Interest, caused by a sudden and unforeseen event in accordance with the level specified in the Policy Document.

In addition, the Insurance covers reasonable costs incurred in limiting or preventing a loss or damage to the Insured Interest, which has occurred or is imminent, e.g. such costs as those incurred by fire-watch which is necessary for limiting or preventing a loss or damage covered by this Insurance.

**6.1.2 Exclusions**

The Insurance does not cover

- 1) a decrease in the value of the forest
- 2) increment loss
- 3) planting costs of a new seedling stand
- 4) fire extinguishing costs or costs incurred by post-damage clearing
- 5) expenses related to the claims settlement process or indirect expenses related to the loss or damage, such as telephone and travel expenses, the Insured's loss of income or other such costs.

**6.2 Assessment of the Price of Growing Stock and Calculation of the Amount of Loss**

The amount of loss is calculated in conjunction with the insured event.

In the case of damage to a seedling stand in a commercial or on-site forest, the compensation paid is the amount of money stated in the Policy Document per hectare of destroyed forest in need of artificial reforestation due to damage. The species-specific amounts of seedlings and the need for repair planting will be calculated in accordance with the instructions provided by the Forestry Development Centre Tapio. Compensation for seedlings awaiting planting shall be paid in accordance with the purchase price of new similar seedlings.

Any compensation, allowances and subsidies payable for the protection of forest and from public funds will be deducted from the amount of loss covered.

In the case of damage to growing stock or timber, or growing stock in an on-site forest, the compensation shall be the selected amount of compensation per solid cubic metre or the market price, as stated in the Policy Document.

**6.2.1 Commercial Forest**

The compensation is determined on the basis of the amount of compensation selected by the Policyholder when taking out the Insurance. The amount of compensation is always stated in the Policy Document.

In case of damage other than fire damage, the compensation for loss of expected value is determined as a percentage of the amount of compensation stated in the Policy Document as follows:

<b>Age of growing stock</b>	<b>Compensation</b>
25–35 years	100%
36–45 years	50%
46–55 years	25%

In case of fire damage, the compensation for loss of expected value will be based on an assessment performed by a forestry specialist.

**6.2.2 On-site Forest**

In the on-site forest insurance, the compensation is always the amount stated in the Policy Document. Cover for loss of expected value is not granted for on-site forest insurance.

**6.3 Methods of Compensation**

**6.3.1 Lump-sum Compensation**

In the case of damage to forests, compensation is always paid in cash.

Damaged growing stock always remains in the Policyholder's possession.

**6.4 Deductible and Other Deductions**

**6.4.1 Deductible**

The deductible is deducted from the amount of loss covered. The amount of the deductible is defined in accordance with the Policy Document and these Terms and Conditions. No deductible is deducted from costs arising from the prevention of loss or the reduction of its extent.

**6.4.2 Impact of Individual Acts**

The Insurance Company may reduce or completely refuse compensation to the Insured Person and any person comparable to the Insured Person who has:

- caused the loss or damage intentionally or through gross negligence. This also applies where the Insured Person's use of alcohol or intoxicants has contributed to the loss or damage (General Terms and Conditions, Clause 6.1).
- neglected to observe the precautions applying to the Insurance (Clause 5 and General Terms and Conditions, Clause 5.1.1).
- neglected measures to prevent loss or reduce its extent (General Terms and Conditions, Clause 5.2.1).

Persons comparable to the Insured Person are specified in Clause 7 of the General Terms and Conditions.

**6.4.3 Impact of Laws Regulating Taxation**

The laws regulating taxation are also taken into account in the calculation of compensations.

**6.4.4 Order of Calculating Deductions**

Deductibles and other deductions are made from the amount of loss covered, in the form of consecutive deductions in the following order:

- 1) deductible
- 2) the amount of possible tax
- 3) any deductions based on the actions of the Insured Person.

**7 PREMIUM**

**7.1 Calculating the Premium**

Premiums for forest insurance shall be calculated according to the personal qualities of the Policyholder, such as age and the insurance and claims history, the area and location of the insured forest, as well as the scope of cover and the amount of the deductible. The factors affecting the premium will vary in accordance with the Insured Interest.

The insurance company is entitled to adjust the premium at the turn of the insurance period on the basis of a change in the age of the insured interest, the Policyholder, his/her family members, the Insured or the possessor of the insured interest. In such a case, the premium is adjusted in accordance with the change in the statistical risk of loss or damage that corresponds to the change in age.

When the effect of age on the risk of loss or damage changes, the insurance premium can be adjusted to better correspond to the risk.

The other cases in which the insurance company is entitled to adjust the premium are stated in the General Terms and Conditions.

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