



Business Interruption Insurance

Insurance terms no. ER20

The following shall apply to the insurance:

- The insurance policy, together with certifications and specific conditions.
- These insurance terms, no. ER20.
- The company's General Terms, no. YY10.
- Statement summarising the calculation of the insurance amount.
- Act on Insurance Contracts, no. 30/2004.

The provisions of the insurance policy or renewal certificate shall supersede the provisions in these terms. The provisions of the insurance policy, renewal certificate, and insurance terms shall supersede any statutory provisions that may be derogated.

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1. The insured

The policyholder is the insured.

2. Geographical scope

The insurance applies in the location specified in the insurance policy or the renewal certificate.

3. Scope of compensation

3.1 The insurance compensates for operating losses that are sustained by the insured as a result of business interruption during the insurance period and result in a contraction in sales of the insured's goods or services due to:

3.1.1 Fire

3.1.2 Water

3.1.3 Burglary

3.2 The insurance can also cover unavoidable extra expense that is incurred by the insured during coverage period and can be traced directly to the fact that the insured's commercial property cannot be used because of covered damage to insured personal property or building(s) in which the personal property is stored. The extra expense applies solely to the same items as the operational loss.

3.3 Coverage according to Articles 3.1 and 3.2 is subject to the requirement that the damage causing the business interruption of operations be covered by a personal property insurance policy with the company.

3.4 The insurance covers the losses specified in the insurance policy or renewal certificate.

The insurance does not compensate losses due to:

3.5 Increased operating losses as a result of lock-outs, strikes, machinery breakdown, operational delays due to renovation, expansion, official order, or other comparable occurrences.

3.6 Increased operating losses due to a general downturn in the economic sector concerned, changes in the insured's market position, or shortage of capital.



4. Specific limitations on liability

The insurance does not compensate for expenses, or increased expenses, that can be traced, directly or indirectly, to the following:

- 4.1 Earthquakes, volcanic eruptions, landslides, snow avalanches, or other natural disasters.
- 4.2 War, invasion, military action, civil commotion, uprisings, riots, strikes, or similar incidents.
- 4.3 Nuclear reactions, ionic radiation, pollution stemming from radioactive materials, nuclear fuel, or nuclear waste.

5. Precautionary rules

- 5.1 The insured shall ensure that the building is always locked and all windows closed or latched when the building is unoccupied.
- 5.2 The insured shall ensure that objects are not at risk of damage due to fire or heat.
- 5.3 The insured shall ensure that inventories stored in basements are placed on pallets or racks and that the storage room is equipped with a drainpipe.
- 5.4 The insured is required to ensure that all facilities on the insured location comply with the instructions set forth in the applicable regulatory instruments.

6. Violations of precautionary rules

The precautionary rules set forth in these terms must be followed. If the precautionary rules are not followed, the company may be absolved of its liability, wholly or in part, cf. Article 26 of the Act on Insurance Contracts, no. 30/2004.

7. Change of risk level

The insured shall notify the company in the event of a change in the nature of the commercial activities or in operations in the immediate vicinity of the insured location. The insured shall also notify the company if buildings are modified in such a manner as to increase the risk of fire. Neglecting to report such changes could absolve the company of its liability,

either wholly or in part; cf. Article 24 of the Act on Insurance Contracts, no. 30/2004.

8. Identification

The company may take into account the conduct of the managers of the insured and of administrators and operators of individual items, articles of equipment, or real properties.

9. Payment of premiums

- 9.1 The insurance premium is due and payable upon demand.
- 9.2 Non-payment of premiums can result in loss of rights or cancellation of the policy, cf. Article 33 of the Act on Insurance Contracts, no. 30/2004.

10. Reimbursement of premiums

If the insurance contract expires before the insurance period is concluded, the company shall reimburse the proportion of the premium corresponding to the overpayment.

11. Insurance amount

- 11.1 The insurance amount shall equal the estimated contribution margin of the insured during the insurance period.
- 11.2 In these terms, contribution margin is defined as operating revenues during the insurance period less product use, variable wage costs, other variable costs and changes in inventories of fully processed goods, of appropriate. A summary of the calculation of the contribution margin shall be prepared by the insured and approved by both parties.
- 11.3 In these terms, operating revenues are defined as sales less value-added tax, discounts granted, or other price reductions on goods sold (and delivered) or on services rendered at the insured location.
- 11.4 In these terms, variable costs are defined as those expense items that change in direct proportion to operating revenues and that need not be insured; that is, raw materials purchases, packaging, transport costs, etc. If a portion of the insurance amount is intended to defray wage costs, the insurance shall



- cover wage payments to the extent specified in the insurance policy or renewal certificate. The insurance amount for wage expenses shall suffice for all wage payments that are not designated as management salaries in the company's accounts, including wage-related expenses. Variable costs shall be shown on a summary statement.
- 11.5 Estimates of contribution margin, operating revenues, and variable costs shall be based on the annual financial statements for the insured's previous operational year, or on the interim financial statements and an estimate of changes during the insurance period.
- 11.6 The insurance amount and itemised extra expenses appear in the insurance policy or the renewal certificate. The itemised insurance amount shall be shown on a summary statement.
- 12. Deductible**
- 12.1 The deductible for each claim appears in the insurance policy or the renewal certificate.
- 12.2 The deductible is the waiting period in days after the occurrence of the insurance incident, unless otherwise specified in the insurance policy or the renewal certificate. The waiting period is defined as the first days of the compensation period, and no compensation is paid for that period.
- 13. Determination of benefits**
- 13.1 The company shall pay compensation for the length of time specified in the insurance policy or the renewal certificate, which shall never exceed the time that the company's operations are more or less interrupted.
- 13.2 The loss equals the difference between the calculated contribution margin as it would have been during undisturbed operations and the actual contribution margin during the compensation period.
- 13.3 Compensation is paid only for the actual loss incurred during the compensation period, to the extent covered by the insurance, and only for that portion of the loss caused solely by the interruption or reduction in operations that has occurred.
- 13.4 If the insured does not plan to commence operations again, the compensation amount shall be based on the length of time that is considered likely to have passed before operations could have begun again, but never longer than the compensation period specified in the insurance policy or the renewal certificate. Compensation during this period shall be based on the unavoidable, verifiable costs incurred by the insured.
- 13.5 If operations have been interrupted permanently as a result of circumstances beyond the control of the insured, compensation shall be paid in accordance with Article 13.2, but never for a longer time than is considered likely to have passed before operations could have begun again, and never longer than the compensation period specified in the insurance policy or the renewal certificate.
- 13.6 Payment of extra expenses is subject to the company's approval of both the amount and the nature of the expenses in each instance.
- 13.7 Compensation may never exceed the insurance amount specified in the insurance policy or the renewal certificate, including extra expenses.
- 14. Underinsurance**
- If the operations are underinsured, compensation for interrupted operations shall be reduced by the same proportion.
- 15. Multiple insurance**
- 15.1 If the same loss is covered by more than one insurance policy, the insured may choose which insurance he wishes to use until he has received the compensation to which he is entitled.
- 15.2 If more than one insurance company is liable to pay compensation in accordance with Article 15.1, the companies shall pay compensation proportionally, in accordance with each company's liability for the loss, unless another agreement has been reached.
- 16. Time limitation on liability**
- The entitlement to compensation expires after four (4) years. The four-year time period shall begin at the end of the calendar year in which the insured received



the necessary information about the incident on which his claim is based. The entitlement to compensation shall expire, however, no later than ten (10) years after the end of the calendar year in which the insured incident took place.

These insurance terms shall take effect on 1 January 2006.