

# Hidden Defects Insurance

---

## Definitions

---

### Hidden Defect

A **Hidden defect** is understood to be a secret defect defined by the Housing Transaction Act Chapter 6, section 11, paragraph 1, sub-paragraph 4) regarding second hand objects; as the result of the **Hidden Defect**, the **Object** is significantly inferior in terms of amenities, condition or other properties to what the buyer had reasonable grounds to expect in view of the price and age of the apartment, the standard of amenities usual in the area, general requirements concerning reasonable housing standards, and other considerations.

### Insured

An **Insured** is a natural person(s) or an estate of a natural person, who is named in the **Sales Contract** as the seller of the **Object**.

### Insurer

This policy is insured by Helvetia Schweizerische Versicherungsgesellschaft in Liechtenstein AG.

This policy is underwritten by Novus Underwriting Limited on behalf of Helvetia Schweizerische Versicherungsgesellschaft in Liechtenstein AG. Novus Underwriting Limited is registered in England and Wales under Company No. 10844265, with its registered office address at Cumberland House, 129 High Street, Billericay, Essex, CM12 9AH. Novus Underwriting Limited is an appointed representative of Direct Insurance Group Plc, which is authorised and regulated by the UK Financial Conduct Authority, Firm Reference No, 306080.

Helvetia Schweizerische Versicherungsgesellschaft in Liechtenstein AG, Aeulestrasse 60, Vaduz, FL-9490 Liechtenstein registered in the Principality of Liechtenstein (number in the register – FL-002.191.766-9) with headquarters in Dufourstrasse 40, 9001 St Gallen, Switzerland.

### Coverholder

This policy is issued by the **Coverholder**, RSG Construction & Specialty AB (RSG), organization number 556686-1964 and identified within this policy in accordance with the authorization granted to the **Coverholder** under the Coverholder Appointment Agreement with the Unique Market Reference B1262BW0318320.

The **Coverholder** acts as an agent of the **Insurer** in performing its duties under the Coverholder Appointment Agreement with the Unique Market Reference stated above. For inquiries regarding matters where the insurance terms and conditions refer to the **Insurer**, it is sufficient to contact RSG.

### Object

An **Object** is a flat in apartment building, semi-detached house, terraced house, or an individual house in a housing corporation consisting of two or more single houses, sale and purchase of which is governed by the Housing Transactions Act.

- The **Object** shall be used for residential or holiday purposes by the **Insured** in Finland at the time when the insurance is taken out.
- If the **Object** partially houses any sort of business activity, the majority (more than 50 %) of the dwelling area must be used for private accommodation.
- The insurance is eligible for **Object** up to maximum 350 sqm living area.
- Defined ONLY as part of the **Object**:
  - Indoor parts of the **Insured's** housing as stated in Limited Liability Housing Companies Act (1599/2009) Chapter 4, Section 3, and for maintenance and repair of which the **Insured** is or would be liable according to the "Division of maintenance and repair liabilities in Housing Corporations"-table published by Kiinteistöalan Kustannus Oy (and created by Suomen Kiinteistöliitto) in force at the time when the insurance was taken out.
  - In addition to this, it is considered that all supply systems inside the **Insured's** housing for electricity, water, drainage and ventilation to be parts of the **Object**.
  - The indoor parts of the owner apartment exceeding the current basic level in situations when the housing company is responsible for the repair of the indoor parts of the owner apartment to the current basic level that are damaged due to a failure in, or the repair of, the building structure or some other part of the building for whose maintenance the housing company is responsible as stated in Limited Liability Housing Companies Act (1599/2009) Chapter 4, Section 2.
  - The above shall apply even if the ownership of the **Object** is based on the share in the housing co-operative, in which case the **Object** shall for the purposes of this contract be treated as if it was a flat in a housing corporation.

- Defined as **NOT** a part of the **Object** is; sauna, porch, conservatories or any other similar construction adjacent to ground level or any other building not built for residential use.

#### **Inspection Report**

An **Inspection Report** is a comprehensive report describing the condition of the **Object**.

#### **Purchaser**

A **Purchaser** is a natural person(s), who is named in the **Sales Contract** as the buyer of the **Object**. Only the **Purchaser** can file a claim (be the claimant) against the **Insured** under this insurance.

#### **Sales Contract**

A **Sales Contract** is a written agreement between the **Insured** and the **Purchaser** for the transaction of the **Object**.

#### **Terrorism**

An act including, but not limited to, the use or threat of force and/or violence of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public, in fear.

---

## **1. Requirements for Insurance**

In order to purchase insurance, the **Insured** needs to appoint a survey company approved by the **Insurer**. The survey company must inspect the **Object** and produce an **Inspection Report** as described below.

- At the time when the **Sales Contract** is signed, the **Inspection Report** must not be older than six (6) months.
- The **Insured** must provide the inspector (surveyor) with any information regarding the condition of the **Object** that could be relevant in order to determine the property condition.

The insurance cannot be taken out after the **Purchaser** has gained possession to the **Object**.

---

## **2. To Whom the Insurance Applies**

The insurance applies to the **Insured**, named in the policy letter.

---

## **3. When the Insurance Applies**

The insurance applies for two (2) years from the day when the **Purchaser** has gained possession to the **Object**. Regardless of the above stated time frames, the insurance is only valid from and until the dates specified in the policy letter.

The insurance covers claims from the **Purchaser** of the **Object** against the **Insured**.

---

## **4. The Insurance Coverage**

The insurance covers the **Object**, and applies to claims from the **Purchaser** based on proven **Hidden Defects** of the **Object** and where there has been a physical damage to the **Object** due to a **Hidden Defect** and where the **Insured** is liable to pay compensations to the **Purchaser**.

The insurance does not cover Financial irregularities and/or legal irregularities described in chapter 6, sections 20 and 21.

---

## **5. Exclusions to the Insurance Coverage**

The insurance does not cover:

- 5.1. Any claim where there has not been a physical damage to the **Object**,
- 5.2. Any part or parts of the **Object** not inspected in the **Inspection Report**;
- 5.3. Any part or parts of the **Object** where the **Inspection Report** recommended an additional inspection;
- 5.4. Claims based on defaults, defects, damage, deficiencies or other remarks recorded in the **Inspection Report**;
- 5.5. Defects that would have been evident at the time of purchase of the **Object** (even if omitted from the **Inspection Report**);
- 5.6. Claims based on defaults, defects, damage or deficiencies in materials, constructions or rooms that according to the housing company's articles of association or the decision made by general meeting or other institution of the housing company are the responsibility of the shareholder in situations where this maintenance responsibility of the shareholder differs from what is stated in Limited Liability Housing Companies Act (1599/2009) Chapter 4, Section 3, and the "Division of liability for maintenance and repairs"-table published by Kiinteistöalan Kustannus Oy;

- 5.7. Any defect for which the **Purchaser** has either reduced the purchase price for the **Object** or withheld money to the **Insured**, as a result of the defects;
- 5.8. Claims based on defects that:
  - the **Insured** knows about;
  - is concealed or hidden by the **Insured**;
  - are based on the **Insured** giving false or misleading information.
- 5.9. Claims that are based on promises and/or descriptions by the **Insured** or the **Insured's** representative that gives the **Purchaser** a wrongful picture of the dwelling's standard;
- 5.10. Claims based on defects connected to contractors work when a contractor has a legal liability in Finnish law or by contract to indemnify the **Insured**. If the contractor has a legal liability, as stated above, but is not able to fulfill his obligations due to bankruptcy or other proven insolvency, such as bailiff's statement of insolvency, then the **Hidden Defect** policy will indemnify the **Insured** if the claim is defined as a **Hidden Defect** and covered in this wording;
- 5.11. Claims based on defects in fireplaces and flues;
- 5.12. Claims based on defects in household machines, fans, antennas, air conditioning machines, central vacuum systems including piping systems, computer and other technical/electronic equipment, swimming pools and associated equipment;
- 5.13. Claims based on defects or deficiencies related to water quantity or quality;
- 5.14. Claims based on defects consisting of or caused by radon, asbestos or creosote.
- 5.15. Any cost for the **Purchaser**, unless there is a valid claim under this policy, for which the **Insured** is liable to compensate the **Purchaser**.

The **Insurer** can never be obligated to reimburse the **Purchaser** only because of the consent or promise of payment from the **Insured** or other than the **Insurer**.

---

## **6. Maximum Insurance Indemnity Amount**

---

The maximum insurance indemnity amount is;

- Flats: EURO 45,000 including the **Insured's** legal defense and survey costs (incl. VAT);
- Semi-detached houses and terraced houses: EURO 75,000 including the **Insured's** legal defense and survey costs (incl. VAT).

The amount represents the total compensation for the entire period of insurance.

---

## **7. Deductible**

---

The deductible is;

- Flats: EURO 2,000 per claim;
- Semi-detached houses and terraced houses: EURO 3,000 per claim.

Each defect to be considered as a separate claim.

---

## **8. Insurance Compensation**

---

### **8.1. Amount of Compensation**

The insurance policy is not intended to provide the **Insured** or the **Purchaser** with any profit, only replace the loss suffered, even if the sum insured is higher. Regulating the claim is done primarily through cash settlement.

If the **Purchaser** makes a claim against the **Insured**, the **Insurer** will, provided that the claim exceeds the deductible:

- Investigate if the **Insured** is liable to compensate the **Purchaser** according to the Housing Transaction Act.
- Negotiate with the claimant.
- Defend the **Insured** in a trial or in other available mechanisms of dispute resolution, thereby paying the litigation costs that the **Insured** suffered or is ordered to pay and which cannot be recovered from the counterparty or another liable party. Any lawyer appointed as **Insured's** counsel must be pre-approved by the **Insurer**.
- Pay the indemnity provided that;
  - the **Sales Contract** is not cancelled,
  - the **Insured** is liable to compensate,
  - the amount exceeds the deductible and that the claim is covered by the insurance.

*Continues*

Indemnification will never be paid in order to increase building standard, except when the increase in the building standard is due to legal norms requiring higher standard than the original building standard. The indemnification for the loss shall never be higher than the cost to repair the damage added with other associated costs such as legal and survey costs.

Notwithstanding the above, the compensation is never higher than stated in paragraph 6 “Maximum Insurance Indemnity Amount” above.

### 8.2. Age reduction

A compensation will be what the **Object** was worth just before the loss. When a damaged part of the **Object**, for example, a floor is replaced by a new, similar one put in the same place and intended for the same use, we say that compensation is based on the replacement value of the **Object** in question.

The value of an **Object**, however, may have reduced to less than 50 % of an equivalent new one owing to, for example, age, use and suitability for its intended purpose. If this is the case, we will compensate according to its current value.

An age reduction is made when a part of the **Object** has a damage. An age reduction is made, for example, on the costs of pulling down, repairing and drying the structures of a damaged **Object**.

The maximum age reduction is however 50 % for everything excluding bathroom(s).

Part of the <b>Object</b>	Age	Age reduction of the loss amount
1) Any part, except 3) below	0-10	0 % per year
2) Any part, except 3) below	11 <	3 % per year
3) Bathroom (or similar)	Any	3 % per year

The age of the part(s)/property is calculated as the number of full calendar years following the year the part/parts was installed.

Replacement value – Age reduction = Compensation to the **Insured**

Age reduction in case of machine, equipment or pipe breakage in an <b>Object</b>	Age reduction
Tanks, waste water, rainwater, supply water and heating pipes of the building, other than those located in the ground slab;	3 %
Copper and plastic pipes in the ground slab and underground;	3 %
Other pipes in the ground slab and underground;	6 %

The age reduction percentage is computed by multiplying the percentage in the above table by the number of full calendar years following the year the property was first used.

Age reductions are also made on costs of;	Age reductions are not made on;
<ul style="list-style-type: none"> <li>• Exposing and resealing structures of a building</li> <li>• Excavating and filling</li> </ul>	<ul style="list-style-type: none"> <li>• Costs arising from locating faults and damage,</li> <li>• Electric cables</li> </ul>

### 8.3. Insurance Claim

Any insurance claim must be made as soon as possible within one (1) year from the date at which the **Insured** becomes aware of the occurrence of a damage that resulted from the occurrence. In any event, the claim shall be made within ten (10) years from the occurrence of the insured event or from the occurrence of the damage.

A claim report must be made without delay and sent to;

Van Ameyde Finland   OY Lars Krogius Lintulahdenkatu 10 FI-00500 Helsinki Finland	telephone (+358) 947 63 63 00 e-mail vahingot@kauppaturvavahingot.fi
--	---

The claim report must include;

- A copy of the **Purchaser’s** claim (if this has been forward in writing);
- Proof of damage, such as a copy of a damage survey report;
- A copy of the **Inspection Report**;
- Information regarding any other insurance policy that may be covering the damage / claim;
- Any other information and or documents which the **Insurer** may need for handling the claim.

#### **8.4. Commitments**

The **Insured** shall contribute, as can be reasonably required, to the settlement of claims by providing the **Insurer** with the information and documents requested by the **Insurer** according to Section 69 of the Finnish Insurance Contract Act. If the **Insured** does not contribute to the settlement of claims, the **Insurer** is not liable for any additional costs incurred as a result of this.

---

## **9. General Conditions**

---

### **9.1. Premium Payment and Inception Date**

The premium is paid to the **Insurer** in accordance with their applicable payment conditions. If the premium is not paid, the **Insurer** is entitled to terminate the policy at 14 days' notice, calculated from the dispatch of the notice. The policy is not to be terminated if the premium is paid within these 14 days. (Section 39 Finnish Insurance Contract Act).

If the insurance cannot be granted, the **Insurer** is not responsible for any damage.

The **Insurer's** liability begins at the inception date of the insurance period stated in the policy letter and applies until the insurance has been terminated, provided that the premium has been paid in accordance with the issued premium invoice.

### **9.2. Termination of the Insurance**

The insurance will be terminated if the **Sales Contract** is cancelled.

The insurance can also be terminated with immediate effect by the **Insurer** if the **Insured** has;

- provided incorrect information,
- failed to comply with applicable construction regulations,
- caused loss or damage willfully or through gross negligence,
- increased the risk of damage, for example by hiring the **Object** to a third party.

### **9.3. Personal Information**

#### *The basics*

The **Insurer** collect and use relevant information about the **Insured** to provide the **Insured** with insurance cover or the insurance cover that benefits the **Insured** and to meet the **Insurer's** legal obligations.

This information includes details such as the **Insured's** name, address and contact details and any other information that the **Insurer** collect about the **Insured** in connection with the insurance cover from which the **Insured** benefit. This information may include more sensitive details such as information about the **Insured's** health and any criminal convictions the **Insured** may have.

In certain circumstances, the **Insurer** will need the **Insured's** consent to process certain categories of information about the **Insured** (including sensitive details such as information about the **Insured's** health and any criminal convictions the **Insured** may have). Where the **Insurer** need the **Insured's** consent, the **Insurer** will ask you for it separately. However, if the **Insured** do not give your consent, or you withdraw your consent, this may affect our ability to provide the insurance cover from which the **Insured** benefit and may prevent the **Insurer** from providing cover for you or handling your claims.

The way insurance works means that your information may be shared with, and used by, a number of third parties in the insurance sector for example, insurers, insurance agents or insurance brokers, reinsurers, loss adjusters, sub-contractors, regulators, law enforcement agencies, fraud and crime prevention and detection agencies and compulsory insurance databases. The **Insurer** will only disclose your personal information in connection with the insurance cover that the **Insurer** provide and to the extent required or permitted by law.

#### *Other people's details you provide to us*

Where you provide us or your insurance agent or insurance broker with details about other people, you must provide this notice to them.

*Want more details?*

For more information about how the **Insurer** use your personal information please see our full privacy notice, which is available in the Privacy section of our website [www.helvetia.com/privacy](http://www.helvetia.com/privacy).

*Contacting us and your rights*

The **Insured** have rights in relation to the information the **Insurer** hold about you, including the right to access your information. If the **Insured** wish to exercise its rights, discuss how the **Insurer** use your information or request a copy of our full privacy notice(s), please contact us. Alternatively, you may contact RSG. Please see address in Section 11 below.

The **Insured** also have the right to lodge a complaint with your competent data protection authority, but the **Insurer** encourage you to contact us first.

**9.4. Service of Suit and Jurisdiction Clause**

It is agreed that this Insurance shall be governed exclusively by the law and practice of Finland, and any disputes arising under, out of or in connection with this Insurance shall be exclusively subject to the jurisdiction of any competent court in Finland.

The **Insurer** hereby agrees that all summonses, notices or processes requiring to be served upon it for the purpose of instituting any legal proceedings against them in connection with this Insurance shall be properly served if addressed to it and delivered to its care of RSG who in this instance, has authority to accept service on its behalf.

The **Insurer** by giving the above authority does not renounce its right to any special delays or periods of time to which it may be entitled for the service of any such summonses, notices or processes by reason of its residence or domicile in Belgium.

**9.5. Period for Filing Suit against the Insurer**

Any suit based on either a decision made by the **Insurer** on a claim or another decision that affects the position of the policyholder, the **Insured** or another party entitled to compensation or benefits, shall be filed within three (3) years from the date of receipt by the party concerned of the **Insurer's** written notice of the decision and of the time limit, under penalty of forfeiture of the underlying right. If the case is pending settlement by the Consumer Disputes Board, the Insurance Complaints Board or any other body resolving consumer disputes, the statute of limitations is suspended as provided in Section 11 of the act on the period of limitation of debt (728/2003).

**9.6. Force Majeure**

The insurance does not cover loss that may occur if the claim investigation, repair or payment of compensation is delayed due to war, war-like events, revolution, insurrection or because of government action, strikes, lockouts, blockades or similar events.

**9.7. Inquiries Regarding the Insurance Policy**

For any inquiries regarding this insurance contract, please contact the Insurance Intermediary:

**Optimum Insurance Consultants Oy**

Nuijamiestentie 5 A 2krs  
FI-00400 Helsinki  
Finland

Tel: 09 8775 2385

E-mail: [info@optimuminsurance.fi](mailto:info@optimuminsurance.fi)

**9.8. Information on Consumer's Right for Withdrawal in Distance Selling**

According to the Finnish Consumer Protection Act, a consumer has the right to withdraw from the contract by notifying the Insurance Intermediary within 14 days after the conclusion of the contract or a later date on which the consumer received the prior information and the contractual terms in a permanent manner. In the event of withdrawal, your agreement is terminated and you regain the premium that you have paid for the insurance.

## **10. Complaints Handling**

---

Any complaint should be addressed to the **Coverholder**;

**RSG Construction & Specialty AB**  
Complaints Manager, Jan Hallberg  
Ingmar Bergmans gata 2,  
114 34 Stockholm, Sweden

Tel: +46 8 410 268 80  
E-mail: [claims@rsgsweden.com](mailto:claims@rsgsweden.com)

Your complaint will be acknowledged, in writing, promptly.

A decision on your complaint will be provided to you, in writing, within 8 (eight) weeks of the complaint being made.

Should you remain dissatisfied with the final response or if you have not received a final response within 8 (eight) weeks of the complaint being made, you may be eligible to refer your complaint to the Consumer Disputes Board.

**Consumer Disputes Board**  
Hämeentie 3  
P.O. Box 306  
00531 Helsinki  
Finland

Tel: +358 29 566 5200  
E-mail: [kril@oikeus.fi](mailto:kril@oikeus.fi)  
Website: [www.kuluttajariita.fi/en/index/kuluttaja-asiat/kuluttaja-asiat/vakuutuksetjapankit.html](http://www.kuluttajariita.fi/en/index/kuluttaja-asiat/kuluttaja-asiat/vakuutuksetjapankit.html)

If you have purchased your contract online you may also make a complaint via the EU's online dispute resolution (ODR) platform. The website for the ODR platform is [www.ec.europa.eu/odr](http://www.ec.europa.eu/odr).

The complaints handling arrangements above are without prejudice to your right to commence a legal action or an alternative dispute resolution proceeding in accordance with your contractual rights.

---

## **11. Disputes**

---

Legal steps in connection with the insurance shall be addressed to the **Coverholder**;

**RSG Construction & Specialty AB**  
Complaints Manager, Jan Hallberg  
Ingmar Bergmans gata 2,  
114 34 Stockholm, Sweden

Tel: +46 8 410 268 80  
E-mail: [claims@rsgsweden.com](mailto:claims@rsgsweden.com)

Your dispute will be acknowledged, in writing, promptly.

If the **Insured** is not satisfied with the **Insurer's** decision the **Insured** can have it be reconsidered by the **Insurer** by presenting a case in writing to the **Insurer** requiring reconsideration.

### **11.1. District Courts**

All disputes will be settled by the district court of Helsinki. If the **Insured** is a consumer, the consumer can also institute legal action in the district court within whose jurisdiction the consumer has his or her domicile.

## **12. Other regulations**

---

### **12.1. Nuclear Risks Exclusion Clause**

This policy does not cover any loss or damage arising directly or indirectly from ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel or radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

\* NEVERTHELESS if Fire is an insured peril and a Fire arises directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this policy) be covered EXCLUDING however all loss or damage caused by nuclear reaction nuclear radiation or radioactive contamination arising directly or indirectly from that Fire.

NOTE. - If Fire is not an insured peril under this policy the words "NEVERTHELESS" to the end of the clause do not apply and should be disregarded.

### **12.2. War and Civil War Exclusion Clause**

Notwithstanding anything to the contrary contained herein this Policy does not cover;

- a) Loss or Damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
- b) Any act of **Terrorism**; or
- c) Any act of war or **Terrorism** involving the use of, or release of, a threat to use any nuclear weapon or device or chemical or biological agent.

### **12.3. Sanction Limitation and Exclusion Clause**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

---

## **13. Recourse**

---

In the event of paying insurance compensation, the **Insurer** assumes the **Insured's** potential right to compensation against someone that, due to a contract or otherwise, is liable for the fault, damage or major damage.

The **Insured** may not, to the disadvantage of the **Insurer**, renounce the right to compensation entitled to him through a contract or general tort law.