

Kauppaturva Hidden Defect Insurance

Customer Service InSure Group Oy

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Kauppaturva – Insurance for Hidden Defects

In connection with one of the most important deals in life, it is important for the seller to secure his position as well as possible. As a seller, you are responsible for the hidden defects of the object being sold. For this reason, we recommend that you have a property inspection performed by Raksystems for a single-family house, a semi-detached house, or a terraced apartment. Raksystems' humidity survey is sufficient for an apartment building. After this, it is possible to apply for a Hidden defect insurance for the object inspected by Raksystems.

Kauppaturva insurance covers the seller's liability (in accordance with Code of Real Estate or the Housing Transaction Act) regarding a hidden defect found in the sale object, i.e. a secret defect, for which the buyer demands compensation. Compensation is determined as follows:

Object	Price	Insured up to	Excess	Period
Single Dwelling	2 490 €	75 000 €	3 000 €	5 vuotta
Semi-detached , apartment in a terraced house, single dwelling in a housing company	1 150 €	75 000 €	3 000 €	2 vuotta
An apartment in an apartment building	1 150 €	45 000 €	2 000 €	2 vuotta

**The object can also be a semi-detached house or a detached house in a housing association consisting of two or more individual detached houses, the sale of which is subject to the Housing Transaction Act, or when the liability of the insured deviates from the table published by Kiinteistömedia Oy (and established by the Suomen Kiinteistöliitto) 'The distribution of maintenance and repair responsibilities in a housing association', which is valid at the time of taking out the insurance.*

The insurance covers the claims made by the buyer to the seller starting from the day the buyer has taken possession of the item. The insurance is valid for two or five years from now on, depending on the type of object. The insurance is not issued after the buyer has obtained possession of the object.

Validity of the insurance:

- The insurance payment is made as a one-time payment and it covers the entire insurance period
- In the case of unpaid policies, the insurance company has the right to terminate the policy after 14 days from the date of the payment notice.

Issuance of insurance requires, among other things, the following:

- Raksystems has carried out a condition evaluation on the site or a humidity survey in an apartment building
- You have informed the inspector of the faults you are aware of
- You have taken out insurance before the buyer has taken possession of the object.
- The evaluation report must not be eight (8) months older at the time of signing the contract of sale
- The living area of the residential building is a maximum of 350 m²
- If any part of the site is used for business, at least half (50%) of the area must be for private residential use.

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What the insurance covers

The insurance covers claims that arise from hidden defects, i.e. secret defects, discovered in the insured objects in accordance with the Code of Real Estate and/or the Housing Transaction Act, depending on the object.

According to the Code of Real Estate, Chapter 2, Section 17, Subsection 1, Clause 5, a property has a hidden defect if, due to some secret defect, it deviates significantly in quality from what can be reasonably expected of a property like the one sold, taking into account the purchase price and other circumstances.

Hidden defect, as defined in Chapter 6, Section 11, Subsection 1, Clause 4 of the Housing Transaction Act (843/1994), means a hidden defect when the apartment (Site) is significantly worse in terms of its equipment, condition or other characteristics than the buyer had a justified reason to require, taking into account the price of the apartment, its age, usual level of equipment in the area, general requirements for a reasonable standard of living and other factors.

The following items are counted as parts belonging to the object:

- Sewers up to the drainage well, rainwater collection well, household water pipes or similar and external moisture protection.
- The exterior walls of the site, including the garage, but not the detached garage

What the insurance does not cover

Here are examples of things that the insurance does not cover (for exact information, it is important to familiarize yourself with the insurance wording):

- Parts of the object that have not been inspected according to the inspection report or for which the inspection report recommends further investigations.
- Sauna, porches, greenhouses or other similar structures built at ground level, and not buildings that are not built for residential use.
- Claims for compensation that are based on negligence, error, mistake, deficiencies or other markings that appear in the condition inspection report or which, in accordance with the Housing Corporation Act (22 Dec 2009/1599), are the responsibility of the housing corporation's articles of association or the general meeting
- Compensation claims related to defects in fireboxes or chimneys
- Claims related to defects in machines, fans, antennas, air conditioners or central vacuum cleaners, including piping, control units or other technical and electrical equipment and in swimming pools and related equipment.
- Defects based on damage or defects caused by radon, asbestos or creosote.

Note! If some parts of the object cannot be inspected (e.g. the roof is covered with snow in winter), it is recommended to carry out an additional inspection if possible after the snow has melted, in which case this structure will also be covered by the insurance.

Age reduction

The insurance compensation is based on the value the object had just before the loss of value or damage. When a damaged part of an object, for example a roof, is replaced by a new roof that is similar, located in the

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same place and serves the same purpose as the old one, the insurance compensation is based on the replacement value of the object in question.

Age reduction is done when there is damage to some part of the object. Age reduction is made, for example, from the costs of dismantling, repairing and drying the structures of the damaged object. However, the age reduction is a maximum of 50% for everything other than Bathrooms.

Part of an object	Ikä	Ikävähennys
1) Any part, except 3) below	0-10	0 % per year
2) Any part, except 3) below	10 <	3 % per year
3) Bathroom (or similar)	0 <	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 Object

	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 %

Customer Service and applications

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Coverholder

This policy is issued by the Coverholder, InSure Group Oy, organization number FI21427724 and identified within this policy in accordance with the authorization granted to the Coverholder under the Coverholder Appointment Agreement with the Unique Market Reference B1735ND0318324. 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 InSure Group Oy.