

# Cyber insurance CY2

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## 1 Content of the insurance

Cyber insurance includes the following types of insurance:

- Expenses insurance
- Business interruption insurance
- Third party liability insurance

The insurance contract consists of the policy document, the CY2 product terms and conditions, and the YS15 general terms and conditions of contract.

Upon the conclusion of the insurance contract or when the insurance cover is modified, if it is agreed that the insurance cover included in the contract is more limited or more extensive than set out in these terms and conditions, the differences will be stated in the policy document.

The sum insured and deductibles for the insurance are shown in the policy document.

## 2 Concepts

### Sum insured

Each insurance (Expenses, Business interruption, Third party liability) has a sum insured, which is the maximum amount of compensation payable for one claim and for one insurance period. The sum insured is based on the agreed maximum amount of money.

The amounts of loss and compensation are not based on the sum insured.

### Underinsurance

Underinsurance is the state in which the turnover declared by the policyholder and stated in the policy document are lower than the actual turnover.

### Deductible

The deductible is the amount in costs for which the policyholder is liable.

### Waiting period

Under business interruption insurance, the waiting period is the minimum period of business interruption for which compensation is payable.

### Policyholder

The policyholder is the party that has signed the insurance contract with the insurance company.

### Insured

The insured is the policyholder.

### Indemnity period

The indemnity period is the maximum uninterrupted period of time for which the business interruption losses are covered. The indemnity period begins when the security breach is confirmed. The length of the indemnity period is specified in the policy document.

### Hardware

Under this insurance, "hardware" refers to computers and other machines and devices that are used to store, process or transfer data in an electronic format or that utilise data transferred over a network in order to operate.

### Computer system

Under this insurance, the term "computer system" refers to the functional entity consisting of a computer network, software, files and hardware used by the policyholder.

### Data forgery

Data forgery is the unauthorised modification of data from its original form.

### Security breach

Under this insurance, "security breach" refers to the act of unauthorised interference of the computer systems or data in electronic format via a data network. The types of security breach may include the breaking into computer systems, planting of malware and denial of service attacks.

### Privacy breach

A privacy breach is an act that results in personal information being destroyed, lost, modified, transferred without authorisation or accessed by an unauthorised party.

### IT forensics

"IT forensics" refers to the extensive examination of computer systems for the purpose of investigating a security breach and to discover where and how the computer system was accessed, and what has consequently happened on the computer system. The forensic investigation also collects evidence for possible adjacent criminal investigations or for identifying the policyholder's liability.

### Cyber attack

A cyber attack is an unauthorized act or activity occurring via a data network with the intention to damage, use or access the targeted network, computer system, hardware or data. The types of cyber attacks, may include, denial of service attacks and planting or spreading of malware.

### Denial of service attack

A denial of service attack is a cyber attack intended to overload and paralyse a computer system or service.

### Service blockage

During a service blockage, a service or computer system is momentarily overloaded and unreachable due to a larger than anticipated number of visitors or requests, not generated by a denial of service attack.

### Service provider

A service provider refers to a company producing services used by the policyholder in order to use and store electronic data. A service provider is e.g. a company providing appointment services or customer register management services in a public data network. A company selling software and hardware to the policyholder is not a service provider.

### Malicious software

Malicious software or malware, is a type of software that intentionally causes undesirable events to occur in a computer system. Viruses and ransomware are considered as malware.

## Ransomware

Ransomware is a type of malware that encrypts or alters data on a device and demands a ransom in exchange for the decryption key.

### 3 Territorial limits and validity

The territorial limit of the insurance is Europe, unless otherwise agreed and stated in the policy document.

The insurance concerns operations undertaken within the territorial limits of the insurance in accordance with applicable law in the countries belonging to the territory.

The insurance is valid for insured events that are discovered during the insurance period stated in the policy document.

## 4 Expenses insurance

### 4.1 Object of insurance

#### 4.1.1 Computer system restoration costs

The objects of the insurance include the costs incurred from:

- Investigating the causes of a security breach
- Removing malware
- Restoring files, software and computer systems to working order.
- IT forensics when forensics are considered necessary, by mutual agreement with the insurer, to aid the claim handling.

#### 4.1.2 Other costs incurred due to a security breach

In addition to the costs stated in section 4.1.1, the objects of the insurance include the costs incurred by the policyholder due to a claim subject to compensation on the grounds of section 4.2.2.

However, the value of the data, the derived value of data or lost earnings due to data loss are not among the objects of the insurance.

#### 4.1.3 Costs of reporting and communicating a privacy breach

The objects of the insurance includes the costs incurred in reporting privacy breaches, related legal advice and the use of a communications agency when the insured has a duty to declare the event on the basis of the Personal Data Act, the EU General Data Protection Regulation or legislation issued on the basis of the Regulation.

The objects of the insurance also includes the costs incurred as a consequence of using a communications agency to mitigate the reputational risk caused by a privacy breach if this action is taken within 14 days of the detection of the privacy breach.

### 4.2 Insured events

#### 4.2.1 Malware

The insurance covers loss caused by ransomware, viruses or other malware to the policyholder's computer systems or files.

#### 4.2.2 Data theft and data forgery

The insurance covers loss incurred by the policyholder when files are stolen, destroyed or forged as the consequence of a security breach affecting the policyholder.

#### 4.2.3 Denial of service attack

The insurance covers loss caused by a denial of service attack on the policyholder's computer systems.

#### 4.2.4 Privacy breach

The insurance covers loss caused as the consequence of a privacy breach or an error made by an employee of the policyholder while using a computer system to discharge work duties.

### 4.3 Exclusions to expenses insurance cover

#### 4.3.1 Loss caused by an employee of the policyholder

Expenses insurance does not cover loss if data theft or data forgery is committed by an employee of the policyholder.

#### 4.3.2 Unprotected device

Expenses insurance does not cover loss if access to data and data networks was not prevented using user IDs and passwords, fingerprint ID or corresponding personal identification.

#### 4.3.3 Service blockage

Expenses insurance does not cover loss or damage caused by a service blockage.

### 4.4 Precautionary guidelines

#### 4.4.1 Binding force and purpose of precautionary guidelines

By following the precautionary guidelines, the occurrence of loss or damage can be prevented or the extent of the loss or damage can be reduced.

All personnel employed or otherwise working for the insured must be made aware of the precautionary guidelines.

In order to be entitled to compensation in accordance with the insurance terms and conditions, the policyholder must comply with the precautionary guidelines. If the precautionary guidelines are not followed, and this has an impact on the occurrence and/or the amount or extent of the loss or damage, the compensation may be reduced or refused in accordance with the Finnish Insurance Contracts Act and the general terms and conditions of contract.

#### 4.4.2 Precautionary guidelines

- The policyholder must nominate a person who is responsible for information security within the company.
- Passwords must be at least 8 characters long and they must include upper-case and lower-case letters, symbols and numbers.
- Passwords must be stored with care in a separate location from user IDs. Passwords must not be stored in the immediate vicinity of hardware.

- Employees must not use the same password for company software and hardware as they use for personal software and hardware.
- Hardware must be equipped with antivirus software and firewalls, which must be updated regularly to the latest available versions.
- Files must be backed up at least once per week and the backups must be stored in a different location than the original storage location so that they are not damaged at the same time as the original files.
- All of the software in use must be updated in accordance with the recommendations of the software providers.
- Lost hardware must be reported to the person responsible for information security within the company, immediately and, if the device enables the files to be deleted, the data must be deleted immediately.
- When hardware is not being used, the device must be stored in a locked area with no direct line of sight to the device from the outside.

## 5 Business interruption insurance

### 5.1 Object of insurance

The object of the insurance is the loss of estimated gross profit of the insured business as a consequence of a security breach occurring on the policyholder's own data network rendering them unable to conduct business.

"Estimated gross profit" refers to the operating profit that is calculated by subtracting the costs of materials and services from turnover.

If the policyholder is a farmer, the object of the business interruption insurance is correspondingly the loss of profit margin.

The profit margin is the difference between the earnings, excluding value-added tax, obtained in cash or benefits with monetary value in a one-year period from farming or associated occupations and the variable costs of acquiring and storing these earnings. Variable costs are costs that are directly dependent on the amount of production of the farm or the associated occupation conducted on the farm.

### 5.2 Insured events and exclusions to business interruption insurance cover

#### 5.2.1 Insured events

The insurance covers the loss of estimated gross profit or the loss of a farm's profit margin as a consequence of a business interruption loss.

"Business interruption loss" refers to the interruption of business, in whole or in part, as the consequence of an insured event covered by expenses insurance.

#### 5.2.2 Neglected accounting

Business interruption insurance does not cover loss or damage if the accounts required by the Accounting Act have not been prepared for the insured business or if a farm has not fulfilled its obligation to keep notes as required by the Tax Administration.

## 6 Third party liability insurance

### 6.1 Insured events

The insurance covers pure financial loss caused to another party as a consequence of a security breach occurring on the policyholder's own data network or the data network of an outsourced service provider.

Compensation is payable under the following conditions:

- The policyholder is liable for the losses under applicable legislation
- The security breach that caused the loss was discovered during the insurance period
- The claim is handled within the territorial limits of the insurance in accordance with applicable law and in the countries belonging to the territory.

Subject to the foregoing conditions, the insurance also covers pure financial loss caused to another party due to a privacy breach when the privacy breach is a consequence of human error occurring while using a computer system to discharge work duties.

### 6.2 Exclusions to third party liability insurance

#### 6.2.1 Loss caused to self or to a party under the same authority

Third party liability insurance does not cover loss or damage caused:

- to the policyholder itself
- to a legal entity belonging to the same group of companies as the policyholder or to a legal entity under the same authority as the policyholder on the basis of ownership or voting rights or other bases.

#### 6.2.2 Contractual liability

The insurance does not cover any loss to the extent that the liability is based on an undertaking by the insured to assume greater liability than would otherwise apply to the insured under current legislation in the same contractual relationship in the absence of such contractual provision.

#### 6.2.3 Intellectual property rights

Third party liability insurance does not cover loss or expenses resulting from violation of another party's intellectual property rights.

#### 6.2.4 Insufficient fulfilment of work performance

The insurance does not cover damage and loss caused by privacy breach when

- The privacy breach is a result of a security breach in another computer system than the computer system of the policyholder
- The privacy breach is aimed at data possessed by the policyholder, and
- The cause of the security breach is unfulfilled or insufficient fulfilment of work performance produced by the policyholder.

## **7 Common exclusions from cyber insurance**

### **7.1 Inoperability and malfunctioning of computer systems**

The insurance does not cover loss or damage incurred due to the inoperability of computer systems for reasons other than security breaches.

### **7.2 Bodily injury and property damage**

The insurance does not cover bodily injury, property damage or financial loss incurred due to bodily injury or property damage.

### **7.3 Knowledge of error**

The insurance does not cover loss, damage or costs based on or caused by a circumstance, error or other basis of indemnity about which the policyholder knew or should have known when the insurance cover commenced.

### **7.4 Fines, contractual sanctions or punitive damages**

The insurance does not cover fines, punitive fees or damages (such as administrative sanctions in accordance with the EU General Data Protection Regulation), forfeiture, compensation for the use of an object, contractual sanctions, recompense for usage or other punitive charges, regardless of who is the subject of the sanction.

### **7.5 Incompleteness**

The insurance does not cover loss or damage incurred by using programs, applications or software before development or testing is complete or before they have been acceptably used in a genuine operational environment. The software used must be the software provider's official release version.

### **7.6 Delayed delivery and cancellation of a deal**

The insurance does not cover loss or damage due to the cancellation of a deal or failure to agree a deal. The insurance does not cover loss incurred by the policyholder due to delayed delivery.

### **7.7 Intent and gross negligence**

The insurance does not cover loss, damage or expenses caused by intent or gross negligence of the policyholder or a person working on behalf of the policyholder.

### **7.8 Exclusions in emergencies**

The insurance does not cover loss, damage or expenses caused by:

- Nuclear damage as referred to in the Finnish Nuclear Liability Act or corresponding foreign legislation, nuclear weapons, radiation or radioactive contamination, or comparable incidents
- War, civil war, rebellion, revolution, coup d'état or comparable circumstances or occurring in an area where such circumstances prevail
- Strike, industrial stoppage or lockout
- Terrorism

## **8 Indemnification regulations**

### **8.1 Notification and settlement of loss or damage**

#### **8.1.1 Notifying the insurer of loss or damage**

In the event of a security or privacy breach, the insurer must be informed without delay and within one year of becoming aware of the potential liability for damages or entitlement to compensation. Contacting LocalTapiola's CyberHelpline is considered to be providing notification of the loss or damage.

When claiming compensation, the policyholder must:

- Provide the insurer an opportunity to assess the amount of loss or damage
- Present the insurer with all of the information and documents in its possession as are relevant to settling the claim
- Obtain and conduct any necessary clarification and studies available to the policyholder at a reasonable expense

#### **8.1.2 Police investigation**

The policyholder is obliged to submit a request for investigation to the police if the insurance company so demands.

### **8.2 Common rules for calculating the amount of loss or damage**

#### **8.2.1 Costs of investigating the claim**

The amount of loss or damage does not include telephone and travel expenses, loss of income or other similar expenses incurred by the policyholder in investigating the claim.

#### **8.2.2 Impact of taxation on the amount of loss or damage**

Provisions on taxation, such as value-added tax, shall be taken into account when calculating the amount of loss or damage.

If the recipient of the compensation is entitled to deduct the value-added tax included in the costs covered by the insurance under the Value-Added Tax Act, the value-added tax included in the expenses will be deducted from the compensation.

### **8.3 Expenses insurance**

#### **8.3.1 Calculating the amount of loss or damage**

The costs incurred as a consequence of loss covered by the insurance as stated in section 4.1 are included in the calculation of the amount of loss or damage.

The amount of loss or damage does not include the costs of:

- Repairing or replacing hardware
- Alteration or improvement work done on software in conjunction with recovery from the loss or damage
- Re-producing lost files or lost works

#### **8.3.2 Calculation of the amount of compensation**

The amount of compensation is calculated as the amount of loss less the deductible, taking into consideration the factors stated below (increased deductible,

underinsurance and maximum compensation). If compensation is paid from both expenses insurance and third party liability insurance, only one deductible, the bigger one, is deducted from the compensation.

#### **Increased deductible**

If the loss or damage was caused because the most recent update of the antivirus software, ransomware prevention or online banking protection were not applied to the computer systems or if these were not in use, the deductible is 10% of the amount of loss or damage and at least EUR 2,000 or a greater sum if so stated in the policy document.

#### **Underinsurance**

In cases of underinsurance, the amount of compensation only covers the proportion of the claim indicated by the ratio of the reported financial indicator value to the actual financial indicator value.

#### **Maximum compensation**

The upper limit to the insurer's liability to indemnify the policyholder for insured events occurring within one insurance period is the sum insured as stated in the policy document.

Claims are always allocated to the insurance period during which the security breach that gave rise to the claim was discovered.

### **8.4 Business interruption insurance**

#### **8.4.1 Period of interruption**

The period of interruption is calculated from the commencement of the business interruption and ends when the computer systems are restored to the functional condition they were in before the loss or damage occurred or when the indemnity period ends.

If the commencement of action taken to rectify an incident of loss or damage covered by expenses insurance is delayed for reasons attributable to the policyholder, the period of interruption will only be counted as the time it would have taken to rectify the incident if action had commenced immediately.

#### **8.4.2 Calculating the amount of loss**

The amount of an interruption loss is the loss of estimated gross profit or profit margin during the period of interruption according to the amount that most likely would have been earned in the absence of the loss.

The amount of loss can be demonstrated by the company's accounts, including cost accounting reports, business plans and order books.

If the duration of an interruption loss is less than the waiting period, no compensation will be paid under the insurance.

If the duration of the interruption loss is longer than the waiting period, the amount of loss is calculated for the entire period of interruption.

#### **Expenses incurred due to temporary arrangements**

The amount of loss also includes the expenses of temporary arrangements to enable the business to be maintained while restoration work is underway.

Expenses are covered up to the amount by which the temporary arrangements reduced the amount of the interruption loss.

#### **Prolongation of a period of interruption due to improvement works**

The amount of loss does not include loss of profit for the time used to make improvements or extensions to computer systems in conjunction with restoration.

#### **Closure of business operations**

If business is discontinued after the insured event, the amount of loss consists of the lost operating profit and the paid expenses included in the sum insured for the period it would have taken to resume business operations, but not for longer than the indemnity period.

#### **8.4.3 Calculation of the amount of compensation**

##### **Underinsurance**

In cases of underinsurance, the amount of compensation only covers the part of the claim indicated by the ratio of the reported financial indicator value to the actual financial indicator value.

##### **Reduced amount of compensation for a claim covered by expenses insurance**

If the amount of compensation for a claim covered by expenses insurance is reduced on the basis of the policyholder's own actions, the amount of compensation for the interruption loss will be reduced in a similar proportion.

##### **Maximum compensation**

The upper limit to the insurer's liability to indemnify the policyholder for insured events occurring within one insurance period is the sum insured as stated in the policy document.

Claims are always allocated to the insurance period during which the security breach that gave rise to the claim was discovered.

### **8.5 Third party liability insurance**

#### **8.5.1 Investigating liability claims**

Upon receiving a claim and an account of loss or damage covered by third party liability insurance, the insurer will investigate whether the policyholder is liable for damages under applicable legislation. If the loss or damage leads to legal action, the policyholder must inform the insurer without delay and before issuing a response.

#### **8.5.2 Calculating the amount of loss**

The amount of loss or damage is given by the sum of:

- The damages according to applicable regulations
- The interest accrued on the damages
- The claim investigation costs for which the insurer is liable
- The legal expenses in accordance with the section of the terms and conditions entitled "Legal expenses covered"
- Reasonable costs of preventing impending damage

## **Legal expenses covered**

The amount of loss includes the reasonable and necessary legal expenses resulting from legal proceedings concerning the insured's liability for damages or the amount of loss, in the event and to the degree that:

- The claim for compensation presented to the insured concerns loss or damage covered by third party liability insurance
- The insured has informed the insurer that it has received a summons or a claim for initiation of arbitration without delay and before responding to it
- The insurer has had the opportunity to appoint an attorney to represent the insured and decide on measures relating to the legal proceedings

Compensation for legal costs and expenses covered by the insurance is payable in accordance with the provisions pertaining to legal expenses in the Finnish Code of Judicial Procedure and Criminal Procedure Act. The value of the benefit under dispute, the complexity and scope of the case, and the amount and quality of services provided shall be taken into account in assessing the reasonability of the fee and expenses. Third party liability insurance does not cover arbitrators' fees or expenses incurred in arbitration procedures.

If the legal proceedings address more than one matter, the insurance only covers the costs attributable to the compensation claim concerning the damage or loss covered by the third party liability insurance.

## **Joint liability**

If several parties are jointly and severally liable for damages for the same incident of loss or damage, the amount of compensation only includes the proportion of the damages corresponding to the insured's part in the event.

## **Settlement**

If the insured settles the claim or enters into or approves an agreement in respect of the claim, this will not be binding on the insurer unless the grounds for and amount of the settlement are manifestly correct.

If the insurer is willing to pay compensation that is within the sum insured and that has been approved by the party who suffered the loss but the insured does not agree to this, the insurer is not obliged to pay more compensation in this matter. Furthermore, the insurer will not be obliged to pay compensation for costs incurred after submitting notification to the insured or to carry out any additional investigation of the matter.

## **8.5.3 Calculation of the amount of compensation**

The amount of compensation is calculated as the amount of loss or damage less the deductible, taking into consideration the factors stated below (increased deductible, underinsurance and maximum compensation). If compensation is paid from both expenses insurance and third party liability insurance, only one deductible, the bigger one, is deducted from the compensation.

### **Increased deductible**

If the loss or damage was caused because the most recent updates to antivirus software, ransomware prevention or online banking protection were not applied to the computer systems or if these were not in use, the deductible is 10% of the amount of loss or damage and at least EUR 2,000 or a greater sum if so stated in the policy document.

### **Underinsurance**

In cases of underinsurance, the amount of compensation only covers the part of the claim indicated by the ratio of the reported financial indicator value to the actual financial indicator value.

### **Maximum compensation**

The upper limit to the insurer's liability to indemnify the policyholder for insured events occurring within one insurance period is the sum insured as stated in the policy document.

Claims are always allocated to the insurance period during which the security breach that gave rise to the claim was discovered.

*In case of any dispute under these terms and conditions the original Finnish wording shall prevail.*

Insurance is granted by the following mutual insurance companies in LocalTapiola Group (business ID):

LähiTapiola **Etelä** (0139557-7) | LähiTapiola **Etelä-Pohjanmaa** (0178281-7) | LokalTapiola **Sydkusten** -  
LähiTapiola **Etelärannikko** (0135987-5) | LähiTapiola **Itä** (2246442-0) | LähiTapiola **Kaakkois-Suomi**  
(0225907-5) | LähiTapiola **Kainuu-Koillismaa** (0210339-6) | LähiTapiola **Keski-Suomi** (0208463-1) |  
LähiTapiola **Lappi** (0277001-7) | LähiTapiola **Loimi-Häme** (0134859-4) | LähiTapiola **Länsi-Suomi** (0134099-8) |  
LähiTapiola **Pirkanmaa** (0205843-3) | LokalTapiola **Österbotten** - LähiTapiola **Pohjanmaa** (0180953-0) |  
LähiTapiola **Pohjoinen** (2235550-7) | LähiTapiola **Pääkaupunkiseutu** (2647339-1) | LähiTapiola **Savo**  
(1759597-9) | LähiTapiola **Savo-Karjala** (0218612-8) | LähiTapiola **Uusimaa** (0224469-0) |  
LähiTapiola **Varsinais-Suomi** (0204067-1) | LähiTapiola **Vellamo** (0282283-3) |  
LocalTapiola General Mutual Insurance Company (0211034-2)

The companies' contact details are available at [www.lahitapiola.fi](http://www.lahitapiola.fi).

