

# Business risk insurance

## Product description

Valid from 1 January 2016

**Business Optimi** and **Group-Optimi** are personal insurance policies for managing the financial risks associated with illness, disability and death. The beneficiary can be the business, the insured or his/her next of kin. Business Optimi allows individual solutions for an entrepreneur or key employee. Group-Optimi is designed for companies with more than 10 employees. It is suited for the entire personnel or a group of at least two employees.

### Life insurance cover and cover for permanent disability

**Life insurance** provides financial security that helps getting over the crisis. The amount payable upon death can be chosen freely. It should cover all debts and liabilities, as well as earnings for 1 or 2 years.

The insurance amount can be fixed or decreasing. In the case of life insurance for a fixed amount, the benefit payable upon death stays otherwise unchanged for the entire validity of the insurance policy but is increased by index adjustments that preserve its real value.

The insurance premiums increase with age. The alternative is life insurance for a decreasing amount; the insurance amount decreases annually so that the insurance premium stays the same except for any index adjustments.

If life insurance cover is taken out for the entire personnel or designated groups of people, the amount can be different for each insured person.

The life insurance cover ends, at the latest, when the insured reaches 90 years of age.

The insurance always includes death cover in case of the death of the insured. The death benefit paid is the minimum amount specified by the insurance company at any given time. For now, the minimum amount has been specified as EUR 1,000. This amount can later

### Coverage linked to risk insurance

Coverage	Benefit
Life insurance cover	If the insured dies, the insurance amount will be paid directly to the next of kin or the business.
Cover for permanent disability	If the insured becomes permanently disabled, the insurance amount will be paid to the insured or the business.
Cover for critical illnesses	If the insured succumbs to a critical illness included within the scope of the insurance, the insurance amount will be paid to him or her when the illness is discovered.
Cover for short-term disability	A daily allowance compensation of an agreed amount will be paid to the insured or the business. It covers costs resulting from absence due to short-term disability.
Hospitalisation insurance	A daily allowance compensation of an agreed amount will be paid when hospitalisation has lasted for at least 5 days. The benefit is paid to the insured or the business.
Medical expenses insurance	Covers the cost of treatment of an illness. The benefit is paid to the insured or the business.

be changed. The amount is not tied to the index. The amount is paid to the beneficiary of the death benefit and, if no beneficiary has been specified, to the estate of the insured. In case the sum payable at death from the insurance amounts to at least 1 000 eur an extra minimum sum will not be paid.

**The insurance policy for permanent disability** pays a one-time benefit if the insured becomes permanently disabled because of illness or accident.

A disability can be regarded as permanent once it has continued for at least one year. In addition, the payment of compensation requires that the insured has applied for compensation during his/her lifetime.

A permanently disabled person is one who who has permanently lost his or her ability to perform any work and cannot be retrained for any work. The cover for permanent disability ends, at the latest, when the insured reaches 65 years of age.

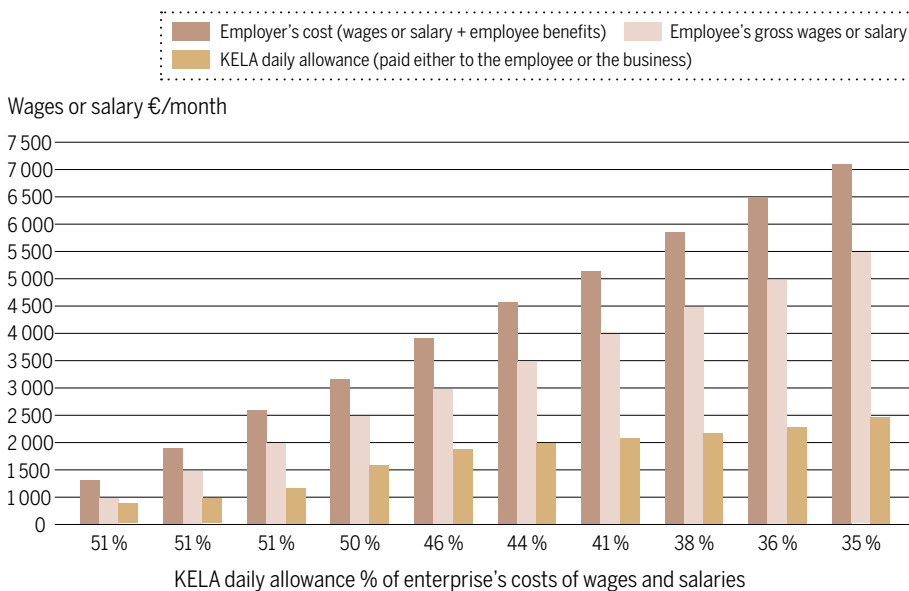
The life insurance and the cover for permanent disability are available as

an option where the insurance amount decreases annually by an agreed amount in euros. The decreasing insurance cover ends at the latest when the insurance amount has decreased to zero. However, the cover always ends at the latest when the upper age limit specified for the cover has been reached or compensation under the cover has been paid.

### Cover for critical illnesses

In case of a critical illness, it is important to quickly receive the best possible treatment. When a cover for critical illnesses is attached to the insurance, it is also financially possible to arrange things and be treated. The most critical illnesses and procedures entitle to compensation: cancer, coronary artery bypass surgery, myocardial infarction, renal failure, multiple sclerosis and cerebral palsy as well as organ or bone marrow transplant. The illnesses entitled to compensation are described in more detail in the insurance policy terms and conditions.

## Daily sickness allowance €/month



The table above illustrates employment costs during a period of illness compared with daily allowances from KELA. The default level of employee benefits is 30 %.

It is possible to freely choose the sum insured to a maximum of 100,000 euro. The sum insured is fixed, and an annual index adjustment will be made to it. The insurance will pay tax-exempt lumpsum compensation to the insured when the illness specified in the insurance policy terms and conditions is discovered or the procedure has been performed. The compensation will not decrease the reimbursement from KELA. The payment of compensation requires that the insured has applied for compensation during his or her lifetime within 30 days of the diagnosis or procedure at the earliest.

The use of tobacco products by the insured also influences the cover for critical illnesses premium. The insurance premium is cheaper for nonsmokers. The insurance policy terms and conditions define in more detail what is meant by the use of tobacco products. The insurance company must be notified of the start of use of tobacco products.

The cover can be granted to persons of 20–64 years of age. The cover for critical illnesses enters into force in accordance with the agreement 90 days after the signing of the application, provided that the insurance company accepts the application made and grants the cover. Unless otherwise stated by the insurance company, the cover will always be extended for the next 10 years after its 10-year validity period, provided that the cover for critical illnesses is offered by the company at the moment of continuation. The cover will continue without providing a health report on the terms and conditions of the cover at the moment

of continuation. However, the cover will terminate at the latest on the insured's 65th birthday or when full compensation for the cover has been paid.

## Cover for short-term disability

Even a short absence of a key employee always causes extra costs for the business. Depending on the collective agreement, the business usually pays full salary or wages to the employee for a period of 1 to 2 months. In this case, the employer receives the employee's statutory daily sickness allowance.

However, the daily allowance only covers part of the gross salary or wages paid to the employee, and the proportional amount of daily allowance decreases as gross income increases.

**The daily allowance does not cover any employee benefits paid by the employer.** This means that a company's employment costs for the disability period consist of the difference between the wages or salary plus employee benefits and the daily sickness allowance.

Based on the cover for short-term disability, a daily allowance will be paid for days of disability exceeding the waiting period (21, 30, 60 or 90 days). Daily allowance will be paid for a maximum of 365 or 730 days. The maximum amount is 800 euro per day for insurance policies covering 365 days, or 400 euro per day for insurance policies covering 730 days. Benefits received from other insurance policies do not affect the daily allowance.

The cover for short-term disability ends, at the latest, when the insured reaches 60 years of age.

## Cover for medical expenses

Medical expenses insurance and hospitalisation insurance allow for the best possible care quickly and easily.

### Medical expenses insurance

In case of illness or accident, medical expenses insurance covers doctor's fees, examinations, treatment and medication prescribed by a doctor to the extent that these are not compensated for under the Sickness Insurance Act or other legislation.

You may choose medical expenses insurance without a deductible or a lower cost option with a deductible.

In Business Optimi, the deductible is insurance period-specific and deducted once every insurance period. Whether or not expenses arise from one or more illnesses or accidents is not significant considering the deduction of the deductible in Business Optimi. Please see the price lists for the maximum amounts of medical costs covered, the amounts of daily compensations and the options for deductibles. The medical expenses insurance ends, at the latest, when the insured reaches 60 years of age.

The policy does not cover normal health examinations, travel costs or physical therapy, for example. The restrictions are described in more detail in the terms and conditions of insurance.

### Hospitalisation insurance

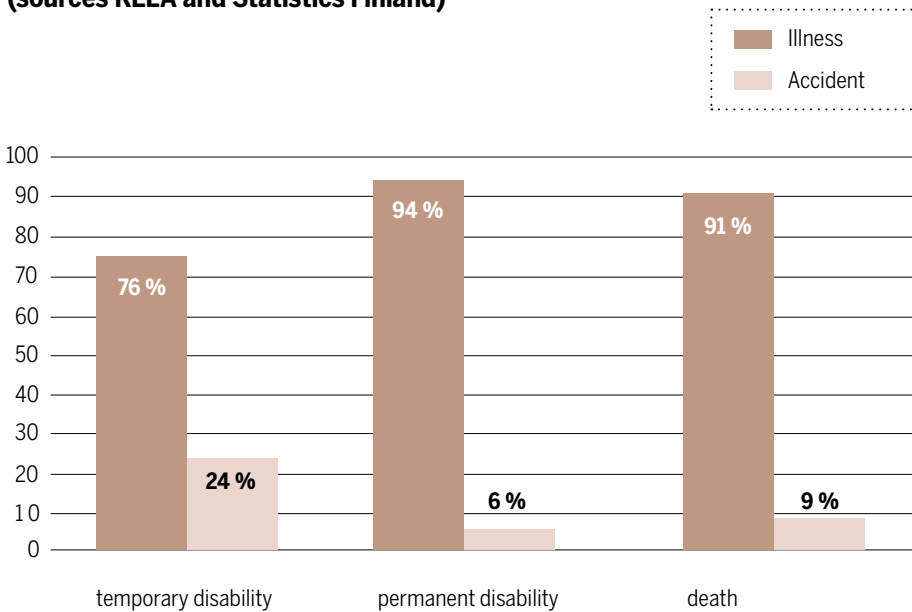
Hospitalisation insurance allows for high-quality inpatient care. The insurance will pay a daily allowance starting on the first day of inpatient treatment if the hospital stay lasts five days or more. The maximum period covered by insurance is either 365 or 730 days and the amount can be chosen freely. The benefit will be paid regardless of whether another insurance policy, such as medical expenses insurance, pays benefits as well.

The hospitalisation insurance ends, at the latest, when the insured reaches 65 years of age.

## BUPA medical expenses insurance – high-quality hospital care all over the world

If the company has employees who frequently travel on business or are assigned abroad (expatriates), the BUPA medical expenses insurance is

**Causes of disability and death  
(sources KELA and Statistics Finland)**



so that the insurance premium remains the same except for any index adjustments. An annual index adjustment is made to premiums and the cover, unless otherwise agreed when signing the contract. The policyholder may terminate the insurance at any time.

**Entry into force of the insurance**

The insurance policy will take effect as agreed or, at the latest, when Mandatum Life announces that it has granted the policy. Your policy, the insurance policy terms and conditions and the statement sent annually show the content of your valid insurance policy. The policyholder may terminate the insurance at any time.

**Personal risk survey for the entrepreneur**

**The personal risks of a 35-year-old male entrepreneur in the printing business were surveyed.**

The entrepreneur still had a considerable amount of debt arising from the purchase of the business. The collateral for a loan of 150,000 euro also included his own property, such as the home of the entrepreneur and his family.

The personal risk survey indicated that an adequately sized insurance policy including life insurance cover and cover for permanent disability would be necessary. When the amount of benefit was considered, the remaining principal of the loan and the entrepreneur's annual earnings were taken into account. A cover of 300,000 euro ensured financial security for the entrepreneur and his family against the most serious risks. Even if something should happen to the entrepreneur, his family would not have to give up their home due to financial reasons.

In addition, it was important to make sure than in case of a critical illness

a good solution. BUPA is the largest private health care organisation in Great Britain. Its network of high-quality partner hospitals and clinics guarantees excellent care almost anywhere in the world. Mandatum Life supplies BUPA insurance policies in Finland.

**Limited cover: insurance against accident only**

**Life insurance, medical expenses insurance, hospitalisation insurance and short-term disability cover can also be taken out as a limited alternative at a lower cost, covering accidents only.**

You should consider the extent of insurance cover best suited for your life situation. Cover for both illness and accidents is more versatile, while an insurance policy that only covers accidents is less expensive. However, when making a decision, the following statistical fact should be observed:

**More than 70 % of short-term disabilities and more than 90 % of permanent disabilities or deaths are caused by illness.**

If cover is limited to accidents, the short-term disability cover may also have a short waiting period of 3 or 9 days. The medical expenses insurance taken out for accidents has no deductible.

**Cover for accidental permanent injury**

Insurance for accidental permanent injury entitles the policyholder to a onetime benefit if the insured becomes permanently disabled in the accident. The amount of insurance benefit can be

freely chosen to a maximum of 200,000 euro, and it will be paid in full or in part in accordance with the medical degree of handicap. The degree of handicap is determined solely on the basis of the type of injury; any individual circumstances such as the occupation or hobbies of the insured do not have any effect.

Medical expense insurance in the case of an accident, as well as hospitalisation insurance and daily allowance cover for periods of disability that only covers accidents, do not cover accidents that occur during dangerous sports activities. The restrictions are described in more detail in the terms and conditions of insurance.

Cover for accidents ends, at the latest, when the insured reaches 70 years of age.

**Insurance premiums**

Please see the price list for information on the insurance premiums. The premiums usually increase with age. One exception is life insurance for a decreasing amount, where the insurance amount decreases annually

**Insurance cover for the entrepreneur**

	Entrepreneur	Family
Death	-	€ 300 000 €/one-time benefit
Permanent disability	€ 300 000/one-time benefit	-
Cover for critical illnesses	€ 100 000/lump sum	-
Short-term disability	€ 100/day	-
Medical expenses	Costs – deductible	-
Hospital fees	€ 250/day	-

Cover for the entrepreneur's risk costs 245 € per month in total (in 2016).

the entrepreneur is able to quickly receive the best possible treatment. Therefore, it was considered absolutely necessary to attach sufficient coverage for critical illnesses to the insurance policy. EUR 100,000 was selected as the amount of indemnity.

It would be very damaging for the business if the entrepreneur was absent. To cover for short-term disability, the insurance policy was supplemented with daily allowance cover for short term disability, 100 euro per day with a 30-day waiting period and one-year benefit period. This amount together with the KELA sickness allowance would partly cover the costs of the entrepreneur's and his substitute's salaries.

The entrepreneur wanted to have access to the best possible care without delay in case of illness. Therefore, the overall insurance cover was supplemented with medical expenses insurance subject to a deductible, as well as hospitalisation insurance for 250 euro per day. The hospitalisation insurance would pay for inpatient care lasting more than 5 days.

## Personal risk survey for the enterprise

**The personal risks of a consulting business were surveyed. The business employs 25 people. The management group and the management consultants were identified as the most important groups with regard to the continuity of operations.**

The intention was to get comprehensive cover for the personal risks of the management group. The management group consisted of five men, whose average age was 41 years. A life insurance policy for 150,000 euro and equal cover for permanent disability were taken out for each member of the management group. A cover of EUR 100,000 was chosen to provide security for all management team members with regard to critical illnesses.

Even short-term absence of the management group members would impact on the operations of the business, so they received cover for short-term disability, 100 euro per day

with a waiting period of 30 days. The cover for critical illnesses would amount to EUR 50,000. Half of the benefits would be paid to the business, the other half to the insured. The insurance policy was also supplemented with medical expenses insurance subject to a deductible, as well as hospitalisation insurance for 200 euro per day.

The five consultants employed by the business were women, average age 35 years. Their life insurance benefit and cover for permanent disability would be 75,000 euro, supplemented by cover for short-term disability at 50 euro per day, waiting period 30 days. Half of the benefits would be paid to the business, the other half to the insured.

Furthermore, the coverage package was supplemented by medical expenses insurance subject to a deductible. The solution was a group insurance policy, which was less expensive than taking out individual insurance policies.

All of the essential personal risks of the business were thus covered, and the key employees' commitment to the company was reinforced.

### Insurance cover for the management group

	Insured	Family	Company
Death	–	€ 75 000/one-time benefit	€ 75 000/one-time benefit
Permanent disability	€ 75 000/one-time benefit	–	€ 75 000/one-time benefit
Cover for critical illnesses	€ 100 000/lump sum	–	–
Short-term disability	€ 50/day	–	€ 50/day
Medical expenses	Medical expenses – deductible	–	–
Hospital fees	€ 200/day	–	–

The insurance policies for the management group (5 men) cost the business 1 039,82 euro per month (in 2016).

### Insurance cover for the expert consultants

	Insured	Family	Company
Death	–	€ 37 500/one-time benefit	€ 37 500/one-time benefit
Permanent disability	€ 37 500/one-time benefit	–	€ 37 500/one-time benefit
Cover for critical illnesses	€ 50 000/lump sum	–	–
Short-term disability	€ 25/day	–	€ 25/day
Medical expenses	Medical expenses – deductible	–	–

The price of insurance cover for the expert consultants (5 women) was 319,38 euro per month (in 2016).



# Taxation of personal insurance

The information regarding taxation corresponds to the situation valid on 1 January 2016.

Tax provisions may be amended later. Taxation is not part of the insurance contract, and the insurance company is not responsible for individual taxation decisions or for amendments made to tax legislation or practices.

## 1. The beneficiary is the employee or his/her next of kin

### Insurance premiums

- The business may deduct the premiums in taxation.
- Generally, it has not been required to count the premiums as belonging to the wages or salary of the insured employee. The sums insured should be reasonable in proportion to the established income level of the insured. For insurance taken out for shareholders, the provisions concerning veiled dividends and non-deductible profit distribution must be taken into account. However, the insurance premium for medical expense insurance must be regarded as wages or salary of the employee unless the insurance has been taken for the entire personnel. In any other situations, the premium is regarded as a taxable employee benefit, whereby the payment of per diems or the employer's social security charges is not required. The insurance premium for cover for critical illnesses must be regarded as wages or salary of the employee unless the insurance has been taken for the entire personnel.

### Benefits

- **Death**  
Benefits payable upon death to the next of kin are exempt from tax up to EUR 35,000 per beneficiary. However, in the case of a married spouse, half of any benefits, or no less than 35,000 euro, are exempt from tax. Any benefits in excess of this amount are subject to inheritance tax. Benefits payable upon death to other than a next-of-kin are treated as taxable capital income, and the tax rate is 30 %. The tax rate rises to 34% for the share of capital income that exceeds EUR 30,000.
- **Daily allowances**  
Daily allowances paid to the insured are treated as taxable earned income.
- **Permanent disability, permanent accidental handicap, critical illness**  
The one-time benefit paid to the insured is completely exempt from tax.
- **Medical expenses**  
Medical expense compensation paid to the insured is exempt from tax.
- **Hospitalisation insurance**  
Any benefits paid to the insured in excess of the daily hospital fees are treated as taxable earned income.

## 2. The beneficiary is the business

### Insurance premiums

- The premiums for life insurance cover are generally not deductible.
- As an exception, on certain prerequisites, a limited liability company is allowed to deduct the premiums paid for an insurance policy solely covering the death of the insured if the company in question is the beneficiary. A prerequisite is that the insured is a key person in the business.
- Savings payments are not deductible.
  - The premiums for other cover are usually deductible.

### Benefits

- **Death**  
Benefits payable upon death are taxable business income. In savings policies, only the return on the investment (benefit payable upon death – non-deductible premiums) is taxable business income.
- Other benefits paid to the business are taxable business income.

## Contact Mandatum Life's Contact Managers for more information

Additional information is also available at [www.mandatumlife.fi](http://www.mandatumlife.fi) or by calling Mandatum Life's telephone service +358 200 31190 (local call charge/mobile phone charge). Mandatum Life is represented by Danske Bank and If corporate branches.

Danske Bank plc,  
Hiililaiturinkuja 2, P.O.Box 1561,  
FI-00075 DANSKE BANK, FINLAND  
Business ID 1730744-7

If Vahinkovakuutusyhtiö Oy, Registered office and address: Helsinki, Finland. Niittyportti 4, 02200 Espoo, Finland. Business ID 1614120-3

## Processing of personal data

Mandatum Life processes its customers' personal data in accordance with Finnish legislation. Data is acquired from the Customer, from parties authorised by the Customer, from other reliable sources, from public records maintained by authorities and from the credit information registers of Suomen Asiakastieto Oy and Bisnode Finland Oy. Due to the confidentiality provisions governing insurance companies, Mandatum Life does not disclose information about its customers to outsiders except with the customer's consent or when the disclosure of information is based on legal provisions. The information content and intended uses of the personal data registers used by Mandatum Life are outlined in the descriptions of files available from the company's website and in the description regarding use of personal data. In addition, our customer service personnel will provide additional information as necessary. Mandatum Life may use the customer registers also for marketing targeted at customers and record telephone calls to ensure the security of operations.

The customer is obligated to inform, if there should later occur changes in the information that has been provided to Mandatum Life when making the agreement. This applies amongst other things to the taxation domicile and other contact information.

## Familiarise yourself with the policy conditions

This product description is valid as of 1 January 2016. It is not a complete description of Business Optimi and Group Optimi. See also the insurance policy terms and conditions and price list. Terms and conditions include exact definitions of insurance cover and related limitations.

The information regarding taxation corresponds to the situation on 1 January 2016. Mandatum Life is not responsible for any changes in taxation, or for individual tax decisions.

If there is conflict between the product description in English and in Finnish, the Finnish version shall prevail.

## Company granting the insurance

The insurance is granted by Mandatum Life Insurance Company Limited.

Postal address: P.O. Box 627, FI-00101 Helsinki, Finland  
Registered office and address:  
Bulevardi 56,  
FI-00120 Helsinki, Finland  
Business ID: 0641130-2  
[www.mandatumlife.fi](http://www.mandatumlife.fi)

Mandatum Life Insurance Company Limited is a wholly-owned subsidiary of Sampo Plc.

Mandatum Life Insurance Company Limited's report on solvency and economic situation, and additional information on Mandatum Life's solvency are to be found at [www.mandatumlife.fi](http://www.mandatumlife.fi).

Mandatum Life has been given permission by the Financial Supervisory Authority to use transitional procedures in its solvency accounting until 1.1.2032.

## Supervisory authority

The insurance products of Mandatum Life are governed by the Insurance Contracts Act and other Finnish legislation. Mandatum Life's products are not covered by the deposit guarantee fund. Mandatum Life's operations are supervised by the Financial Supervisory Authority (Snellmaninkatu 6, P.O. Box 103, FI-00101 Helsinki, Finland, [www.finanssivalvonta.fi](http://www.finanssivalvonta.fi), tel. +358 (0)10 831 51).

## Appealing a decision by the insurance company

If you are dissatisfied with a decision concerning your insurance matter or the conduct of the salesperson, first contact us by phone, online message or by mail. Always contact the person who has made the decision first. You may also send a letter to the address Mandatum Life Insurance Company Limited  
Asiakasposti/2011  
Kalevantie 3  
20520 Turku.

The feedback will be handled efficiently, with high quality and according to current legislation. The processing of the matter will take place without delay, however, within a maximum of 30 days.

Matters may also be submitted for consideration to the Finnish Financial Ombudsman Bureau, the Finnish Insurance Complaints Board, the Consumer Disputes Board or a district court.

The Finnish Financial Ombudsman Bureau FINE (Porkkalankatu 1, 00180 Helsinki, Finland, tel. +358 9 6850 120, [www.fine.fi](http://www.fine.fi)) provides free independent advisory services and guidance to customers in applying and interpreting insurance contracts and terms. FINE's Financial Ombudsman Bureau and the Insurance Complaints Board also provide recommended decisions in civil actions. FINE does not handle such civil actions that are pending or have been settled in the Consumer Disputes Board or in court.

Consumer Disputes Board's contact information: Hämeentie 3, P.O. Box 306, 00531 Helsinki, Finland, [www.kuluttajariita.fi](http://www.kuluttajariita.fi), tel. +358 29 566 5200

Matters can also be resolved in court. The case must be brought before the Helsinki District Court or the District Court of the municipality in which the complainant is domiciled in Finland. The appeal must be filed within three years after the complainant has received written notification of both the insurance company's decision and the period for filing a complaint.

