

The Act and Decree on the Fire Protection Fund

The Act on the Fire Protection Fund (306/2003)

Issued in Helsinki on 11 April 2003

Chapter 1

Fire prevention charge

Section 1 – Purpose of the Act

In order to promote fire prevention and rescue services, an annual fire prevention charge must be paid on any movable or immovable property covered by fire insurance in Finland.

Section 2 – Parties liable to pay the fire prevention charge

Anyone carrying out insurance business in Finland is liable to pay the fire prevention charge. If the insurance premium is paid to other than the insurer referred to in subsection 1 above, the policyholder and the insurance broker who brokered the insurance are responsible for paying the fire prevention charge. The insurance broker is responsible for forwarding the fire prevention charge as stipulated in section 5. A foreign European Economic Area (EEA) insurer providing insurance services in Finland on the basis of freedom of services as stipulated separately must have a representative domiciled in Finland for the payment of the fire prevention charge.

Section 3 – Amount of the fire prevention charge

The fire prevention charge is three per cent of the total insurance premiums associated with fire risk charged in the previous year, plus three per cent of the interest calculated on the provision for unearned premiums on perpetual fire insurance.

Ceded reinsurance business cannot be deducted from the said total amount of premiums. The fire prevention charge does not apply to assumed reinsurance business or to insurance against fire risk which has been granted as part of voluntary motor vehicle insurance, cargo insurance or animal insurance.

Section 4 – Debiting of the fire prevention charge

The state provincial office of the province in which the Finnish insurer is domiciled or the foreign insurer's representative office is located debits the fire prevention charge and determines its due date on an annual basis. With respect to foreign EEA insurers providing insurance services in Finland on the basis of freedom of services, the charge is debited and the due date determined by the State Provincial Office of Southern Finland.

To determine the fire prevention charge, the Insurance Supervisory Authority must provide the state provincial office with details of the insurers operating within the province and liable to pay the charge, as well as any other necessary information, no later than 15 July. Furthermore, the Insurance Supervisory Authority must provide the State Provincial Office of Southern Finland with details of foreign EEA insurers as referred to in subsection 1 above. By the end of July each year the state provincial office must send those liable to pay the fire prevention charge a request to provide the information necessary for debiting the charge. Insurers as well as the representatives of foreign EEA insurers providing insurance services in Finland on the basis of freedom of services must provide the relevant state provincial office with written information for the debiting of the charge no later than 15 September each year.

If the insurer fails to provide the state provincial office with this information within the said time limit, the state provincial office is entitled to oblige the insurer under penalty of a fine to provide such information within a new time limit or to debit the charge on the basis of other information available. With respect to a penalty of a fine, the stipulations of the Act on Conditional Fines (1113/1990) shall apply.

Those liable to pay the fire prevention charge must pay it by the due date at the place of payment specified

in the state provincial office's decision on the said charge. A fire prevention charge due for payment is subject to a penal interest as stipulated in section 4, subsection 1 of the Interest Act (633/1982).

Section 5 – Forwarding of the fire prevention charge

The state provincial office must forward the fire prevention charges to the Fire Protection Fund by the end of the calendar year for which the charges have been debited. An insurance broker referred to in section 2, subsection 2 of this Act must pay the fire prevention charge on his own initiative at the place of payment determined by the Ministry of the Interior, no later than the end of the calendar year.

Section 6 – Limitation

The duty to pay the fire prevention charge becomes time-barred after five years from the end of the calendar year for which the state provincial office should have debited the charge.

Section 7 – Appealing against a decision on the debiting of a fire prevention charge

An appeal against the state provincial office's decision on the debiting of a fire prevention charge must be filed in accordance with the stipulations of the Administrative Judicial Procedure Act (586/1996). Despite the appeal, the fire prevention charge payable must be paid by the due date. If payment is not made by the due date, the charge may be recovered by way of distraint without a judgement or ruling, as provided in the Act on the Recovery of Taxes and Fees by Distraint (367/1961). If the charge is removed or reduced, the state provincial office or the Fire Protection Fund must refund the excess payment in accordance with a legally valid ruling made on the basis of the appeal. Interest will be paid on the amount to be refunded as stipulated in section 3, subsection 2 of the Interest Act.

Section 8 – Penalty

The penalty for illegal avoidance or attempted avoidance of the fire prevention charge is stipulated in chapter 29, sections 1–3 of the Penal Code of Finland (39/1889).

Chapter 2

Fire Protection Fund

Section 9 – Fire Protection Fund

Fire prevention charges are rendered to the Fire Protection Fund that operates independently of the state budget. Furthermore, the Fire Protection Fund has the right to accept funds provided through donations and wills.

The funds of the Fire Protection Fund consist of income from the fire prevention charges, surpluses from previous accounting periods, funds received through donations and wills, funds accrued from the repayment of allowances and other funding paid out from the Fund as well as interest and other items associated with these.

Section 10 – Administration of the Fire Protection Fund

The Fire Protection Fund is managed and supervised by the Ministry of the Interior. One of the main duties of the Ministry is to supervise the Fund's finances and operations and to handle its bookkeeping. The Ministry has the right to receive all necessary details and information it may need from the Fund. The Fire Protection Fund may be operated by government employees as permitted by the assets of the Fund.

The Board of Directors of the Fund is responsible for the Fund's administration and the due organisation of its finances and operations. It is the duty of the Board of Directors to decide on matters that are significant and far-reaching with respect to the Fund's operations and finances, and to arrange its bookkeeping and asset management appropriately. The specific duties of the Board of Directors are:

- 1) to decide on the Fund's action and financial plan;
- 2) to decide on the Fund's budget and plan for the use of funds;
- 3) to decide on allowances and other financing granted from the Fund;
- 4) to decide on the recruitment of personnel for the Fund and releasing them from their duties;

- 5) to ensure the Fund's liquidity;
- 6) to approve and sign the Fund's financial statements and send them to the Ministry of the Interior by the end of March; and
- 7) to provide the Ministry of the Interior with a proposal on how to use the Fund's surplus or cover its deficit using the Fund's own assets.

The Board of Directors of the Fire Protection Fund consists of a chairman as well as seven members, each of whom has a personal deputy member. The Ministry of the Interior nominates the chairman of the Board and the members and deputy members for a term of three years at a time. The Ministry releases the Board or the chairman, a member or a deputy member from his or her duties. The remuneration of the Board and the personnel of the Fund as well as other administrative costs arising from its operations are paid from the funds of the Fire Protection Fund.

Section 11 – Liability as a public official and stipulations on general administration

When attending to their duties stipulated in this Act, the chairman of the Board of Directors, a member or a deputy member of the Fire Protection Fund are regarded as persons referred to in chapter 40, section 11, subsection 2 of the Penal Code of Finland.

The stipulations of the Administrative Procedure Act (598/1982), the Act on Notice in Administrative Matters (232/1966), the Act on Delivery of Documents (74/1954), the Language Act (148/1922) and the Act on the Openness of Government Activities (621/1999) are applied to the operations of the Fire Protection Fund and its Board of Directors.

Section 12 – Bookkeeping, payment traffic and financial statements

With respect to the bookkeeping, payment traffic, financial statements and other accounting of the Fire Protection Fund, the provisions of the State Budget Act (423/1988) and the regulations issued on the basis thereof shall apply.

The Ministry of the Interior makes a decision by the end of April on whether to accept the Fund's financial statements, on the use of the Fund's surplus or coverage of its deficit with Fund assets as well as on other measures based on the Fund's financial statements. In addition to the auditors' report, the Ministry of the Interior acquires the necessary information on the finances and operations of the Fund as the basis of its decision.

Section 13 – Audit

The State Audit Office audits the Fire Protection Fund every year.

The auditors must audit the Fund's administration, bookkeeping and financial statements. The auditors must issue an auditors' report for each accounting period, stating in particular:

- 1) whether the financial statements have been prepared in accordance with the regulations and orders applying to the compilation of financial statements;
- 2) whether the financial statements provide a true and fair view of the Fund's results, profitability and financial standing;
- 3) whether the Fund's administration and operations have been handled in accordance with the relevant regulations and orders;
- 4) whether the financial statements can be accepted; and
- 5) whether the Fund's proposal on the application of its distributable profit can be accepted. When the auditors have conducted the audit, they must make an appropriate entry in the financial statements, referring to the auditors' report and stating whether the financial statements have been prepared in accordance with generally accepted accounting principles.

If the auditor has significant concerns about the administration and finances of the audited organisation during the accounting period, he or she must inform the Fund's Board of Directors and the Ministry of the Interior about it without delay.

If necessary, the Fund's Board of Directors and personnel are obliged to assist the auditor in conducting the audit.

The State Audit Office's right to perform audits is governed by the Act on the State Audit Office (676/2000).

Chapter 3

Allowances and other public aid

Chapter 14 – Allowances and other financing

To comply with the purpose of this Act, the Fire Protection Fund may grant general or specific allowances in accordance with its funds and the annual management plan. The stipulations of the Act on Discretionary Government Transfers (688/2001) are applied to the allowances granted from the Fire Protection Fund. With respect to these allowances, the Fund operates as a State aid authority referred to in the said Act. The Fire Protection Fund may grant general and specific allowances to municipalities, rescue service districts, contract fire brigades, rescue service organisations and other such corporations. The Fire Protection Fund may also grant specific allowances to other than the above for the following purposes:

- 1) learning material production and acquisition;
- 2) data processing development and hardware acquisition;
- 3) experimental, launch, research and development activities;
- 4) education and consultancy; and
- 5) standardisation.

Financing for projects complying with this subsection may also be granted to government offices and agencies. The Fire Protection Fund may also hand out grants and scholarships for the applicant's personal use or for a specific project, in which case the grant or scholarship may equal the total expenses of the project.

Section 15 – Applying for an allowance

In granting a general allowance, the performance and the direct administrative costs linked to it are taken into account.

When applying for a general allowance, a plan of action, a budget and other required plans must be presented. If the allowance applied is intended for a certain area of operations, the plan must specify the operations to which the allowance shall be used.

When applying for a specific allowance or financing as referred to in section 14, subsection 3, a sufficient clarification of the project's operational or technical plans and overall budget must be presented. When applying for a specific allowance, clarification must be presented of the applicant's ability to fund the applicant-financed part of the project. If a specific allowance is applied for the acquisition, construction or refurbishment of fixed assets, a building or a flat, the building or acquisition plans must be presented as required. Furthermore, the applicant must specify the other allowances and funding granted for the project.

Section 16 – Amount of the general allowance

A general allowance may be up to 75 per cent of the acceptable costs unless the Board of Directors of the Fire Protection Fund decides otherwise on weighty grounds in order to achieve the goals of granting the allowance.

Business expenses, loan instalments and administrative costs arising from operations not directly attached to the operations for which the allowance is intended are not regarded as acceptable costs entitling a general allowance. Neither are depreciations, provisions, a decrease in value or other technical items that are not based on actual costs regarded as acceptable costs. Other public aid granted for the same purpose will be deducted from acceptable costs.

Section 17 – Amount of the specific allowance

A specific allowance may be up to 50 per cent of the acceptable costs unless the Board of Directors of the Fire Protection Fund decides otherwise on weighty grounds in order to achieve the goals of granting the allowance.

A specific allowance may be used to cover the direct costs of the project, minus the income of the project. Business expenses, loan instalments and administrative costs arising from operations not directly attached to the project for which the allowance is intended are not regarded as acceptable costs entitling a specific allowance. Neither are depreciations, provisions, a decrease in value or other technical items that are not based on actual costs regarded as acceptable costs. Other public aid granted for the same purpose will be deducted from acceptable costs.

Chapter 4

Miscellaneous provisions

Section 18 – More specific provisions

If necessary, a Government Decree will be issued in order to provide more specific provisions on:

- 1) debiting the fire brigade charge and providing information;
- 2) the more specific composition, quorum and remunerations of the Fire Protection Fund's Board of Directors; and
- 3) the personnel of the Fire Protection Fund.

If necessary, a Decree of the Ministry of the Interior will be issued in order to provide more specific provisions on the rules of procedure of the Fire Protection Fund.

The Fire Protection Fund's Board of Directors may issue instructions on how to define performance on which the general allowances are based.

Chapter 5

Entry into force and transitional provisions

Section 19 – Entry into force

This Act enters into force on 1 July 2003.

This Act repeals the Act on Fire Protection Charges of 20 July 1946 (586/1946), as amended.

Measures necessary for the implementation of this Act may be taken before it enters into force.

Section 20 – Transitional provisions

With respect to an allowance or other funds granted prior to the entry into force of this Act, the stipulations valid at the time of granting and the conditions specified in the decision are applied. This Act will be applied to applications pending prior to the entry into force of this Act if no decision has been made on the applications when this Act enters into force.

Government Decree on the Fire Protection Fund (625/2003)

Issued in Helsinki on 26 June 2003

Section 1 – Scope of application

In addition to the stipulations of the Act on the Fire Protection Fund (306/2003), the provisions of this Decree shall be applied to the debiting of the fire prevention charge and the administration of the Fire Protection Fund.

Section 2 – Providing information for the debiting of the fire prevention charge

The Insurance Supervisory Authority provides the State Provincial Office of Southern Finland with the following details of a foreign European Economic Area (EEA) insurer for the debiting of the fire prevention charge:

- 1) the company's name and home country;
- 2) the address of the foreign office from which the company provides insurance services in Finland on the basis of freedom of services; and
- 3) the name and address of the company's representative in Finland.

Those liable to pay the fire prevention charge as referred to in section 2, subsections 1 and 3 of the Act on the Fire Protection Fund shall provide the relevant state provincial office with information required for the debiting of the charge by using the notification form drafted by the Ministry of the Interior. The notification must specify:

- 1) the insurer;
- 2) the insurer's contact details;
- 3) insurance on which the fire prevention charge is based; and
- 4) the amount of the fire prevention charge.

Section 3 – List of debits

The state provincial office compiles a list of debits on those liable to pay the fire prevention charge, including their names and addresses, the amount and calculation basis of the charge, the number of the paying-in slip and the due date. With respect to a foreign EEA insurer providing insurance services in Finland on the basis of freedom of services, the list of debits includes the company's name and home country, the foreign office's address and the name and address of the company's representative in Finland for the payment of the fire prevention charge.

Section 4 – Composition of the Board of Directors

The Board of Directors has a chairman who represents the Ministry of the Interior. The members include the representative of the Department for Rescue Services at the Ministry of the Interior, the representative of the central municipal organisation, the representative of the central insurance organisation and the representative of the rescue service organisations as well as three other members. The Board of Directors selects a deputy chairman from amongst its members.

Section 5 – Quorum of the Board of Directors

The Board of Directors constitutes a quorum when a chairman or deputy chairman of the meeting and at least three members or deputy members are present. In the case of a difference of opinion, the matter is decided by a simple majority vote. If the votes are equal, the chairman of the meeting has the casting vote.

Section 6 – Remuneration of the Board of Directors

A monthly remuneration is paid to the chairman and the members of the Board of Directors. A meeting remuneration is paid to the chairman and the members participating in a Board meeting. The remunerations are confirmed by the Ministry of the Interior.

Section 7 – Personnel

The Fire Protection Fund has a general secretary and a technical secretary, and other personnel as required.

Section 8 – Entry into force

This Decree enters into force on 1 July 2003. Measures necessary for the implementation of this Decree may be taken before it enters into force.