

Valid as of 1 January 2007



TyEL

## Terms and Conditions for insurance contracts according to the Employees Pensions Act

**Unofficial translation from the original Finnish**

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### General provisions

#### 1 §

These Insurance Terms and Conditions apply to the contract relationship between the employer (policyholder) and the pension insurance company (insurer) who have concluded an insurance contract under section 142 of the Employees Pensions Act (TyEL). These Insurance Terms and Conditions are also applied to an employer for whom enforced insurance has been taken out according to section 186, subsection 2 of the Employees Pensions Act (TyEL). The Insurance Terms and Conditions are not applied to occasional employers referred to in section 147 of the Employees Pensions Act (TyEL).

#### 2 §

The rights and obligations of the Insurer and the Policyholder are based on the legislation in force at any given time, the provisions issued under the legislation concerned, the actuarial principles and Insurance Terms and Conditions confirmed by the Ministry of Social Affairs and Health, and on the stipulations of the insurance policy.

## Persons covered by the insurance

### 3 §

The insurance covers all employees working for the Policyholder for whom the Policyholder is liable to arrange pension provision under the Employees Pensions Act (TyEL) and when he has not arranged pension provision for them according to section 141, subsection 3 of the Employees Pensions Act (TyEL) with some other pension provider.

Should the Policyholder, while the insurance is in force, wish to take out pension insurance with another pension provider for a certain clearly defined group of employees, he must inform the Insurer of this in writing with regard to the required period of notice as defined in §5.

## Validity of the insurance

### 4 §

The insurance contract is concluded when the insurance application is accepted. The insurance is valid until further notice one insurance period at a time as long as the Policyholder is liable to arrange pension insurance under the Employees Pensions Act (TyEL), unless otherwise provided by §5 or §6.

The first insurance period ends on the last day of the year of entering into force of the insurance contract. After this the insurance period is the calendar year, unless otherwise provided by §5 or §6.

The insurance also concerns the time before the insurance contract took effect to the extent that the Policyholder has not otherwise arranged pension provision according to the Employees Pensions Act (TyEL) for the employees which are to be insured under the said Act. If, however, the period to be insured retroactively is directly linked to the previous insured period, this period without insurance is linked to the previous insurance.

## Termination of policy

### 5 §

The Policyholder may give notice of termination of the insurance contract for the insurance contract to end on the last day of March, June, September or December. Notice of termination must be given in writing to the Insurer not later than three months before the date of termination of the insurance.

The insurance may not, however, be terminated on the basis of notice of termination before at least a year has gone by since the insurance contract started.

If the Insurer has been put into liquidation or declared bankrupt, the Policyholder may give written notice of termination of the insurance contract for the insurance contract to end without regard to the term of notice provided by clause 1.

If the Policyholder who has given notice for the insurance contract to end is still liable to arrange pension insurance, he must in connection with giving notice of termination give a written clarification to the Insurer, stating that he has, as from the date of termination of this insurance, provided pension coverage under the Employees Pensions Act (TyEL) in some other way.

### 6 §

The Insurer may, on the basis of notification by the Policyholder, terminate the insurance without following a separate procedure of giving notice of termination, if the Policyholder is no longer liable to arrange pension insurance.

The Insurer may likewise terminate the insurance without following a separate procedure of giving notice of termination, if the Policyholder has not by the end of January reported that he has paid wages/salaries covered by the Employees Pensions Act (TyEL) during the preceding calendar year.

Before terminating the insurance the Insurer must make sure that the Policyholder is no longer liable to arrange pension insurance. The termination of the insurance has to be notified in writing to the Policyholder.

## Basis of premium

### 7 §

The final pension premium for the insurance period and the provisional premium payable for it as well as the calculated interest rate to be included in the pension premium are determined in accordance with the actuarial principles confirmed by the Ministry of Social Affairs and Health.

The pension premium consists of the employer's and the employee's premium. The Policyholder withholds the employee's pension premium from the earnings paid to the employee as defined in section 70 of the Employees Pensions Act (TyEL) and the salary for insurance purposes defined in section 72 of the Employees Pensions Act (TyEL) in connection with the payment of the wage/salary and pays the pension premium in its entirety to the Insurer. The Policyholder is responsible towards the Insurer also for the employee's share of the pension premium.

## Provisional premium and its maturity

### 8 §

The provisional premium falls due at least quarterly on a day of maturity which is the 20th of the calendar month agreed on. However, it can also be agreed that the provisional premium falls due earlier than the aforementioned quarterly period. For the Policyholder who reports to the pension insurance company by monthly notifications the provisional premium falls due on a day of maturity which is the 20th of the calendar month following the month of payment of the wage, unless otherwise agreed. If the Policyholder pursues his activities only a part of the year (periodical activities), it may be agreed, however, that the premiums fall due in the quarters when the Policyholder pays wages/salaries under the Employees Pensions Act (TyEL).

Should the day of maturity referred to above in this section or in later sections of these Terms

and Conditions fall on a Saturday, a religious or a bank holiday or on Midsummer Eve, the following working day is considered as the day of maturity. The same provision shall also apply if the day of maturity is the day referred to in section 5, subsection 2 of the Promissory Notes Act, when the banks' payment systems are not in use according to the Bank of Finland's announcement published in the Statute Book of Finland.

## Adjustment of the pension premium and maturity of the final premium

### 9 §

The final pension premium falls due at the latest on 20th June following the insurance period.

The Insurer shall credit calculated interest on the provisional premium at the rate stipulated in the actuarial principles confirmed by the Ministry of Social Affairs and Health, the interest being calculated from the date of maturity of the provisional premium to the due date of the final pension premium.

Should the final premium at the end of the insurance period be higher than the provisional premium including the interest as determined in clause 2, the Policyholder must pay for the difference. In the contrary case, the difference including the interest will be used for payment of outstanding pension premiums or subsequent provisional premiums. In case the insurance has expired and there are no outstanding pension premiums, the difference, with interest, shall be paid to the Policyholder.

The pension premium may be prescribed to fall due in its entirety immediately, if the Policyholder terminates the activity where the employees are covered by the insurance contract or if the Policyholder goes bankrupt, or if the insurance ends for some other reason.

Delay in payment and neglect of the premium

## 10 §

If the provisional premium, the final pension premium or the increased pension premium as defined in section 163 or section 186, subsection 5 of the Employees Pensions Act (TyEL) is not paid on the day of maturity at the latest, it will be raised by an annual penalty interest in accordance with the rate of interest prescribed in section 4, subsection 1 of the Interest Act, from the date at which it fell due to the date of payment.

If the pension premiums referred to in clause 1 are not paid on the day of maturity at the latest, they can be collected by distraint without any separate ruling or judgement as prescribed in law regarding collecting of taxes and premiums by distraint, increased with a penalty interest at the rate of interest referred to in clause 1.

## 11 §

If the Policyholder has failed to pay the pension premium at the latest on the day of maturity, the Insurer may change the provisional premium to fall due otherwise than agreed on with the Policyholder.

Regardless of the mode of reporting and payment agreed on in advance, the Policyholder is, on the Insurer's request, in situations referred to in clause 1 liable to pay the provisional premium for the insurance period quarterly. Correspondingly, the Insurer may in situations referred to in clause 1 request that the Policyholder provide the information under section 144 of the Employees Pensions Act (TyEL) and pay the pension premium based on the reported data monthly.

The Insurer may, on the basis of an estimate, prescribe for the Policyholder a pension premium which is increased to at the most the double and which can be considered reasonable, if the Policyholder has

- 1) neglected the provision of pension coverage under the Employees Pensions Act (TyEL) during the month following payment of the wage/salary;

- 2) neglected to provide data necessary for the arrangement of pension provision as determined in section 144 of the Employees Pensions Act (TyEL) and section 3 of the Employees Pensions Decree (TyEA) within the period prescribed in section 3 of the Decree; or
- 3) neglected the obligation to arrange pension provision for the employees as stipulated in section 141 or section 142 of the Employees Pensions Act (TyEL) and the Finnish Centre for Pensions has according to section 186, subsection 5 of the Employees Pensions Act (TyEL) taken out insurance at the employer's expense with the pension insurance company of its choice.

On the Policyholder's request the Insurer has to give an appealable decision according to section 163 of the Employees Pensions Act (TyEL) on the increased premium.

## Premium lending of funds accumulated from pension premiums

### 12 §

The Policyholder has the right to borrow from the Insurer of a valid earnings-related pension insurance part of the fund accumulated from the pension premiums. However, there is no right to premium loans as regards the part of the fund which corresponds to the employee pension premium. The actuarial principles for insurance according to the Employees Pensions Act (TyEL) determine the amounts of the funds accumulated from the pension premiums and the employee pension premiums. However, the Insurer has the right in order to secure its solvency to restrict the Policyholder's right to premium loans so that the amount borrowed during twelve months is at the most 10 per cent of the amount of the policyholder's share in the funds which is not drawn at any one time.

The interest on the premium loans consists of the reference interest rate and the interest rate margin determined on the basis of the security, which margin is added to the reference interest rate. The reference interest rate

is the TyEL reference interest rate defined in the actuarial principles for insurance under the Employees Pensions Act (TyEL) increased by 0.3 percentage points.

The term of borrowing is at least one year and at the most ten years. If the loan is wholly or partially repaid before the termination of the loan period on the request of the borrower, the party providing the loan has the right to levy a recompense based on the remaining loan period and the change in the interest rate for the early repayment.

In premium lending the Insurer shall treat the Policyholders equally.

The detailed terms and conditions for the loans are determined in the terms and conditions for the premium loan and the promissory note regarding the premium loan.

## Earnings-related pension insurance for employee working abroad

### 13 §

§1-12 of these Insurance Terms and Conditions are also applied when the employer by concluding an insurance contract according to section 150, subsection 2 or subsection 3 of the Employees Pensions Act (TyEL) has arranged pension provision according to the Employees Pensions Act (TyEL) for the employee working abroad.

The Insurer has, in addition to what is stipulated in §6, the right to give notice of termination of the insurance referred to in clause 1 due to the Policyholders' insolvency or neglect in the payment of the pension premiums. In that case the insurance terminates one month after the date of giving notice of termination of the insurance.

The Policyholder may in contrast to what is prescribed in §5 give notice of termination of the insurance referred to in clause 1 for the insurance to end at the earliest at the end of the month during which the Policyholder has notified the Insurer about the termination in writing.

## Terms and conditions for pension insurance as regards positions of trust

### 14 §

§1-12 of these Insurance Terms and Conditions are also applied when the payer of the remuneration by concluding an insurance contract according to section 8 of the Employees Pensions Act (TyEL) has arranged pension provision according to the Employees Pensions Act (TyEL) for the person with a position of trust.

As one position of trust are considered all the positions of trust that the insured has during the calendar year with the same payer of remuneration.

If the insurance does not cover all persons standing in a position of trust in relation to the Policyholder as referred to in clause 1, the group of persons covered by the insurance has to be defined in a clear enough way as approved by the Insurer.

### 15 §

If the person carrying out a position of trust is at the same time employed by the Policyholder which pays the remuneration, the Policyholder is liable to take out insurance for the employee as regards the remunerations for the position of trust as part of the insurance for the earnings paid for the employment contract.

### 16 §

When taking out insurance as defined above in §14 one issue to determine is the date from which the remunerations paid to the insured for positions of trust are taken into account as entitling to a pension. However, it is possible to take into account as remunerations which entitle to a pension retroactively at the most the remunerations paid during the calendar year immediately preceding the taking out of insurance.

## 17 §

In contrast to what is prescribed in §5, the Policyholder may give notice of termination of the pension insurance regarding a position of trust as referred to in §14 for the insurance to end at the earliest at the end of the month during which the Policyholder has notified the Insurer about the termination in writing.

The Insurer has, in addition to what is stipulated in §6, the right to give notice of termination of the pension insurance regarding a position of trust due to the Policyholders' insolvency or neglect in the payment of the pension premiums. In that case the insurance terminates one month after the date of giving notice of termination of the insurance.

## Effective date

**These Insurance Terms and Conditions take effect on January 1, 2007.**

**These Insurance Terms and Conditions are applied as of the date of taking effect to insurance contracts which have been changed to insurance under the Employees Pensions Act (TyEL) as defined in section 4, subsections 1 and 2 of the Implementing Act of the Employees Pensions Act (TyEL) as well as to new insurance contracts according to the Employees Pensions Act (TyEL).**

**The groups of employees covered by insurance under the Employees Pensions Act (TyEL) as defined in section 4, subsections 1 and 2 of the Implementing Act of the Employees Pensions Act (TyEL) may only be changed according to §3 clause 2 of these Insurance Terms and Conditions.**

**In contrast to what is prescribed in 5§ clause 2 of the Insurance Terms and Conditions, the Policyholder may in 2007, the year when the Employees Pensions Act (TyEL) takes effect, give notice of termination in writing for the insurance under the Employees Pensions Act (TyEL) to end the last day of June, September or December even if the insurance has not been in force with the insurance company for the prescribed period of one year. Notice of termination must be given at the latest three months before the date of termination of the insurance.**



**Tapiola Mutual Pension Insurance Company**

Address: FIN-02010 TAPIOLA

Visiting address: Revontulentie 7, Espoo Tapiola

Business ID: 0201103-7, Domicile: Espoo

