TERMS AND CONDITIONS OF GUARANTEED PENSION INSURANCE

Supplementary funded pension insurance contract
Life insurance contract with an investment risk

Effective from 01.09.2013

1. GENERAL PROVISIONS

1.1 Guaranteed pension insurance contract (hereinafter insurance contract) is a unit-linked life insurance contract, where the preservation of the nominal value of the insurance premiums paid for the acquisition of the underlying assets is guaranteed under conditions provided in the insurance contract on the day after the insurance period end date and where the investment risk related to the underlying assets thereof is born, pursuant to the insurance contract, by the policyholder before the insurance period end date. Investment risks accompanying the insurance contract have been examined further under clause 4.3 of the policy conditions.
1.2 Under the insurance contract, the insurer guarantees the policyholder paid amounts under the insurance contract and under the terms and conditions provided in the insurance contract on the day after the insurance period end date, of which the following have been subtracted: risk fees from the price list if the parties have agreed on insurance cover, and disbursements from the accumulated reserve. Additionally, applicable during the insurance period is either a minimum life insurance cover of one (1) per cent of the accumulated reserve or an agreed life insurance cover in an amount and period determined by the policyholder.
1.3 The insurance contract contains the policyholder's application for concluding an insurance contract, general terms and conditions of AS SEB Elu- ja Pensionikindlustus (hereinafter general conditions), terms and conditions of guaranteed pension insurance (hereinafter policy conditions), price list, and policy.
1.4 The present policy conditions of SEB Elu- ja Pensionikindlustus (hereinafter referred to as the insurer) shall be valid only together with the general conditions. In case of discrepancies between the general conditions and the policy conditions, the provisions of policy conditions shall prevail.

2. DEFINITIONS

2.1 **Policyholder** shall be a natural person of at least 18 years of age who concludes an insurance contract with the insurer.
2.2 **Insured person** is the policyholder.
2.3 **Beneficiary** is a person, to whom the insurer pays the insured sum in case of an insured event. Until the death of the insured person, the beneficiary shall be the insured person. In case of the death of the insured person, the beneficiary or beneficiaries shall be the person(s) set out in the insurance contract.
2.4 **Insured event** is the arrival of insurance period end date or the death of insured person during the validation of the insurance period.
2.5 **Agreed amount of life insurance** is an amount determined by the policyholder in the insurance contract, within which the insured person's life is insured. In the absence of an agreed amount of life insurance, a minimum amount of life insurance shall apply.
2.6 **Insured sum** is one of the following amounts payable by the insurer:
a) In case of the death of the insured person, either the agreed amount of life insurance valid at the moment of the insured event or 101% of the accumulated reserve, depending on which amount is greater at the moment of the insured event or
b) upon the expiry of the insurance period the insured sum is either the guaranteed final value or the accumulated reserve, depending on which amount is greater on the insurance period end date.
2.7 **Minimum amount of life insurance** is a payable amount in case of the insured person's death, which is one per cent of the accumulated reserve and which is contained in the payable insured sum in case 101% of the accumulated reserve is paid out.
2.8 **Underlying assets** are financial instruments (including fund units, bonds, shares, derivatives) or money, in which the insurer invests insurance premiums paid by the policyholder.
2.9 **Accumulated reserve** is a monetary value, made up of the underlying assets and insurance premiums, paid to the insurer under the insurance contract, not yet invested by the insurer, of which the following have been subtracted: the insurance contract entry, management, amendment, risk, and disbursement fees, and disbursements from the accumulated reserve made under the insurance contract.
2.10 **Guaranteed final value** is a sum of insurance premiums paid by the policyholder, of which risk fees and disbursements from the accumulated reserve under the insurance contract have been subtracted.
2.11 **Insurance premium** is an amount paid to the insurer's current account under the insurance contract.
2.12 **Risk fee** is a fee for insurance cover that the insurer withholds monthly from the accumulated reserve according to the price list. Paying the risk fee to the insurer according to the price list is a prerequisite for the preservation of insurance cover determined by the policyholder in the insurance contract.
2.13 **Insurance period** is a period during which the policyholder can pay insurance premiums, and on the day after the insurance period end date the insurer guarantees the policyholder the guaranteed final value. The insurance period starts on a date determined in the insurance contract, but not before the first insurance premium payment to the insurer. The insurance period shall end on the insurance period end date determined in the insurance contract. The end date of life insurance cover, amount of which is determined in the insurance contract by the policyholder, or of the insurance period of extra insurance cover(s) may differ from the insurance period end date, but cannot be later than the insurance period end date. The minimum length of an insurance period is five years and the age of the policyholder cannot be less than 55 years on the end date of the insurance period.

3. SPECIAL TERMS AND CONDITIONS OF LIFE INSURANCE COVER

3.1 The policyholder can, in the insurance contract application, specify the amount of life insurance cover (agreed amount of life insurance). If the policyholder does not determine the amount of life insurance cover when entering the contract, the insurer shall assign the policyholder a minimum life insurance cover for the insurance period, which is one (1) percent of the reserve accumulated. Minimum life insurance cover is guaranteed for the duration of insurance period.
3.2 Agreed life insurance cover is valid from the insurance period starting date or life insurance cover starting date, if the life insurance cover is taken during the insurance period and is valid until the life insurance cover end date shown in the insurance contract, but no longer than the end of the insurance period or until the insured person is 70 years old, if the latter arrives before the insurance period end date.

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3.3 To receive the agreed amount of life insurance cover, the policyholder shall pay the insurer a risk fee in the amount and under the terms set in the insurance contract, including the price list.
3.4 If the insured person dies during the validity period of the agreed life insurance cover, the insurer shall pay the beneficiary under the terms and conditions set in the insurance contract the agreed amount of life insurance or 101% of the accumulated reserve, if the latter is greater than the amount of life insurance.
3.5 The agreed amount of life insurance shall be reduced by each disbursement made from the accumulated reserve.
3.6 The policyholder has the right to apply for an amendment of the agreed amount of life insurance during the insurance period.

4. INSURANCE CONTRACT UNDERLYING ASSETS

4.1 Evaluating the compatibility of the insurance contract and its underlying assets

4.1.1 Before concluding the insurance contract, the insurer shall evaluate the compatibility of the insurance contract and its underlying assets.
4.1.2 In order to evaluate the compatibility of the insurance contract and its underlying assets before concluding the insurance contract, the policyholder shall submit to the insurer information on his or her investment-related knowledge and experience, insurance interest, investment goals, and risk tolerance preferences as well as on the desired investment duration and other information that the insurer requires to meet current policy conditions and obligations arising from legal acts.
4.1.3 The policyholder is aware that by presenting incorrect or insufficient information or not presenting information the insurer cannot evaluate whether the insurance contract and its underlying assets are suitable for the policyholder and the policyholder's interests could thus be vulnerable.
4.1.4 The policyholder concludes the insurance contract at his own initiative or with a recommendation from counselling. When concluding the insurance contract at his own initiative, the insurer shall not evaluate the compatibility of the insurance contract and its underlying assets and the policyholder's interests may be vulnerable.
4.1.5 Insurer shall not evaluate the compatibility of the insurance contract and its underlying assets for the policyholder if the insurance contract has been chosen for the policyholder and the insurance premiums of which are paid for the policyholder by his employer.
4.1.6 Answers presented during the compatibility evaluation (both separately and in a set), the evaluation result, and conditions determined in the insurance contract are not construed as the policyholder's instructions nor any other imperative operations and/or actions.

4.2 Principles of the investment of accumulated reserve

4.2.1 Investing the accumulated reserve by the insurer is not construed as managing securities portfolio in terms of the Securities Market Act nor as any other imperative relationship for the managing of assets.
4.2.2 The insurer shall invest the contractual accumulated reserve according to the insurance contract at its own discretion into conservative and risky asset classes. First, investments into risky asset classes are made and then the remainder is invested into conservative asset classes.
4.2.3 The proportion of risky asset classes in the insurance contract depends on the ratio of the accumulated reserve and the guaranteed final value's present value and investment multiplier. The proportion of risky asset classes is found with the formula $\min(100\%;\max(0;RA-GF*(1-i_n)^n)/RA)*M)$, in which:
RA — accumulated reserve
GF — guaranteed final value
n — time until the end of insurance period in years
M — investment multiplier
i_n — risk-free interest for n years
4.2.4 Risky asset classes — investing in stocks, risky bonds, and other risky asset classes is permitted. Risky investments may include currency risk.
4.2.5 Conservative asset classes — investing in bonds of governments and companies listed in euros, bank deposits, and other similar asset classes is permitted.
4.2.6 Investment multiplier — permitted 1-3, depends on financial markets forecasts and other factors.
4.2.7 Insurer reviews underlying assets investments with the method described above and changes investments at least once a month, if necessary.
4.2.8 Under the insurance contract, the policyholder does not obtain the financial instruments selected for the accumulated reserve or the right to deposited money. The insurer is the owner of the underlying assets.
4.2.9 The return on the underlying assets is the growth or decline in value of the accumulated financial instruments chosen for the reserve, of which asset management-related expenses have been subtracted.
4.2.10 The return on the underlying assets is added to the reserve at least once a month on a date chosen by the insurer.
4.2.11 The insurer shall continuously update the policyholder regarding the amount of the accumulated reserve via SEB Internet Bank, if the policyholder has subscribed to SEB Internet Bank. In other cases, the insurer shall notify the policyholder of the amount of the accumulated reserve once a year, at the policyholder's address stated in the insurance contract.
4.2.12 The insurer is not held responsible for the growth of or decline in the underlying assets value and does not guarantee a greater accumulated reserve than the guaranteed final value by the end of the insurance period.
4.2.13 The policyholder agrees that the insurer may invest the accumulated reserve in financial instruments offered by companies in the same group with the insurer.

4.3 Investment risks

4.3.1 Investment risks are risks accompanying any investment activity or the danger of investment value decline, also danger of not achieving the planned investment result. The value of the underlying assets may both increase and decline, and when the insurance contract is terminated prematurely the policyholder may not recover the amount initially invested. If the value of the underlying assets increases or declines, the value of the accumulated reserve changes accordingly. A return on the stocks or other financial instruments that serve as the underlying assets in earlier periods or the current history of activities constitutes neither a promise nor a suggestion of the achievement of objectives for the rate of return or the activity in future periods. The policyholder needs to evaluate investment-related risks before concluding the insurance contract and on a regular basis during the whole of the insurance period.
4.3.2 In the case of disbursements made from the accumulated reserve prior to the insurance period end date, the policyholder shall bear the risk of a change in the value of the underlying assets.
4.3.3 More information on investment risks can be found at the website http://www.seb.ee/eng/investor-protection.

4.4 Locking of the accumulated reserve

4.4.1 If the accumulated reserve defined in the insurance contract is greater than the guaranteed final value, the guaranteed final value shall be increased by locking the accumulated reserve under terms and conditions stipulated in the insurance contract.
4.4.2 The locking of the accumulated reserve shall take place (1) once a year on the locking date. The locking date is a date, from which the contract end date is a whole number of years away.
4.4.3 Locking only occurs when, on the locking date, the accumulated reserve defined in the insurance contract is greater than the guaranteed final value.

4.4.4 As a result of locking, the guaranteed final value is increased by an amount that is found by multiplying the difference of the accumulated reserve and the guaranteed final value by the locking rate from the following table. The accumulated reserve calculated during locking is the accumulated reserve on the day of locking.
4.4.5 Locking shall not take place within the first five years of the conclusion of the contract. If the contract shall end in five years or earlier, the locking rate in the table shall be used regardless of the previous sentence.

Number of years until the end of contract	Locking rate
1	100%
2	98%
3	95%
4	90%
5	80%
6 to 10	50%
more than 10	35%

5. INSURANCE PREMIUMS

5.1 The policyholder shall pay the first insurance premium in 14 days after signing the application. If the policyholder has not paid the insurance premium or the first insurance premium within 14 days after signing the application, the insurer can withdraw from the insurance contract until the payment is made. If the due insurance premium, risk fee, or first insurance premium has not been paid by the time of an insured event, the insurer is not obliged to disburse the insured sum.
5.2 The policyholder and insurer may agree on a one-time insurance premium or periodical insurance premiums. The policyholder could also pay additional insurance premiums. The policyholder has the right to pay the insurance premiums, except the first insurance premium according to the insurance contract, at the time and in the amounts chosen by him/her.
5.3 The policyholder shall pay the insurance premiums to the insurer's current account, indicating the reference number of the insurance contract on the payment order.
5.4 The policyholder and the insurer may agree on a payment schedule upon concluding the insurance contract.
5.5 The policyholder has the right to apply for a change in the payment deadlines of the payment schedule by submitting a respective application at least one month before the entry into force of the desired change.
5.6 The policyholder may, when entering or during the validity of the contract, specify that his insurance premium shall increase at the beginning of each new insured year.
5.7 The insurance contract does not include a minimum insurance premium amount for changing the insurance to premium-free.

6. FEES PAYABLE BY POLICYHOLDER

6.1 The policyholder shall pay the insurer price list fees on deadlines set by the insurer.
6.2 The insurer shall withhold the insurance contract entry and management fees from the policyholder's accumulated reserve according to the current price list, the management fee shall be withheld from the insurer's accumulated reserve on a monthly basis. If the amount of the accumulated reserve is not sufficient to withhold the insurance contract entry and management fees, the missing portion shall be deducted as soon as possible when the accumulated reserve forms.
6.3 Risk fees for the agreed amount of life insurance and extra insurance covers fixed in the insurance contract are withheld from the accumulated reserve every month. The amount of risk fees for the agreed amount of life insurance is fixed in the price list; fees for extra insurance covers are fixed in the insurance contract. By withholding risk fees from the accumulated reserve, life insurance and/or extra insurance covers are considered to be paid for the current month. The amount of risk fees for the amount of life insurance is calculated according to the price list, using fixed data (age, risk rate) about the insured person from the insurance contract and the difference between the life insurance amount agreed upon for each the last day of each month and the accumulated reserve.
6.4 A fee for amending the insurance contract at the request of the policyholder is withheld from the policyholder's accumulated reserve as of the date changes are made. Fee amounts for changes to the insurance contract have been fixed in the current price list.
6.5 If the amount of the accumulated reserve is not sufficient for withholding risk fees, the insurer shall send the policyholder a respective notification, providing a term for paying risk fees and indicating a new term for withholding risk fees from the accumulated reserve. If the insurer has not received a sufficient amount of money by the deadline stated in the notification to withhold risk fees, which results in not being able to withhold risk fees from the accumulated reserve on the date stated in the notification, the life insurance cover in the agreed amount of life insurance and extra insurance covers shall be terminated on the day after the date stated in the notification and the life insurance cover in the minimum amount of life insurance shall prevail.

7. CONTRACTUAL DISBURSEMENTS

7.1 After the end of the insurance period, the policyholder shall present the insurer a relevant application and other documents specified under general conditions to receive disbursements. In case of the policyholder's death, the beneficiary shall present the insurer with a relevant application and other documents specified under the general conditions in order to receive a disbursement.
7.2 When the submission of proper application and other documents set out in general conditions for disbursement is delayed, the insurer is not obliged to pay interest or default interest on the disbursed amount. The insurer shall not invest the amount payable under the insurance contract after the expiry of the insurance period until the insured person or the beneficiary submits an application to the insurer.
7.3 The insurer shall, after the expiry of the insurance period, pay the policyholder the guaranteed final value according to the policyholder's proper application and other properly submitted documents. If the accumulated reserve on the insurance period end date exceeds the guaranteed final value, the policyholder has the right to the accumulated reserve. The value of the accumulated reserve by the end of the insurance period is determined on the insurance period end date.
7.4 During the insurance period, the policyholder has the right to partial disbursements from the accumulated reserve. The policyholder shall submit the insurer a relevant application in order to receive a partial disbursement. In case of a partial disbursement, the insurer shall reduce the accumulated reserve and the agreed amount of life insurance by the amount of the partial disbursement and the disbursement fee. The guaranteed final value defined in the insurance contract shall be reduced on each disbursement in the same amount as the accumulated reserve was reduced due to the relevant disbursement.
7.5 In the case of the policyholder's death, the beneficiary is entitled to a disbursement under the insurance contract according to the terms and conditions in the insurance contract and general conditions.
7.6 The fee for a partial disbursement, the minimum possible partial disbursement, and the minimum required amount of the accumulated reserve after a partial disbursement, are fixed in the current price list at the time of the disbursement.

8. EXCLUSIONS

8.1 The amount of life insurance shall not be disbursed by the insurer in the event of an insured event, if:
8.1.1 at the time of the conclusion of the insurance contract or increasing of the insured sum, the policyholder knowingly provided incorrect or incomplete information with respect to his or her state of health or that of the insured person or personal data which may increase the insurance risk;

8.1.2 the insured person died as a result of alcoholic, narcotic, toxic, or other substances consumed for the purpose of reaching a state of intoxication or under the circumstances caused by alcoholic, narcotic, toxic or other substances consumed for the purpose of reaching the state of intoxication;
8.1.3 the insured person died as a result of a nuclear disaster or because of consciously using a radioactive substance;
8.1.4 the insured person died as a result of an accident caused by him while driving a vehicle in a state of intoxication or without a right to drive;
8.1.5 the insured person died as a result of an accident caused by a driver whose state of intoxication or absence of the right to drive was known to the insured person;
8.1.6 the insured person died as a result of suicide within two years from the entry into force of the insurance contract or from an increase of the insured sum;
8.1.7 the insured person died as a result of military actions, the act of an external enemy, civil war, uprising, revolution, or participation in mass disturbances;
8.1.8 the insured person died as a consequence of his or her intentional unlawful act;
8.2 If the insured person died because of circumstances set out in clauses 8.1.1. to 8.1.8, the insurer shall pay the beneficiary 101% of the accumulated reserve under the conditions defined in the insurance contract.
8.3 If the insurer is aware from information in writing or from information that could be reproduced in writing that a beneficiary has caused the death of the insured person with an intentional unlawful act, the person who caused the insured person's death shall be deemed not to have been designated as a beneficiary under the insurance contract.

9. EXPIRY AND TERMINATION OF THE INSURANCE CONTRACT

9.1 The insurance contract shall expire with the occurrence of at least one of the following grounds:
9.1.1 The insurer has, under the terms and conditions set out in the insurance contract:

- by the end of insurance period disbursed the guaranteed final value or
- in case of the insured person's death disbursed the agreed amount of life insurance or in the absence of such agreement 101% of the accumulated reserve.

9.1.2 The insurance period has ended and the value of the accumulated reserve under the insurance contract is zero or negative.
9.2 Both the policyholder and the insurer, separately, have the right to cancel the insurance contract and/or withdraw from it under terms and conditions set out in the general conditions and the law.
9.3 When cancelling or withdrawing from the insurance contract, the insurer shall disburse the accumulated reserve.
9.4 With the insurance contract expiration, the life insurance cover as well as the agreed extra insurance cover(s) shall be automatically terminated.

10. TAXATION

10.1 Taxes shall be withheld according to current laws from contributions and disbursed amounts paid under the contract. The legislation regulating taxation may be amended in the future and the taxation depends on the individual circumstances of each person, including their residency and other such circumstances.
10.2 The insurer shall not be held responsible for counselling the policyholder and/or the beneficiary associated with taxation.

11. EXTRA INSURANCE COVER

11.1 It shall be possible to conclude different types of extra insurance covers, with a written agreement between the insurer and the policyholder, in addition to the guaranteed pension insurance.
11.2 Concluding the extra insurance cover shall be fixed in the policyholder's application for concluding an insurance contract.
11.3 Policy conditions of the relevant insurance product shall apply to the chosen extra insurance cover.