

Baloise portable benefits policy

Product Information, Terms of Contract and Conditions

2017 edition

Product Information

Terms of Contract and Conditions start on Page 5

Dear Customer,

The Product Information should help you to better understand your insurance contract documents. The scope and substance of the mutual rights and obligations are governed solely by your insurance contract (portable benefits policy) and the Contract Terms and Conditions for the Baloise portable benefits policy.

Your portable benefits policy is governed by Swiss law. Anything not covered by the contract will be governed by the provisions of the Swiss Federal Law on Vesting in Pension Plans (FZG), Portable Benefits Ordinance (FZV) and the Swiss Federal Law on Insurance Contracts (VVG).

We make your vested pension benefits safer:

- Guaranteed benefits upon maturity of the policy
- Guaranteed benefits in case of death
- Entitlement to surplus dividends
- Flexible deployment for home ownership funding

You can find further helpful safety tips under www.baloise.ch

1. Contractual partner

Your contractual partner is Baloise Life Ltd, Aeschengraben 21, P.O. Box, CH-4002 Basel. You can visit Baloise Life Ltd online at www.baloise.ch

2. Policyholder, insured person and beneficiaries

The policyholder is the natural person who is taking out an insurance policy with Baloise Life Ltd in order to obtain insurance coverage for himself and his survivors. The policyholder is the contractual partner of Baloise Life Ltd.

The insured person is the natural person whose life is insured.

The beneficiaries with rightful claims to the lump-sum death benefit are, in order, the spouse, the orphans entitled to a pension under BVG, other natural persons who are materially dependent on the insured person or have been living with the insured person without interruption in the last five years prior to his death, or in their absence, the other legal heirs. The insured person can identify the rightful claimants and the amount of their claim in more detail in written form, subject to the legal provisions stipulated in the terms and conditions of insurance for the portable benefits policy.

Once the insured event occurs, beneficiaries generally acquire their own right to the insurance entitlement that was partially or fully assigned to them.

3. The Baloise Life Ltd portable benefits policy as a pension solution

This policy covers capital payments in the event of survival and death. As a capital-accumulating pension solution, the Baloise portable benefits policy not only helps the insured person prepare for retirement, but also provides financially for his survivors in the event of his death.

This ordinary life insurance generally only pays out benefits once upon maturation of the policy or the death of the insured person.

This insurance solution is classified as a «restricted pension plan» (Pillar 2).

Questions	Restricted pension plan (Pillar 2)
Who can insure themselves?	Insured persons in Pillar 2 who leave a pension fund before an insured event occurs, but have not joined a new pension fund.
What taxes are owed on the insurance during the contract term?	None
Are taxes owed on payouts made on maturation or surrender of the policy?	Yes. When a policy matures, taxes have to be paid on the insurance benefits separately from all other income. Taxes do not, however, have to be paid if the policy is transferred to a pension fund or portable benefits institution.
Are taxes owed on payouts made in the event of death?	Yes. In the event of death, taxes have to be paid on the insurance benefits separately from all other income.
Are there restrictions on surrendering the policy?	Yes. You can only surrender the policy in certain circumstances as provided by law.
Am I free to decide when the contract will expire?	No. In the event of survival, the contract will expire once you reach the age that was defined as the (ordinary) BVG retirement age as of the cover start date.
Can I withdraw money from my retirement assets before the contract expires?	Early payouts of retirement assets are only allowed in special cases as provided by law or no earlier than 5 years before reaching the (ordinary) BVG retirement age.

4. Actuarial interest and policy reserves

Actuarial interest is defined as the guaranteed interest rate for the entire contract term that is used to calculate the insured lump-sum death benefit and the insured capital in the event of survival.

Policy reserves are defined as the amount held in reserve by Baloise to fulfil future obligations based on the insured benefits.

5. Participation in surpluses

Baloise Life Ltd calculates the policyholders' total participation in the annual surplus in accordance with the Federal Law on Insurance Supervision.

Many factors determine the participation amount. They are unforeseeable – if only due to the long contract term – and cannot be readily influenced by Baloise Life Ltd. The most important factors are capital market interest rates. As a result, future participation in surpluses cannot be guaranteed.

Baloise's annual operating accounts for the respective contracts provide the basis for calculating the participation in the surplus. Where the total balance is positive, the surplus will be mainly used to set aside provisions and contribute to a surplus fund in line with the respective legal provisions.

Participation in the surplus fund will be determined annually.

When distributing surpluses, Baloise Life Ltd will aggregate contracts with the same or similar conditions and consider past and future expected contributions from these contracts to the annual surplus.

The first participation in the surplus will be allocated at the commencement of the contract. The annual participation in the surplus is allocated in advance at the start of the calendar year. This means that where contracts are terminated because they are surrendered or policies mature, there is only a pro rata entitlement based on the effective contract period in this particular calendar year.

See the Contract Terms and Conditions for more details.

6. Commencement and maturity of the portable benefits policy

Baloise Life Ltd's offer is always a proposal and/or an invitation to interested customers to submit an application. It does not express Baloise Life Ltd's intention to be bound by a contract. However, the offer can provide an overview of the desired pension solution.

If the proposed insurance solution interests the customer, he may submit an application to enter into a corresponding contract. The application is thus a binding statement of intention with the objective of entering into a specific insurance contract. The policyholder must keep the application open for 14 days.

Baloise Life Ltd is generally responsible for accepting the application. The insurance contract is formed upon acceptance.

The insurance and insurance cover begin on the date specified in the application for insurance, but no sooner than the date upon which Baloise receives the application or payment of the single premium, though in all cases with the handing over of the policy.

The insurance policy matures when the insured person either dies or reaches the age which, on the contract commencement date, was defined as the (ordinary) BVG retirement age (documented in the portable benefits policy).

The portable benefits policy can also be surrendered early in certain circumstances as provided by law.

7. Period of validity, territorial scope, area of applicability

The insured person is fundamentally covered during any activity and in any location for the entire duration of the policy. See the Contract Terms and Conditions for information on exclusions of cover.

8. Financing

The insurance is financed with a single premium paid to Baloise Life Ltd (total or partial portable benefit, withdrawal benefit from a pension fund).

The single premium is paid at the beginning of the contract and funds the insurance for the entire policy term.

9. Surrender

The policyholder can surrender all or part of the portable benefits policy to Baloise Life Ltd in certain cases as provided by law. See the Contract Terms and Conditions for details.

When a portable benefits policy is surrendered, Baloise Life Ltd deducts a certain amount from the premium reserve. This amount equals CHF 150 (termination fee) plus a further amount depending on the market trend for «swap interest rates». These are interest rates for certain maturities that are set daily in the swap market and are published in major daily newspapers. The Contract Terms and Conditions describe the circumstances in which deductions are made.

10. Data protection

Baloise Life Ltd uses electronic data processing to ensure the efficient, correct and safe processing of your policy. Baloise Life Ltd complies with the Swiss Data Protection Act (DPA) when processing data. Data processing is permitted where authorized by the DPA or other legal regulations.

Declaration of consent: The application includes a consent declaration that allows Baloise Life Ltd to carry out data processing in accordance with the law.

Release from the duty of discretion: Certain data transmissions, e.g. by a doctor who is bound by his occupational duty of discretion, require a special agreement. The consent declaration therefore includes a release from this duty of discretion.

Data processing: «Processing» in this sense refers to any handling of personal data, irrespective of the resources and procedures applied, particularly the obtaining, storage, use, manipulation, disclosure, archiving or destruction of data. Baloise Life Ltd processes data of relevance for the conclusion of the policy and the processing of policies and claims. This generally relates to information entered on the application and the claim report. Baloise Life Ltd may contact third parties (e.g. other insurers, physicians). We may also process data in connection with product optimization and for internal marketing purposes.

Data exchange: In the interests of all policyholders, data may be exchanged with other insurers and reinsurers in and outside Switzerland under certain circumstances. Baloise Life Ltd relies on the exchange of data both within and outside the Group. Data is exchanged in conformity with the DPA and the intended purpose of the contract.

Agents can receive the information needed to provide services and support from databases maintained at Baloise Life Ltd. Agents are statutorily and contractually bound to observe their special duty of discretion and the provisions of the Data Protection Act. Independent brokers are only allowed to view this data if they have been authorized to do so by the customer.

4 Product Information

Right to information and correction: Under the DPA, the customer has the right to learn, on request, if Baloise Life Ltd processes data about him and, if so, what data. He can also request the correction of any incorrect data.

11. Complaints

If you have a complaint, please contact:

Baloise Life Ltd
Complaint management
Aeschengraben 21, P.O. Box
CH-4002 Basel

Phone: 00800 24 800 800
E-mail: complaint@baloise.ch

Terms of Contract and Conditions

Scope of benefits

L1

Insured benefits

Cover extends to

- a payment on maturity, due at retirement age,
- a lump-sum death benefit for the same amount in case of death before retirement age.

The retirement age is the regulatory age limit effective at the commencement of the insurance in accordance with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG).

The insurance is based on actuarial calculations approved by the responsible supervisory authorities (actuarial calculations according to the 2017 tariff, technical interest rate = 0,5%).

Registered partners are treated the same as spouses under the Federal Registered Partnerships Act.

General provisions

A1

Commencement of insurance and coverage

The insurance and insurance cover begin on the date specified in the application for insurance, but no sooner than the date upon which the Baloise receives the application or payment of the single premium, though in all cases with the handing over of the policy.

A2

Financing

The insurance is to be financed with a single premium, equal to the total or partial withdrawal benefits to which the policyholder is entitled when withdrawing from a pension fund.

A3

Surrender

The surrender value is equal to the policy reserves, after making any deductions according to the following provisions: Policy reserves are defined as the amount held in reserve by the Baloise to fulfill future obligations based on the insured benefits.

The policy reserves shall be calculated according to the actuarial rate used to calculate the single premium.

A surrender is possible if the policyholder uses the surrender value for the transfer to a pension fund or portable benefits institution.

A surrender is possible with the written consent of the spouse if the policyholder:

- is due to reach retirement age under the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) within 5 years;
- is receiving a full disability pension under Swiss Federal Disability Insurance (IV) law and is not insured elsewhere for disability risk under Article 10 of the Portable Benefits Ordinance (FZV);
- leaves Switzerland permanently and fulfils the conditions stipulated under Art. 25f FZG;
- becomes self-employed and is no longer subject to compulsory insurance;

- has a claim to a surrender value that amounts to less than his/her annual contribution to the previous pension fund;
- uses the benefit under the provisions for the promotion of home ownership. If the policyholder has pledged the insured benefits, then, for the surrender, he/she must provide the written consent of the pledgee to the extent that the pledged sum is affected.

In the event of a surrender, there will be a CHF 150 termination fee deducted. There will be an additional deduction if the swap rate is more than ½% above the policy rate. This will be calculated as follows:

Deduction in % =
(swap rate at time of surrender – policy rate) × remaining term of contract, but no longer than 5 years.

Policy rate =
actuarial rate + current applicable surplus rate in contract.

Swap rate:
the rate in CHF for the remaining term of contract (maximum 5 years).

There will be no deduction for surrenders:

- within 5 years prior to reaching retirement age,
- as recipients of full disability pensions,
- for payments under the provisions for Home Ownership Development with Occupational Welfare Funds. The Baloise charges a processing fee of CHF 400 for applications for advanced payments or pledges.

A4

Participation in surplus

The Baloise's annual operating accounts for the respective contracts provide the basis for calculating surplus dividends. Where the total balance is positive, the surplus will be mainly used to create reserves and contribute to a surplus fund in line with the respective legal provisions.

All dividends from the surplus fund will be determined annually.

In order to distribute surpluses, contracts with the same or similar conditions will be taken together and existing as well as future expected contributions will be taken into account when the annual surplus is applied to these contracts.

The annual surplus dividend will be allocated in advance at the beginning of the calendar year. This means that where contracts are terminated because they are surrendered or policies mature, there is only a pro rata entitlement based on the effective contract period in this particular calendar year.

The first surplus dividend will be allocated in advance at the commencement of the contract.

All surpluses will accrue interest. They will be paid out when a surrender value is paid out or when insurance benefits are paid upon the maturation of a policy or the death of an insured person.

Any change to the system of allocating surpluses during the term of contract must first be notified to the supervisory authorities. Policyholders will at the latest be notified with the information following the change.

The Baloise will send appropriate notification regarding the allocation of surpluses.

A5

Payment of insured benefits

Insured benefits will be paid as soon as the policyholder or eligible beneficiary provides all of the documentation required to support the claim. Any person applying for benefits under this insurance must present the policy.

A payout of the retirement benefit as a lump sum is only permitted if written consent is provided by the spouse.

A6

Place of settlement for insured benefits

The place of settlement for insured benefits is the Swiss domicile of the policyholder or the beneficiary. For persons domiciled outside of Switzerland, Basel is the place of settlement.

A7

Waiver of reduction in benefits

The insured benefits will also be paid where insured events are the result of gross negligence or suicide..

A8

Assignment and pledging of insured benefits

The insured benefits may not be assigned or pledged before they are due. The provisions of the home ownership development plan or court orders in case of divorce take precedence.

A9

Nomination of beneficiaries

The beneficiaries include the following persons:

- the policyholder when the insurance matures,
- the following order of persons in case of death
 1. the surviving spouse and minors, as well as children who have at least a 70% degree of disability or are undergoing educational or vocational training and have not yet turned 25 years of age.
 2. natural persons who are materially dependent upon the insured person at the time of death, or have been living with the insured person for an uninterrupted period of at least five years, or who are responsible for the maintenance of one or more children held in common with the insured person,
 3. In the following order:
 - > children of the deceased who do not fulfill the conditions stipulated in paragraph 1,
 - > the parents,
 - > the siblings,
 4. other legal heirs with the exception of the local community.

By way of written notification to the Baloise, the policyholder can:

- define the entitlements of the beneficiaries in the respective paragraphs in more detail,
- add persons from paragraph 2 to the persons listed in paragraph 1.

Where there is no other agreement to the contrary, benefits will be divided equally among beneficiaries. Any deviation in the division of benefits set out in the respective paragraphs is only permissible if the changes better meet the needs of beneficiaries at the time of death.

A10

Notifications

All notifications to Baloise Life must be sent in writing to the main office in Basel.

A11

Basis of contract

If not regulated by this contract, the provisions of the Swiss Federal Law on Vesting in Pension Plans (FZG), Portable Benefits Ordinance (FZV) and the Swiss Federal Law on Insurance Contracts (VVG) are applicable.

A12

Place of Jurisdiction

The place of jurisdiction is Basel or the Swiss domicile of the policyholder or beneficiary.

A13

Insurance cover in military service and war

The following regulations issued by the Swiss supervisory authority apply to all life insurance companies active in Switzerland:

Active service to protect Swiss neutrality and to maintain national law and order, both without warlike actions, is regarded as military service in times of peace and is therefore included in the insurance in accordance with the terms of contract. If Switzerland is involved in a war or warlike activities, then the insured person are entitled to a single war contribution falling due one year after the end of the war. It is irrelevant whether the insured person participates in the war or is stationed in Switzerland or abroad.

The single war contribution serves to cover losses caused directly or indirectly by the war to the extent that these affect the insurances to which these terms apply. The determination of such losses and of the funds available for coverage, as well as the calculation of the war contribution and the options for its payment – if necessary by reducing the insured benefits – will be undertaken by the Baloise in agreement with the Swiss supervisory authority.

If benefits from the insurance become due before the amount of the war contribution is determined, the Baloise is entitled to withhold payment of an appropriate portion of these benefits up to one year after the end of the war. The amount of benefits withheld and the interest rate applied will be determined by the Baloise in agreement with the Swiss supervisory authority. The Swiss supervisory authority will determine the dates marking the commencement and end of the war with respect to applying the aforementioned provisions.

If the insured person participates in a war or warlike activities without Switzerland being involved in the war or warlike activities, and dies during the war or within 6 months after peace is concluded or the hostilities end, the Baloise will be liable for an amount equal to the policy reserves as calculated on the date of death, but not exceeding the insured benefits in the event of death.

The Baloise reserves the right to modify the provisions of this article in agreement with the Swiss supervisory authority, with said amendments also applying to this insurance. This policy is also expressly subject to any legal and regulatory measures issued in connection with a war, especially those with regard to the repurchase of the insurance.

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