VARMA

Insurance Terms and Conditions for insurance contracts according to the Self-Employed Persons' Pensions Act (YEL)

General provisions

1 §. These Insurance Terms and Conditions apply to the contract relationship between the self-employed person who has concluded an insurance contract under section 110 of the Self-Employed Persons' Pensions Act (YEL) or the self-employed person for whom enforced insurance has been taken out under section 143, subsection 2 of the Self-Employed Persons' Pensions Act (YEL) (*policyholder*) and the pension insurance company (*insurer*).

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.

Validity of the insurance

3 §. The insurance contract is concluded when the insurance application is accepted. The insurance contract is valid until further notice one insurance period at a time as long as the Policyholder is liable to arrange pension insurance under the Self-Employed Persons' Pensions Act (YEL), unless otherwise provided by §5 or §6 or the stipulations of the insurance policy. 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.

4 §. The insurance contract concerns all activities of the Policyholder which are referred to in the Self-Employed Persons' Pensions Act (YEL). The insurance concerns also activities under the Self-Employed Persons' Pensions Act (YEL) carried out before the insurance contract took effect, if they have not been insured earlier, and activities that the Policyholder undertakes while the contract is valid. However, insurance is not granted retroactively for a longer period than the current calendar year and the three calendar years immediately preceding it.

Termination of policy

5 §. The validity of the insurance ends, if the Policyholder terminates the activities referred to in the Self-Employed Persons' Pensions Act (YEL) or if his liability to take out insurance ends for some other reason. The Policyholder is liable to immediately inform the Insurer in writing about factors which affect the termination of the insurance. After having received the notification the Insurer can terminate the insurance retroactively to end on the date when the preconditions for insurance are no longer met.

The Insurer may terminate the insurance on his own initiative, if the Insurer is unable to levy the premiums from the Policyholder and the authorities have stated that the self-employed person is unknown.

The Insurer has to give the Policyholder an appealable decision on the termination of the insurance.

6 §. The Policyholder may, when the liability to arrange insurance continues, 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 not later than three months before the date of termination of the insurance.

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

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 Self-Employed Persons' Pensions Act (YEL) in some other way.

7 §. If the Insurer has been put into liquidation or declared bankrupt, the Policyholder may give written notice of termination of the insurance contract to end without regard to the term of notice provided by §6 clause 1. In that case the minimum period for the duration of the insurance contract determined in §6 clause 2 is also not applied.

Pension insurance premium

8 §. The pension insurance premium and the interest included in it are determined according to the actuarial principles confirmed by the Ministry of Social Affairs and Health.

If the self-employed person does not take out insurance within six months after the liability to arrange insurance starts, the Insurer may, on the basis of an estimate, prescribe for the Policyholder a reasonable pension insurance premium which is increased to at the most the double for the time of neglect. When prescribing the increased pension insurance premium the length of the time of neglect, the possible reoccurrence of neglect and other comparable factors regarding the evaluation of the severity of the neglect are taken into account.

On the Policyholder's request the Insurer has to give the Policyholder an appealable decision on the increased pension insurance premium.

Flexibility in the pension insurance premium

9 §. §10-13 of these Insurance Terms and Conditions concern the additional pension insurance premium under section 116, subsection 1 of the Self-Employed Persons' Pensions Act (YEL) and the reduced pension insurance premium under section 116 subsection, 2 of the Self-Employed Persons' Pensions Act (YEL). Confirmed income means the confirmed income under section 112, subsection 1 of the Self-Employed Persons' Pensions Act (YEL).

10 §. The Policyholder has to make a written notification (*notification on flexible payment of premium*) to the Insurer stating the size of the additional pension insurance premium or of the reduced pension insurance premium which he will pay in the current year.

If the Policyholder has reported that he will pay additional pension insurance premium, it has to be paid at the latest on the last day of the calendar year in which the Insurer has been notified in writing about the additional pension insurance premium. The conditions in §14-16 on the due date of and delay in payment of the pension insurance premium are not applied to the additional pension insurance premium.

11 §. If the Policyholder has paid additional pension insurance premium or if the Policyholder has in the written notification stated that he will pay a reduced pension insurance premium, the Insurer gives the Policyholder an appealable decision on the total earned income for the calendar year.

If the Policyholder pays additional pension insurance premium to the amount stated in the written notification, the Policyholder's annual total earned income is calculated on the basis of the pension insurance premium determined on the basis of the confirmed income, and the paid additional pension insurance premium.

If the Policyholder pays reduced pension insurance premium to the amount stated in the written notification, the Policyholder's annual total earned income is calculated on the basis of the reduced pension insurance premium stated in the written notification.

12 §. If the Policyholder pays a larger amount of additional pension insurance premium than stated in the written notification, the Policyholder's annual total earned income is calculated on the basis of the pension insurance premium determined on the basis of the confirmed income, and the additional pension insurance premium stated in the written notification.

If the Policyholder pays a smaller amount of additional pension insurance premium than stated in the written notification but still at least 10 per cent of the pension insurance premium determined on the basis of the confirmed income, the Policyholder's annual total earned income is calculated on the basis of the pension insurance premiums actually paid.

If the Policyholder pays additional pension insurance premium to an amount of less than 10 per cent of the pension insurance premium determined on the basis of the confirmed income, the Policyholder's annual total earned income is the same as his confirmed income.

13 §. If the Policyholder pays a higher amount of reduced pension insurance premium than stated in the written notification, the Policyholders' annual total earned income is calculated on the basis of the reduced pension insurance premium stated in the written notification.

If the Policyholder pays a smaller amount of reduced pension insurance premium than stated in the written notification, pension insurance premium is levied from the Policyholder to reach the reduced amount stated in the written notification.

Maturity of the pension insurance premium

14 §. The pension insurance premium falls due on a day of maturity which is the 20th of the calendar months agreed on. At least half of the months of maturity have to be before August. When the insurance ends the pension insurance premium falls due immediately.

The first premium payment of the first insurance period also includes pension insurance premium for the period to be insured before the insurance contract took effect.

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.

Delay in payment and neglect of the pension insurance premium

15 §. (STM/951/2013) If the pension insurance premium is not paid by the date of maturity, it will be raised by an annual penalty interest in accordance with the rate of interest prescribed in section 4 a, subsection 1 of the Interest Act, from the date at which it fell due to the date of payment.

(STM/4316/2014) If the earnings-related pension insurance premium is not paid by the due date, the pension insurance premium and the discounted pension premiums including the penalty interest, as referred to in section 122 and paragraph 4 of section 143 of the Self-employed Persons' Pensions Act, can be collected by distraint without separate ruling or judgement as regulated in the Act on the Implementation of Taxes and Levies. The collection of pension premiums is also governed by the Debt Collection Act.

16 §. If the Policyholder has repeatedly failed to pay the pension insurance premium at the latest on the date of maturity or if the Insurer has had to collect pension insurance premiums through distraint, the Insurer may change the pension insurance premium to fall due otherwise than agreed on with the Policyholder.

A Policyholder who repeatedly neglects to pay the pension insurance premium or whose pension insurance premium has been subject to distraint is obliged to pay the part of the pension insurance premium for the insurance period which is still unpaid, should the Insurer demand so, even if the part unpaid had not yet otherwise fallen due.

17 §. The Policyholders' outstanding pension insurance premiums as well as the increased pension insurance premiums referred to in section 122 and section 143, subsection 4 of the Self-Employed Persons' Pensions Act (YEL), with penalty interest, may be deducted from the Policyholder's pension under the Self-Employed Persons' Pensions Act (YEL) as prescribed in section 102 of the Self-Employed Persons' Pensions Act (YEL).

Using excess pension insurance premium for future insurance premiums

18 §. If the Policyholder pays more pension insurance premium than can be attributed to him when calculating the total earned income under section 67 of the Self-Employed Persons' Pensions Act (YEL) or if the Policyholder for some other reason has pension insurance premium to be attributed or refunded to him, the Insurer may use the amount to be attributed or refunded, including interest referred to in §8, to pay future pension insurance premiums. In case the insurance has expired and no outstanding pension insurance premiums exist, the amount to be attributed or refunded shall be paid to the Policyholder.

Application of the Insurance Terms and Conditions to the insurance when the lower income limit for insurance is not reached or when the self-employed person draws an old-age pension under the acts on the earnings-related pension

19 §. §20-21 of these Insurance Terms and Conditions concern insurance referred to in section 113 of the Self-Employed Persons' Pensions Act (YEL) when the lower earned income limit for insurance is not reached or when the self-employed person draws an old-age pension under the acts on the earnings-related pension.

To other parts these Insurance Terms and Conditions are applied to insurance referred to in section 113 of the Self-Employed Persons' Pensions Act (YEL), unless otherwise provided by §20-21. However, §4 of the Insurance Terms and Conditions regarding the validity of the insurance and §9-13 regarding flexibility in the payment of premiums are not applied to insurance referred to in section 113 of the Self-Employed Persons' Pensions Act (YEL).

20 §. The date when the insurance takes effect is laid down in the insurance policy, and this date may be at the earliest the date when insurance was applied for.

21 §. The insurance ends when the Policyholder's self-employment activity ends. Likewise the insurance ends when insurance under the Self-Employed Persons' Pensions Act (YEL) becomes mandatory for the self-employed person. The Policyholder has to inform the Insurer without delay in writing about the date of termination of the insurance and the reason for the termination.

The Policyholder may in contrast to what is prescribed in §6 give notice of termination of the insurance contract for the contract 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 may only give notice of termination of the insurance contract due to the Policyholder's neglect in the payment of insurance premiums. In that case the insurance ends one month after the date of giving notice of termination of the insurance.

Effective date of the Insurance Terms and Conditions

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

In contrast to what is prescribed in §6 clause 2 of the Insurance Terms and Conditions, the Policyholder may in 2007, the year when the Self-Employed Persons' Pensions Act (YEL) takes effect, give notice of termination in writing for the insurance under the Self-Employed Persons' Pensions Act (YEL) to end the last day of June, September or December even if the insurance has not been in force with the previous pension 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.

STM/951/2013: This amendment to the insurance terms and conditions shall enter into force on 16 March 2013.
STM/4316/2014: This amendment to the insurance terms and conditions shall enter into force on 1 January 2015.

The Ministry of Social Affairs and Health has approved these Terms and Conditions of Insurance. (Unofficial translation from the original Finnish).