

## Terms and Conditions for Insurance Contracts According to the Employees Pensions Act (TyEL)

*Unofficial translation from the original Finnish.*

### 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.

(STM/2796/2018) Should the policyholder, while the insurance is in force, wish to take out pension insurance with another pension provider for a specific and clearly defined group of employees, the policyholder is obligated to inform the insurer of this in writing, in compliance with section 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

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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.

(STM/2796/2018) If the insurer has been put into liquidation or declared bankrupt, the policyholder may give written notice of the immediate termination of the insurance policy without regard to the notice period referred to in subsection 1 and the term of notice referred to in subsection 2.

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.

(STM/2796/2018) The insurer may likewise terminate the insurance policy without following a separate termination procedure if the policyholder has not reported that it has paid wages covered by the Employees Pensions Act during the 12-month period preceding the initiation of inspection measures taken by the insurer.

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.

## **Calculation of earnings-related pension insurance contributions**

### **7 §**

(STM/2796/2018) The earnings-related pension contribution and the interest rate, which is included in the contribution and used for crediting or compounding insurance contributions, are determined in accordance with the calculation criteria confirmed by the Ministry of Social Affairs and Health.

The pension contribution consists of the employer's and the employee's contribution. The Policyholder withholds the employee's pension contribution 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 contribution in its entirety to the Insurer. The Policyholder is responsible towards the Insurer also for the employee's share of the pension contribution.

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## **Maturity of pension insurance contributions**

### **8 § (STM/2796/2018)**

The earnings-related pension contribution shall fall due on the date specified by the insurer during the month in which wages are paid, or the month thereafter, unless otherwise has been agreed. The insurance contribution must fall due, however, no later than by the end of the month after the month in which wages are paid. If the pension contribution falls due after the last day of the month following the month in which wages are paid, the insurer will add interest to the contribution in accordance with the calculation criteria. The insurer will not credit interest to pension contributions that are paid according to this subsection.

If necessary, the insurer will adjust the amount of the pension contribution according to the calculation criteria. In this case, interest will be added to the adjusted amount in accordance with the calculation criteria until the due date specified by the insurer.

The earnings-related pension contribution imposed on the basis of wages, which have been estimated according to the Employees Pensions Act, shall fall due on the date specified by the insurer.

(VN/29507/2024-STM-2) If the policyholder has paid pension contributions in excess of what should have been paid based on the calculation criteria, the difference can be used to pay unpaid pension contributions or upcoming pension contributions. If the insurance has expired and there are no outstanding pension insurance contributions, the creditable or refundable sum shall be paid into the account specified by the policyholder at a monetary financial institution operating in Finland. The refund can also be paid into the policyholder's account abroad.

The policyholder can agree with the insurer on the advance payment of earnings-related pension contributions (i.e. provisional contribution). The insurer will not credit interest to provisional contributions.

The insurer can demand that the pension contribution be paid in full immediately if the policyholder ceases the operations whose employees were covered by the insurance contract or if the policyholder goes bankrupt or if the insurance ends for some other reason.

(VN/29507/2024-STM-2) Should the day of maturity referred to in these Terms and Conditions fall on a Saturday, a religious or 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 due date is a day on which the interbank payment systems that are generally used are not in use according to an announcement by the Bank of Finland in the Statute Book of Finland due to a decision by the European Central Bank or the Bank of Finland. The pension insurance contribution shall be paid into the insurer's account at a monetary financial institution operating in Finland.

## **Statute-barring of the earnings-related pension contribution**

### **9 § (STM/2796/2018)**

According to sections 158 and 162 of the Employees Pensions Act, the final due date of the earnings-related pension contribution is the last day of February of the year after the year of payment of wages. The insurer must determine the earnings-related pension contribution between the due date of the final earnings-related pension contribution and the next five calendar years.

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## **Delay in payment of pension insurance contributions**

### **10 § (STM/2796/2018)**

If the pension insurance contribution has not been paid by the due date, the contribution shall be increased with an annual penalty interest in accordance with the rate of interest stipulated in section 4 a, subsection 1, of the Interest Act, from the date on which it fell due until the date of payment.

If the earnings-related pension contribution referred to in subsection 1 is not paid by the due date, the contribution and the penalty interest referred to in subsection 1 can be collected by distraint without separate ruling or judgement as laid down in the Act on the Implementation of Taxes and Public Payments. The collection of earnings-related pension contributions is also subject to the Debt Collection Act.

If the policyholder has failed to pay the pension contribution by the due date, the insurer shall have the right to change the due date of the pension contribution to fall due at the latest during the month after the month of the wage payment, on a date specified by the insurer.

## **Neglect of the obligation to arrange pension cover and report payroll information**

### **11 § (STM/2796/2018)**

An employer who has neglected the obligation to arrange pension provision in accordance with section 163 or subsection 5 of section 186 of the Employees Pensions Act is obligated to pay an increase for neglect; the increase is imposed by the State Treasury upon application by the insurer.

If the policyholder neglects its obligation to report wage information in accordance with section 144 of the Employees Pensions Act or the insurance contract, the insurer may estimate the employee's wages used as the basis for the pension insurance contribution and impose a pension insurance contribution based on the estimated wages. Wages are estimated based on calculation criteria.

## **Premium lending of funds accumulated from pension contributions**

### **12 §**

(VN/29507/2024-STM-5) 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 contributions. The premium lending is limited to a maximum of 10 million euros.

(VN/29507/2024-STM-5) There is no right to premium loans as regards the part of the fund which corresponds to the employee pension contribution. The actuarial principles for insurance according to the Employees Pensions Act (TyEL) determine the amounts of the fund accumulated from the pension contributions and the employee pension contributions. However, in order to secure its liquidity or solvency, the Insurer has the right to restrict the Policyholder's right to premium loans so that, during a twelve month period, the Policyholder's right to premium loans is limited to 10 per cent of the Policyholder's outstanding entitlement to premium loans at any given time.

The interest on the premium loans consists of the reference interest rate and the interest rate margin that is added to the interest rate. The margin is determined based on the security and the loan period. 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 loan period 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 lender has the

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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 § (STM/2796/2018)**

Sections 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 3 of the Employees Pensions Act, has arranged pension provision according to the Act for an employee working abroad.

The policyholder may, in contrast to what is stipulated in section 5, terminate an insurance policy referred to in subsection 1 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 §**

Sections 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 § (STM/2796/2018)**

In contrast to what is stipulated in section 5, the policyholder may terminate a pension insurance policy regarding a position of trust referred to in section 14 to end at the earliest at the end of the month during

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which the policyholder has notified the insurer about the termination in writing.

#### **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.

STM/948/2013: This change in insurance terms and conditions takes effect on 16 March 2013.

STM/4316/2014: This change in insurance terms and conditions takes effect on 1 January 2015.

STM/2796/2018: This amendment to the Insurance Terms and Conditions is effective as of 1 January 2019.

The clauses are applied to earnings insured under the earnings-related pension acts, the payment date of which is the 1st of January 2019 or thereafter.

However, insofar as the amendment to the Terms and Conditions concerns neglecting to arrange pension cover, the sections of the amended terms concerning the increase for neglect shall be applied to neglect occurring on 1 January 2020 and thereafter. The paragraphs of the Terms and Conditions (section 10, subsection 1; section 11, subsection 3, paragraphs 1 and 3, and subsection 4) concerning the increase for neglect that were valid on 31 December 2018 shall be applied until 31 December 2019.

If the wage data are available to the insurer late due to a disturbance in the Incomes Register or a related data transfer, the insurer may demand that the earnings related pension contribution imposed on the basis of the wages, which have been estimated according to the Employees Pensions Act, shall be due for payment in accordance with section 8, subsection 3. In this situation, the insurer can also demand that the policyholder pay the due earnings-related pension insurance contribution in advance, in which case this provisional contribution shall be calculated in the same way as in the procedure referred to in section 8, subsection 5. The right of the insurer based on this entry into force section shall be valid until 31 December 2020 and it concerns wages that have been reported to the Incomes Register by no later than 31 December 2020. In addition, the disturbance in the Incomes Register or a related data transfer must have become apparent by no later than 31 December 2020.

VN/6207/2020: This amendment to the insurance terms and conditions shall enter into force on 20 March 2020.

This Subsection shall be applied instead of Section 8 Subsection 1 of the insurance terms and conditions if the theoretical due date of the insurance contributions under TyEL according to the calculation criteria, which is the last day of the month after the month in which wages are paid, occurs between 20 March and 30 June 2020.

The earnings-related pension insurance contribution shall fall due on the date specified by the Insurer during the month in which wages are paid, or the month thereafter, unless otherwise agreed. However, the insurance contribution must fall due no later than by the end of the fifth month after the month in which wages are paid. If the earnings-related pension contribution falls due after the last day of the month following the month in which wages are paid, the Insurer will add interest to the contribution in accordance with the calculation criteria. The Insurer will not credit interest to pension contributions that are paid according to this subsection.

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VN/7159/2020: This change to the insurance terms and conditions takes effect on 1 April 2020.

VN/29507/2024-STM-2: This change to the insurance terms and conditions takes effect on 1 January 2025.

VN/29507/2024-STM-5: This change in in the insurance terms and conditions takes effect on 1 January 2026 and applies to new premium loans granted as of 1 January 2026.

The limit of 10 million euros applies to new premium loans granted from 1 January 2026 onwards, up to the maximum amount of the outstanding share in the fund. Premium loans granted before 1 January 2026 will be taken into account in the calculation of the 10-million-euro limit.

The ministry of Social Affairs and Health has approved these Terms and Conditions on Insurance.

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