

Conditions for Employment Risk Disability Pension

Main insurance IR Basis 27

These conditions are supplementary to the General Conditions of Insurance (GCI).

Only the masculine forms of personal pronouns and adjectives are used in this document to enhance readability, but shall always be understood to include the corresponding feminine forms.

1. Which benefits are insured?

If the insured person becomes disabled during the agreed term of insurance, Zurich will pay the agreed disability pension in accordance with the conditions set out below.

Under the terms of the main insurance, premium waiver in the event of disability is also covered. Zurich will pay the premiums in accordance with the degree of disability and for the period during which the insured is entitled to a pension.

In the event of an illness, Zurich will provide the insured benefits irrespective of whether third parties are providing benefits; such benefits will not be taken into account.

Zurich reserves the right to reduce the benefits it provides *in the event of an accident* if the insured person receives benefits from other social and/or private insurers. Such benefits include, in particular, benefits from accident insurance, military insurance, disability insurance, benefits from obligatory and non-obligatory pension provision benefits from liable third parties and benefits from private insurances.

Zurich shall be entitled to reduce the benefits it provides *in the event of an accident* to the extent that the total benefits from all insurances exceed the loss of income suffered by the insured person. If other private insurers apply similar reductions in benefits, Zurich's reductions will be made proportionally.

Zurich shall be entitled to request reimbursement of excess benefits already provided.

Definition of the term "accident"

The term "accident" applies to any bodily injury sustained involuntarily by the insured person through the sudden impact of external force. The following shall also be considered accidents: drowning, frostbite, heat stroke, sunstroke, poisoning, cauterization and the involuntary inhalation of gases and vapors.

2. What does disability mean?

An **employed person** is disabled if he is wholly or partially unable to carry out his occupation or another acceptable form of gainful employment as a result of medically and objectively attestable consequences of an illness or accident. Another form of employment is considered acceptable if it corresponds to the abilities of the insured person, even if the skills required for this employment must first be obtained by retraining. Disability benefits will be provided during the period of time required for such retraining.

An **unemployed person** is considered to be disabled if he is wholly or partially unable to carry out his normal activities (e.g. household chores, childrearing) as a result of medically and objectively attestable consequences of an illness or accident.

A **person in education** is considered to be disabled if he is wholly or partially unable to continue with his current education as a result of medically and objectively attestable consequences of an illness or accident, and is also unable to complete any other form of education corresponding to his knowledge and abilities.

The date on which this is medically determined (= date of medical consultation) is considered to be the beginning of the disability.

3. When is there an entitlement to a pension?

If the insured person is disabled and if the disability has continued with a degree of at least 25 percent without interruption throughout the agreed waiting period, Zurich will pay a pension, quarterly in advance, for the remaining duration of the insured person's disability, at most until the expiration date of the agreed insurance period of benefits. If the disability starts or ends within a quarterly period, a partial pension will be paid, or any pension paid in excess will be reclaimed, respectively.

The amount of the pension is determined by the degree of disability. Entitlement to a full pension arises if there is a disability of 66 2/3 percent or more. With a degree of disability of less than 25 percent, there is no entitlement to a pension.

If the degree of disability changes, the pension will be reviewed. A reduction in the degree of disability during the period of benefits will result in a corresponding reduction in benefits. An increase in the degree of disability after expiration of the period of insurance will not result in an increase in benefits, however.

A disability recurring within twelve months due to the same cause is considered to be a relapse. The waiting period shall then be decreased to the extent that it has already been completed for the first incidence of disability.

4. How is the degree of disability determined?

For **employed persons**, the degree of disability is determined by comparing the income that the insured person earned before the occurrence of the disability with the income that he still earns or could earn on a balanced employment market after expiration of the waiting period. The difference, expressed as a percentage of the previous income, indicates the level of disability.

To determine the loss of income for employees who have a fluctuating or irregular income (employees on commission, temporary workers, employees with income that is seasonally dependent, etc.) and self-employed persons, the average income subject to AHV earned during the 24 calendar months immediately before the start of the disability is used as a basis.

For other employed persons, the income as agreed in the employment contract and subject to AHV at the time when the disability began is used.

For **unemployed persons**, the degree of disability is determined on the basis of the degree to which the person is prevented from carrying out his normal activities.

For **persons in education**, the degree of disability is determined by comparing the income that the insured person could have earned in the event of unrestricted ability to work after completing the education that was being undertaken with the income that he still earns or could earn in a balanced employment market, after expiration of the waiting period, on the basis of another form of education corresponding to his knowledge and abilities.

When determining the degree of disability, clarifications made by the Swiss Federal Disability Insurance and Accident Insurance may be taken into account, but are not binding.

The degree of disability may change. The insured person must inform Zurich immediately of any such changes.

5. When is there no entitlement to a pension?

Age

The insured person cannot claim a disability pension before the age of 16 or after the age of 65.

Provided no other agreement is made with Zurich, the entitlement to a pension ceases at the age of 60 if the insured person resides outside Switzerland. However, pensions will continue to be provided beyond the age of 60 if both the start of the disability and fulfillment of the contractual obligations entitling the insured person to this benefit occurred at a point in time when the insured person resided in

Upon moving abroad, the policyholder is advised to contact Zurich to ensure that the insurance coverage and premium can be adjusted to take account of the new situation.

War

A disability pension cannot be claimed if the insured person becomes unable to work while outside Switzerland in a country that is waging war or is involved in warlike events. If, however, it can be proven that the disability is neither directly nor indirectly connected with such events, the entitlement is maintained.

War and warlike events are deemed to be conflicts between larger groups of people, such as states, nations or other groups at an international, national or local level, including groups within the same state ("civil war"), involving force of arms.

This exclusion also includes acts of terrorism occurring in connection with a war or warlike events.

Lapsed insurance

A disability pension cannot be claimed if the disability or the event causing the disability occurs at a point in time when the insurance has lapsed.

Attempted suicide, self-mutilation

A disability pension cannot be claimed if the disability is the result of attempted suicide or of intentional self-mutilation.

Termination of gainful employment

A disability pension cannot be claimed if the insured person terminates his gainful employment without being disabled.

If the insured person enters education or takes up household activities after giving up employment, the entitlement to benefits in the event of full disability in this situation will be at most the maximum insurable benefit in accordance with Zurich's acceptance guidelines.

6. On what is the premium calculation based?

Occupation

The amount of the premium depends, among other things, on the occupational activity exercised by the insured person upon conclusion or any extension of the policy. Zurich does not have to be notified of a change in employment. Zurich is entitled to reduce the insurance benefits by half if false information was provided about the occupation and/or the additional information to define the premium upon conclusion of the policy or any benefits increase, and if the policyholder was allocated to a more beneficial premium group as a result.

7. Can the premiums be adjusted?

Zurich is entitled to adjust the premiums at the start of the new insurance year if a significant change to the basis of calculation has occurred or is anticipated. The policyholder will be notified of this premium adjustment at the latest 30 days before commencement of the new insurance year.

After the announcement of a premium adjustment, the policyholder may terminate the insurance affected by this adjustment in writing at the end of the current insurance year. A termination is deemed valid if it is received by Zurich on the last day of the last day of the current insurance year at the latest.

If the premium adjustment causes the maximum amount stipulated in the Ordinance on the Fiscal Deduction of Contributions to Recognized Pension Plans (OPP 3) to be exceeded, the disability pension will be reduced accordingly. If more than one pension is insured, the reduction will be applied to the pension with the shortest residual term. If all pensions have the same residual term, the reduction will be applied to the pension with the longest waiting period. The policyholder may apply for a separate unrestricted pension plan policy without risk assessment to cover this reduction, provided that the minimum insurance benefit is reached in accordance with Zurich's acceptance guidelines.

8. How are shares in surplus used?

Shares in surplus are fixed each year in advance and deducted from the premiums due.

The first share in surplus is conferred at the beginning of the first insurance year. The last share in surplus is conferred at the start of the year in which the final premiums are due.

9. Can this insurance policy be surrendered or converted to a paid-up policy?

This insurance may not be surrendered and cannot be converted to a paid-up policy.

10. What applies with regard to reinstatement?

Reinstatement of a lapsed insurance policy is only possible with the approval of Zurich and subject to a fresh assessment of the risk in question.

