YEL

Insurance terms and conditions for insurance contracts according to the self-employed persons' pensions act

PENSION COMPANY

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Contents

General provisions

1 § These Insurance Terms and Conditions apply to the contract relationship between the selfemployed 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.

Earnings-related pension contribution and neglecting to arrange pension cover

8 § The earnings-related pension contribution and the interest it includes are determined in accordance with the calculation criteria confirmed by the Ministry of Social Affairs and Health. If a self-employed person neglects to take out insurance in accordance with sections 122 or 143 of the Self-Employed Persons' Pensions Act within six months of when the obligation to insure begins, they are obligated to pay an increase for neglect, which is imposed by the State Treasury upon application by the insurer.

Flexibility in the pension insurance contribution

9 § §10–13 of these Insurance Terms and Conditions concern the additional pension insurance contribution under section 116, subsection 1 of the Self-Employed Persons' Pensions Act (YEL) and the reduced pension insurance contribution 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 contribution) to the Insurer stating the size of the additional pension insurance contribution or of the reduced pension insurance contribution which he will pay in the current year.

If the Policyholder has reported that he will pay additional pension insurance contribution, 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 contribution. The conditions in §14–16 on the due date of and delay in payment of the pension insurance contribution are not applied to the additional pension insurance contribution.

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

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

If the Policyholder pays reduced pension insurance contribution 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 contribution stated in the written notification.

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

If the Policyholder pays a smaller amount of additional pension insurance contribution than stated in the written notification but still at least 10 per cent of the pension insurance contribution 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 contribution to an amount of less than 10 per cent of the pension insurance contribution 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 contribution than stated in the written notification, the Policyholders' annual total earned income is calculated on the basis of the reduced pension insurance contribution stated in the written notification.

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

Maturity of the pension insurance contributions

14 § The pension insurance contribution 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 contribution falls due immediately.

The first contribution payment of the first insurance period also includes pension insurance contribution 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. The pension insurance contribution shall be paid into the insurer's account at a monetary financial institution operating in Finland.

Delay in payment and neglect of the pension insurance contribution

15 § 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 is not paid by the due date, the contribution and the increase for neglect (referred to in section 122 and section 143, subsection 4, of the Self-Employed Persons' Pensions Act), as well as penalty interest, 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.

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

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

17 § The policyholder's unpaid earnings-related pension contributions and penalty interest can be deducted from the policyholder's pension under the Self-Employed Persons' Pensions Act as stipulated in section 102 of said Act.

Using excess pension insurance contributions for future insurance contributions

18 § If a Policyholder pays more pension insurance contribution than can be attributed to them when calculating the total earned income under section 67 of the Self-Employed Persons' Pensions Act or if pension insurance contributions are to be credited or refunded to the Policyholder for some other reason, the Insurer may use the amount to be credited or refunded, including interest referred to in section 8, to pay future pension insurance 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.

Application of the insurance terms and conditions to the insurance when the lower income limit for insurance is not reached or when the selfemployed person draws an oldage 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 selfemployed 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.

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

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 8, subsections 2 and 3; section 17, subsection 1) concerning the increase for neglect that were valid on 31 December 2018 shall be applied until 31 December 2019.

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

This Subsection of the terms and conditions shall be applied instead of Section 15 Subsection 1 if the due date under YEL occurs between 20 March and 30 June 2020.

The Policyholder can request the due date to be postponed in accordance with the rules in Section 14 Subsection 1 of the insurance terms and conditions. If the pension insurance contribution has not been paid by the due date, an increase in the form of an annual interest rate for late payment according to Section 4 a Subsection 1 of the Interest Act shall not be imposed for the period from the contribution maturity date to 30 September 2020.

VN/29507/2024: This amendment to the insurance terms and conditions shall enter into force on 1 January 2025. (Section 14 Subsection 3 and Section 18).

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

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