

## **General terms for credit insurance on pension commitments (K, KA, KA1, KE and KAP Insurance)**

**K** insurance: Commitments in accordance with the ITP-plan, section 2.

**KA1** insurance: Commitments in accordance with the ITP-plan, section 1.

**KE** insurance: Commitments of alternative ITP for staff personnel with salaries in excess of ten base amounts.

**KAP** insurance: Commitments in accordance with the KTP-plan.

**KA** insurance: The insurance covers commitments not attributable to any of the above insurance categories.

The terms are effective beginning January 1, 2011.

### **Scope of the Coverage**

#### **§ 1 (K insurance only)**

The insurance pertains to the policyholder's liability for payment based on old-age pension commitments to salaried employees and thereto related commitments in accordance with the central pension agreement (ITP agreement) of June 30, 1960 between Svenskt Näringsliv ( the Confederation of Swedish Enterprise) on the one hand, and Sif (the Swedish Union of Clerical and Technical Employees in Industry )and Ledarna ( the Association of Managerial and Professional Staff ), on the other hand, or any subsequent ITP agreement or other general pension scheme of a similar nature. The term "salaried employees" includes supervisors and foremen.

The insurance covers pension rights earned on the basis of the commitments noted above, commencing on the date agreed upon between the policyholder and PRI Pensionsgaranti.

However, the insurance does not, without the special consent of PRI Pensionsgaranti, cover pension commitment which, at the date information on the commitment is provided to PRI Pensionsgaranti, include retroactive earnings for a period exceeding two years.

PRI Pensionsgaranti may allow the insurance to also cover pension rights earned on the basis of such agreements with respect to expanded commitments - early retirement pensions, for example - that may be reached in accordance with the pension agreement described above.

No agreement, between the policyholder and a person entitled to a pension, than pension rights earned on the basis of commitment covered by the insurance are to be reduced or conceded shall be valid with respect to the payment liability of the policyholder to PRI Pensionsgaranti and Alecta pensionsförsäkring, ömsesidigt (Alecta) for such pension rights, nor for PRI Pensionsgarantis payment liability for such pension rights and corresponding right of recourse against the policyholder.

#### **§ 2 (KA, KA1, KAP and KE insurances only)**

The insurance pertains to the policyholder's liability for payment based on the pension commitments covered by the insurance.

### **Insurance period**

#### **§ 3 (K insurance only)**

The insurance remains in effect until all pension commitments and other commitments covered by the insurance have been fulfilled through payments to PRI Pensionsgaranti or through purchase of pension insurance in Alecta, or until the commitments have been secured by means of single allocations to the Co-operative Pension Fund, or have been transferred, with the consent of PRI Pensionsgaranti to another policyholder.

#### **§ 4 (KA, KA1, KAP and KE insurances only)**

The insurance remains in effect until all pension commitments covered by the insurance have been fulfilled or met through the purchase of pension insurance, or have been transferred, with the consent of PRI Pensionsgaranti, to another policyholder. If exceptional reasons exist, PRI Pensionsgaranti may allow the insurance to be terminated also on other grounds.

### **Terms of the Contract and Extension**

#### **§ 5**

The term of the insurance contract shall not exceed three years.

Not later than one month prior to expiration of the contract, PRI Pensionsgaranti shall notify the policyholder of the extension period granted. This new contract period shall apply unless the policyholder, upon being notified of an extension for two or three years, informs PRI Pensionsgaranti within a month of being so notified that he wishes the extension to be for a shorter period.

If the insurance is terminated in accordance with the provisions of § 6 only with respect to limiting pension rights earned up to the date of expiration of the contract, the contract shall be extended with said limitation for an additional period of maximum three years. In this connection, the provisions contained in the preceding paragraph shall apply correspondingly.

## Notice of Termination upon Expiration of the Contract

### § 6

The policyholder and PRI Pensionsgaranti may, not later than one month prior to expiration of the contract, give notice of termination of the contract as of the date when the contract expires.

The effect of notice of termination is to restrict the insurance to cover pension rights earned up to the date when the contract expires.

In addition, the effect of notice of termination given by PRI Pensionsgaranti is that, if PRI Pensionsgaranti so requires, the policyholder is obligated to purchase pension insurance covering the pension commitments and other commitments covered by the expiring contract.

Purchases of pension insurance may take place successively, with basically equal annual payments over a period to be determined by the policyholder, but which may not exceed five years. Payments are to be made in a manner prescribed by PRI Pensionsgaranti.

Should circumstances such as those described in § 8 and § 9 arise during the period when successive purchases of pension insurance are to be made, the provisions in said paragraphs shall thereafter apply with respect to the obligation to purchase pension insurance.

## Notice of Termination during Term of the Contract

### § 7

PRI Pensionsgaranti has the right during the term of the contract to give notice of termination of the insurance effective at the end of the third month following the month in which notice is given if, in the judgement of PRI Pensionsgaranti,

1) due to the reduced creditworthiness of the policyholder or of the entity that has given a guarantee or other letter of commitment for the insurance, there has been a significant increase in the risk that the policyholder's commitments or obligations under the terms of the insurance contract cannot be fulfilled, or

2) in connection with a change in ownership of the policyholder or of the policyholder's parent company, the new parent company, upon request by PRI Pensionsgaranti, does not provide a guarantee or, if PRI Pensionsgaranti considers it adequate, other letter of commitment pertaining to the policyholder's obligations. Here, and in the following text, "parent company" is a company that directly or indirectly controls more than 50 percent of the voting rights of shares or participation in the policyholder.

The effect of notice of termination is that the insurance is restricted to cover pension rights earned up to and including the date when notice of termination is given.

In addition, if PRI Pensionsgaranti so requires, the effect of notice of termination is that the policyholder is obligated to purchase pension insurance pertaining to the pension commitments and other commitments covered by the insurance. In this connection, the provisions of the fourth and fifth paragraphs of § 6 apply correspondingly.

## Liquidation without Notification

### § 8

In the circumstances described below, the insurance is limited

to coverage of pension rights earned up to that point and, if PRI Pensionsgaranti so requires, the

policyholder is obligated to immediately purchase pension insurance covering the pension commitments and other commitments covered by the insurance

1) if the policyholder ceases to conduct business by closing down operations entirely or substantially, or by transferring the business,

2) if the policyholder or the policyholder's parent company, or the entity that has provided a guarantee or other letter of commitment with respect to the policyholder's liabilities,

- are declared bankrupt  
- suspend their payments  
- commence proceedings in respect of a judicial composition  
- commence proceedings according to the provisions in the Company Reorganisation Act

3) if the policyholder fails to fulfil his obligations in accordance with the terms of insurance,

4) if, in the judgement of PRI Pensionsgaranti in connection with a change of ownership of the policyholder, the policyholder's parent company or the entity that has provided a guarantee or other letter of commitment with respect to the policyholder's liabilities, there has been a significant increase in the risk that the policyholder will not be able to fulfil his pension commitments or other obligations specified in the terms of insurance. PRI Pensionsgaranti may agree with the policyholder on exemption from the obligation to immediately purchase pension insurance if collateral that by PRI Pensionsgaranti is regarded as sufficient and covers the increased risk is pledged by the policyholder,

5) if transactions between the policyholder and another company in the group of which the policyholder is a member are such that, in the judgement of PRI Pensionsgaranti, the financial position of the policyholder is seriously weakened.

In the circumstances described in Point 1 above, the liability for purchase of pension insurance corresponds to the part of the operations that is transferred or closed down.

## Real securities, guarantees and pension funds

### § 9

The following applies if collateral has been pledged for fulfilment of the policyholder's obligations under the terms of the insurance contract.

#### Real securities

If, in the judgement of PRI Pensionsgaranti, the value of property, in which mortgage deeds or certificates of floating charges valid are pledged, or other collateral pledged decreases substantially, the policyholder is obligated - as described in greater detail below - to immediately purchase pension insurance pertaining to the pension commitments and other commitments covered by the insurance.

The liability to purchase pension insurance arises if, and to the degree that, PRI Pensionsgaranti so requires, taking into account the conditions related to collateral at the time the agreement to write or extend the insurance was reached.

PRI Pensionsgaranti is entitled to demand purchase of pension insurance up to an amount corresponding to the maximum due to PRI Pensionsgaranti of the mortgage deeds or certificates of floating charges pledged, or the value of other property pledged as collateral, based on values

estimated by PRI Pensionsgaranti when the agreement to issue or extend the insurance was reached.

When purchase of pension insurance has been made as described above, PRI Pensionsgaranti's right to the collateral ceases up to the amount paid for such purchase.

#### Limited time guarantees etc

If a guarantee (e.g. bank guarantee, surety bond or other letter of commitment) furnished for the insurance has been limited in time and the validity is not prolonged at the latest two months prior to the expiry of the guarantee the following applies. If PRI Pensionsgaranti so requests the obligation arises for the policyholder – up to the amount of the guarantee – to immediately purchase pension insurance referring to the pension commitments covered by the insurance.

The obligation in the above paragraph is also applicable if, in the judgement of PRI Pensionsgaranti, there is a risk that a surety bond or other letter of commitment furnished for the insurance becomes statute-barred in accordance with the statute of limitations.

#### Pension fund

If a pension fund's assets form security for commitments covered by a credit insurance the following applies. Should the commitments be reentered as liabilities in the policyholder's balance sheet and compensation therefore totally or partially is obtained from the pension fund, there is an obligation for the policyholder to inform PRI Pensionsgaranti immediately hereof. Should PRI Pensionsgaranti so request the obligation arises for the policyholder – up to the amount of the compensation – to immediately purchase pension insurance corresponding to the commitments covered by the insurance.

#### **PRI Pensionsgarantis Liability for Payment and Right of Recourse**

##### **§ 10**

If the policyholder fails to fulfil his obligations to purchase pension insurance or his obligations to pay pension in accordance with the commitments covered by the credit insurance in accordance with §§ 6, 7, 8 and 9, PRI Pensionsgaranti is obligated to fulfil the commitment in lieu of the policyholder.

PRI Pensionsgaranti is entitled to recover from the policyholder any amounts paid by PRI Pensionsgaranti, plus interest to be calculated annually at a rate corresponding to the reference interest rate determined by the Riksbank valid at each time with addition of eight percentage units, and is also entitled to receive reasonable compensation for costs incurred.

#### **Special Insurance Conditions**

##### **§ 11**

The policyholder and PRI Pensionsgaranti may agree to special insurance conditions that shall apply in addition to, or in place of, these general conditions.

#### **General Obligations of the Policyholder**

##### **§ 12**

During the period that the insurance is in effect, the policyholder must submit to PRI Pensionsgaranti annually, as

soon as possible following adoption of the policyholder's Profit and Loss Statement and Balance Sheet but not later than six months following the end of the financial year, copies of the policyholder's annual report and auditors' report and, if applicable, copies of the Consolidated Accounts. A policyholder who is required by law to issue interim reports, shall also submit copies of such reports not later than two months following the end of the report period.

In addition, the policyholder, without a special request from PRI Pensionsgaranti, is obligated to immediately inform PRI Pensionsgaranti, by means of a special notice in writing, of any significant changes in business operations, personnel or ownership. Upon request from PRI Pensionsgaranti, the policyholder shall provide other information and references required for PRI Pensionsgaranti's evaluation of credit and management of the insurance.

##### **§ 13 (K insurance only)**

On the date and in the manner prescribed by PRI Pensionsgaranti, the policyholder shall provide PRI Pensionsgaranti with the information required for registration and other administrative functions performed by PRI Pensionsgaranti and shall pay the amount required to cover costs of PRI Pensionsgaranti's management, pension payments and other obligations.

If a salaried employee leaves the service of the policyholder and the capital value of pension rights earned is less than sixty percent of the base amount as established by the National Insurance Act in effect at the beginning of the calendar year during which the employee's service ended, the policyholder shall, as directed by PRI Pensionsgaranti, purchase pension insurance in Alecta for the earned pension rights of the employee.

##### **§ 14**

If mortgage deeds, ship or aircraft mortgage deeds, or certificates of floating charges have been pledged as collateral for fulfilment of the policyholder's commitments, the following applies.

Upon request by PRI Pensionsgaranti, the policyholder is obligated to provide information on the value of the property pledged by mortgage deeds or certificates of floating charges and to ensure that the properties are adequately insured against fire and other damage. If the policyholder fails to show that such insurance is in force, PRI Pensionsgaranti is entitled to provide insurance at the policyholder's expense.

The policyholder is responsible for paying the costs of the certificate of fire insurance to which reference is made in the preceding paragraph.

#### **Administration of Pension Commitments and Accounting for Pension Liabilities**

##### **§ 15 (K insurance only)**

In the Balance Sheet for each financial year, the policyholder shall report an amount equal to the pension liability of the policyholder, based on notification from PRI Pensionsgaranti.

If the pension commitments covered by the insurance are secured by a pension fund, the amount covered in such fund shall be deducted when determining the amount to be reported.

##### **§ 16 (KA, KA1, KAP and KE insurances only)**

The policyholder is responsible for administration of the pension commitments covered by the insurance, including payment of pensions.

The policyholder shall each year provide PRI Pensionsgaranti with an actuarial calculation of the pension liability for the commitments covered by the insurance. The calculation shall be made as of the date when the company's books are closed, at least once a year.

#### The Personal Registry Law

In connection with the application for a credit insurance of a commitment to a named person, the company is to inform the employee that the information will be registered with PRI Pensionsgaranti when credit insurance is written. Such duty to inform applies only pursuant to the Personal Registry Law.

#### **Insurance Premiums**

##### **§ 17**

The policyholder is responsible for payment of insurance premium. The premium is established by PRI Pensionsgaranti for one calendar year at a time. The premium is payable on the date and in the manner prescribed by PRI Pensionsgaranti.

#### **The Policyholder's Responsibility as a Partner in PRI Pensionsgaranti**

##### **§ 18**

In accordance with PRI Pensionsgaranti's Articles of Association, the policyholder,

as a partner in PRI Pensionsgaranti, is personally liable for PRI Pensionsgaranti's commitments up to the amounts stated below. A decision to impose an assessment may be made by the Annual General Meeting only as set forth in the Articles of Association.

The policyholder is obligated to pay to PRI Pensionsgaranti an amount not exceeding two percent of the policyholder's pension liability of the pension commitments and other commitments covered by the insurance at the end of the calendar year immediately preceding an assessment decision by the Annual General Meeting.

If, during the term of the insurance contract, the policyholder has liquidated the pension liability in full or in part without being obliged to do so under the terms of the contract, the

payment obligation during the remaining period of the contract shall not exceed two percent of the pension liability at the end of the calendar year immediately preceding the year when such liquidation began. However, if there are special reasons for liquidating the liability, PRI Pensionsgaranti may consent to exempt the policyholder from the payment obligation.

If payment has been made in accordance with the provisions of this section (§ 18), the policyholder shall be under no obligation, during the same calendar year or the following four years, to pay any amount larger than the difference between two percent of the current liability calculated in accordance with this section and the amount previously paid to PRI Pensionsgaranti during the period.

#### **Settlement of Disputes**

##### **§ 19**

Disputes between the policyholder and PRI Pensionsgaranti shall be settled in accordance with the Arbitration Act currently in effect.

#### **Changes of the Insurance Terms**

##### **§ 20**

PRI Pensionsgaranti is entitled to make changes in these general insurance conditions, to become effective on January 1 of the next calendar year. The policyholder shall be notified of the changes not later than two months prior to January 1 of the next calendar year.

In case of insurance for which the policyholder - in accordance with §§ 6, 7, 8 or 9 - is obligated to purchase pension insurance pertaining to all pension commitments and other commitments covered by the insurance, the general insurance conditions in effect earlier shall continue to apply, provided that the policyholder so requests prior to the date when a change was scheduled to become effective.

The same shall apply to other insurance if the policyholder simultaneously gives notice of termination of the insurance as of the date when the change was scheduled to become effective; notification may then not be limited to restriction only, as set forth in § 6, second paragraph. In the case of such notification, the provisions of § 6, second-to-fifth paragraphs, shall apply where appropriate.