

Illness-Related Death or Disability Insurance

General Insurance Conditions (AVB)
Version 01.2016

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I Basis of the insurance cover

1 Purpose and content of the insurance

This insurance is intended to cover the insured persons against the financial consequences of death or disability caused by illness. The insurance cover provides a single lump-sum benefit payment per claim.

2 Insurance relationship

To provide this insurance, CSS Versicherung AG, hereinafter «CSS» has concluded a group life insurance contract with Helvetia Schweizerische Lebensversicherungsgesellschaft AG, St. Alban-Anlage 26, 4002 Basel, hereinafter «Helvetia» as risk carrier. CSS pays the insurance benefits in respect of the insured person.

3 Basis of the contract

The individual insurance application, the insurance policy, these General Insurance Conditions (AVB) and the provisions of the Federal Insurance Contract Act (VVG) form the basis of this contract.

4 General insurance conditions (AVB)

These General Insurance Conditions (AVB) set out the rights and obligations of the insured person and the insured person's beneficiaries.

5 Gender clause

CSS is committed to gender equality. In order to enhance readability, the masculine form is used throughout this text and refers to persons of both genders.

6 Insurance year

The insurance year commences on 1 January and ends on 31 December.

7 Determination of age

The age of the insured person for premium payment purposes (attained age) is calculated as the difference between the calendar year and the year of birth.

8 Admission to the insurance

Applicants are generally admitted to the insurance on the basis of the answers provided to the health questions on the application form. In certain circumstances, applicants may not be accepted.

9 Definitions

9.1 Illness/congenital infirmity

Illness means any impairment of physical, mental or psychological health which is not caused by an accident and which requires medical examination or treatment or results in work incapacity. A congenital infirmity is deemed to be any condition that is present at birth (Art. 3 ATSG). The time at which an infirmity is diagnosed as congenital is immaterial.

9.2 Work incapacity

Work incapacity means the total or partial inability of a person to perform reasonable work in his current occupation or area of responsibility as a result of an impairment of physical, mental or psychological health. In the case of long-term incapacity, the ability to perform such work as may reasonably be expected in another occupation or area of responsibility will also be taken into account (Art. 6 ATSG).

9.3 Earnings incapacity

Earnings incapacity means the total or partial loss of the ability to earn an income from an occupation in a balanced labour market resulting from an impairment of physical or

mental health which persists after reasonable treatment and rehabilitation measures.

For the purposes of assessing whether earnings incapacity exists, only the consequences of the impairment to health will be considered. Furthermore, earnings incapacity will only be deemed to exist if, on the basis of an objective opinion, recovery can be ruled out (Art. 7 ATSG).

9.4 Disability

Disability means the total or partial incapacity to undertake gainful employment which is presumed to be permanent or of long duration.

Minors who are not in gainful employment are deemed to be disabled where the impairment to their physical, mental or psychological health is expected to result in total or partial incapacity to undertake gainful employment.

Adults who were not in gainful employment prior to the impairment to their physical, mental or psychological health, and who cannot reasonably be expected to undertake gainful employment, are deemed to be disabled if it is impossible for them to carry out the work they previously performed. Article 7 ATSG shall apply mutatis mutandis (Art. 8 ATSG).

9.5 Reasonableness

Work is deemed to be reasonable if it is commensurate with the knowledge, skills and previous position in life of the insured person, even if retraining is necessary for the purpose of acquiring the knowledge required for such work.

II General conditions

10 Beginning of insurance cover

The insurance cover begins on the insurance commencement date as notified to the applicant in writing by CSS, but no earlier than the date stated in the insurance policy, provided the insured person is fully fit for work and capable of gainful employment on the date on which insurance cover begins.

11 Scope of insurance cover

The insurance cover applies to any cases of illness worldwide in regions for which no official travel warning has been issued by the Federal Department of Foreign Affairs.

III Beginning and end of insurance cover

12 Submission of application

The policyholder must complete the insurance application form truthfully and without omissions and sign and submit the form to CSS. The insured person, or the legal representative of the insured person, must answer the questions relating to health and other risk factors truthfully and without omissions.

The applicant is bound by the application for a period of 14 days unless a shorter period has been stipulated for the acceptance of applications. However, applications may be withdrawn in writing within 14 days even if CSS has already accepted the application.

If a medical examination is required for the insurance, the applicant remains bound for a period of four weeks.

13 Beginning and term of insurance

The insurance may begin no earlier than the birth and may be taken out until the end of the calendar year in which the insured person reaches the age of 55 (entry age) at the latest.

The insurance relationship remains in effect until the end of the calendar year in which the insured person reaches the age of 60 at the latest (final age). The insurance may be taken out at any time prior to the date on which the insured person reaches the entry age and at any time during the calendar year. The insurance cover may commence on the first day of any month as required.

The contract is concluded for the term stated in the insurance policy and thereafter it is extended automatically for one year at a time if neither of the contracting parties receives notice to terminate the contract at the latest three months before the contract expires. Notice of termination must be given in writing.

14 Changes to the insurance

Subject to the predefined age categories and total sums insured, an application may be made to increase the sum insured prior to termination age to take effect from the beginning of a month. Any increase in the sum insured will necessitate a reassessment of risk.

15 Suspension of cover

The insurance cover may not be suspended.

16 Termination of cover

The insurance policy and insurance cover terminate in the following circumstances:

- on the death of the insured person;
- on withdrawal of the application by the policyholder in accordance with Art. 12;
- if the insured person takes up residence outside Switzerland;
- on either party giving notice of termination;
- on CSS giving notice of termination due to a breach of disclosure obligations;
- on failure to pay the premium before the end of any reminder period;
- on the insured person reaching the age of 60 (final age);
- on the occurrence of full disability where CSS has an obligation to pay the full amount of benefits. Because the value of death benefits is lower, death cover will terminate concurrently, as any payout of disability benefits will be deductible from the death benefits.

The insurance also expires on termination of the underlying group life insurance contract between Helvetia and CSS. Such termination must be notified to the insured person in writing at the latest three months before the insurance cover expires.

IV Benefits

17 Overview of benefits

In the event of death and disability due to illness, CSS will pay out the following benefits under the insurance cover-age:

- Death: death lump sum;
- Disability: Disability lump sum.

18 Sums insured

The applicable sums insured are always as indicated in the insurance policy. The maximum death lump sum is CHF 2,500 in respect of infants under 2½ years of age, and the benefit is limited to CHF 20,000 in respect of children under 12 years of age.

19 Death lump sum

19.1 Entitlement

The death lump sum is payable upon the death of the insured person due to illness at any time during the term of the insurance cover prior to reaching the final age.

19.2 Beneficiaries

The death lump sum is payable to the beneficiaries. Any person may be named as beneficiary, and the beneficiaries may be changed at any time prior to death. Any change of beneficiary must be notified to CSS in writing. If there are no named beneficiaries in the contract, the following order of entitlement applies:

1. Spouse/registered partner
2. in the absence of which, the children
3. in the absence of which, the other statutory heirs, excluding the community

In the absence of any survivors who are entitled to benefits, CSS will solely pay out funeral costs, subject to a maximum of 10% of the sum insured in respect of the claim.

19.3 Simultaneous occurrence of disability and death

If the insured person dies prior to payment of the disability lump sum, only the insured death lump sum will be paid out without any additional payment of the disability lump sum.

20 Disability lump sum

20.1 Entitlement

The insured person is entitled to the agreed disability lump sum if he becomes incapacitated due to illness prior to reaching the final age and the disability is expected to be permanent.

There will be no entitlement if it is established that the earnings incapacity is of a temporary nature or the insured person is eligible for a pension from the Federal disability insurance (IV) for a limited period only. If, concurrently in the same IV ruling, a higher or lower degree of disability is determined for an indefinite period, the benefit will be paid out on the basis of the degree of disability recognised by the IV for an indefinite period.

20.2 Waiting period

CSS will pay out the disability lump sum once the actual duration of the disability has exceeded the waiting period of 12 months and a legally valid (pension) ruling has been issued by the Federal disability insurance. The waiting period commences on the date on which the insured person first consulted a medical practitioner regarding the illness that caused the earnings incapacity and the latter confirmed a level of work incapacity of at least 25%.

In the event of a recurrence, or if the previous condition again results in work incapacity within 12 months of the end of any period in which the insured person is certified as unable to work, no new waiting period will apply.

If no decision regarding Federal disability insurance has been made before the end of the 12-month waiting period, the insurer may defer payment pending a final decision. The lump sum will be paid free of interest with retro-active effect once a decision has been made.

21 Determination of degree of earnings incapacity

21.1 Working adults

For working adults, the degree of earnings incapacity is determined on the basis of the loss of earnings sustained by the insured person.

In the case of employed adults with regular earnings, the income subject to state pension (AHV) deductions earned prior to the onset of earnings incapacity (income earned as a non-disabled person is compared to the income the insured person continues to earn, or could be expected to

earn in a balanced labour market, following the onset of earnings incapacity.

In the case of employed adults with irregular earnings, or sharp variations in income, and self-employed individuals, the average income subject to AHV deductions which was earned in the 36 calendar months prior to the onset of earnings incapacity is used as the basis for calculating the income earned as a non-disabled person.

21.2 **Unemployed adults or adults in part-time employment**

In the case of individuals undergoing education or training, unemployed individuals and individuals who stop work entirely for reasons unconnected to their state of health, the degree of earnings incapacity is determined with reference to an activity comparison. For this purpose, the work and activities performed by the insured person prior to the onset of the earnings incapacity will be assessed, weighted and compared. The work and activities carried out prior to the onset of the earnings incapacity will be assessed and compared with the type of work and activities that could still be performed following the onset of the earnings incapacity. The inability to carry out the work and activities previously performed is deemed to constitute earnings incapacity. The degree of earnings incapacity is expressed as a percentage of the level of work undertaken prior to the earnings incapacity.

In the case of individuals working part-time, the degree of earnings incapacity is determined using the same method that applies to the Federal disability insurance (IV).

21.3 **Children**

The earnings incapacity of infants and children is assessed with reference to the extent to which the insured person would be prevented from earning an income by following any occupation in later life. In the case of children who have not yet embarked on vocational training, the average income earned in Switzerland is taken as the income the insured person could be expected to earn as a non-disabled person. In the case of children who have embarked on vocational training, the average income that the insured person could have earned in the labour market in question on completion of training will be taken as the relevant income for a non-disabled person.

22 **Scaling of disability lump sum**

Once all the requisite documents have been submitted, CSS will determine the type, onset, degree and duration of the disability on the basis of a medical assessment made by an expert in Switzerland who is recognised or nominated by the insurer. The degree of disability is determined on the basis of the medical findings and the assessment carried out for Federal disability insurance (IV) purposes.

- Where the degree of disability is between 70% and 100%, the insured person is entitled to a full disability lump sum.
- Where the degree of disability is between 25% and 70%, the insured person is entitled to a disability lump sum commensurate with the percentage of disability calculated.
- Where the degree of disability is less than 25%, the insured person shall have no entitlement to a disability lump sum.

23 **Cover in the event of partial disability**

In the event of partial earnings incapacity up to a degree of disability of 69%, the residual earnings capacity of the insured person remains covered. In the event of any further claim for benefits, the total lump sum payable shall not under any circumstances exceed the original amount of cover. However, the premiums due must be in line with the original level of cover.

24 **Change in the degree of earnings incapacity**

If there is any change in the degree of earnings incapacity due to an existing illness after a disability lump sum has been paid out, CSS must be notified immediately. The benefit will be adjusted to the new degree of earnings incapacity.

25 **Exclusions**

There is no entitlement to benefits:

- Where the claim is attributable to an illness, infirmity or injury caused by an accident which existed prior to the date on which cover commenced;
- Where the insured event is caused by an accident within the meaning of the Federal Accident Insurance Act (UVG) or constitutes an occupational disease within the meaning of the UVG;
- In the case of physical injury deemed to be an occurrence similar to an accident, such as the involuntary inhalation of gases or vapours or the inadvertent ingestion of toxic or corrosive substances;
- Prenatal injury, congenital infirmities and the complications of such conditions;
- In the event of abuse of medication, drugs or alcohol;
- In the event of frostbite, heatstroke, sunstroke and damage caused by UV radiation and any complications thereof;
- Any illness suffered by the insured person due to exposure to ionising radiation from nuclear power generation;
- In the event of a self-inflicted earnings incapacity;
- In the event of death where the insured person dies as a result of suicide, or injuries arising from attempted suicide, within three years of submitting his insurance application;
- In the event of disability where the insured person becomes disabled as a result of attempted suicide within three years of submitting his insurance application;
- Where the insured person is involved in peacekeeping operations, war, hostilities or any act of war.

26 **Reduced entitlement to insurance benefits**

If the damage to health is only partly attributable to an illness covered by the insurance, the benefits payable by CSS will be reduced to reflect the impact of extrinsic causes, as evidenced by a medical report.

Any disability lump sum previously paid will be deducted from any approved death lump sum.

27 **Costs for vocational retraining**

CSS does not cover the cost of retraining.

28 **Assessment of insurance claims**

CSS shall assess the entitlement to insurance benefits upon submission of all the requisite documents. All of the documents indicated below must be submitted to CSS prior to the investigation of entitlement to benefits:

Death:

- Completed claim form
- Family identity document
- Official death certificate

Disability:

- Completed claim form
- Detailed medical report from the attending doctors regarding the cause, progression and duration of the disability
- Decision of the disability insurance

CSS is entitled to request further information and evidence or obtain such evidence itself. It may also require the insured person to undergo a medical examination by a medical practitioner approved by the insurer. Any medi-

cal practitioners appointed by the insured person must be released from their professional obligation of confidentiality in relation to CSS.

29 Payment of insurance benefits

Insurance benefits are paid out provided that the beneficiaries have provided all the documents that are required for the purpose of assessing and reviewing the claim and such assessment proves positive.

Insurance benefits are payable no later than four weeks after the date on which CSS receives all the documents and information required in order to substantiate the claim. Insurance premiums will continue to be payable pending payment of benefits. Insurance benefits are payable in Swiss francs (CHF) to an account in Switzerland.

V Obligations of the policyholder

30 Duty of disclosure/medical examination

All matters relevant to the decision of the insurer whether to accept the risk of which the applicant is aware or ought to have been aware at the time the contract was entered into must be stated truthfully and in full on the application form. If such facts are not disclosed or not disclosed correctly, CSS may terminate the contract in writing within four weeks of becoming aware of any breach of disclosure obligations. Termination becomes effective on receipt of notice by the policyholder.

If the contract is terminated in this manner, CSS has no obligation to pay benefits in respect of pre-existing claims, if the occurrence or scope of the claim was affected by the provision of untrue information or the non-disclosure of information that was material to assessing the level of risk. CSS is entitled to a refund of any benefits it has already paid. There is no entitlement to any refund of premiums paid.

The policyholder and the insured person have a continuing obligation during the acceptance process to disclose to CSS any changes of which they become aware, or ought to be aware. The policyholder must also disclose to CSS any such changes (e.g. changes in health due to illness or accident, aggravated risks, etc.) occurring between the date of submitting the application and the beginning of insurance and must amend or correct the statements and information provided on the application form. CSS reserves the right to adjust the level of cover retroactively in the event that new facts are disclosed.

31 Claims procedure

Any occurrence of earnings incapacity that is likely to give rise to an obligation to pay benefits on the part of CSS must be notified immediately, or within 90 days at the latest.

The insured person must comply with any instructions issued by the attending doctor and nursing staff. The insured person shall undergo examinations and comply with instructions issued by any medical practitioner that may be appointed by CSS at its own expense. The insured person shall also take all appropriate measures to facilitate investigation of the circumstances of the claim.

Deaths must be notified to CSS immediately, or within 30 days at the latest. The documents required for the purpose of verifying and assessing the entitlement to insurance must also be submitted immediately.

CSS is entitled to request supporting documents and information, in particular medical certificates.

The beneficiaries authorise CSS to obtain such supporting documents and information directly at its own expense. The insured person releases the attending doctors and the

insurance institutions involved in the claim from their professional legal obligation of confidentiality in relation to CSS.

32 Duty to notify

All notices and information required to be disclosed are to be sent to CSS Versicherung AG, Tribtschenstrasse 21, 6005 Lucerne.

33 Duty to cooperate

As part of his duty to cooperate and mitigate damage, the insured person shall authorise CSS to obtain information and records from hospitals, medical practitioners, public authorities, insurance companies, social security institutions and other third parties and shall release such organisations and persons from their obligation not to disclose such information.

The insured person shall immediately supply CSS with any information it may require regarding his previous and current state of health and on the course of any disease or condition.

CSS reserves the right to require the insured person to undergo a medical examination by doctors appointed by it. The insured person shall undergo examinations and comply with instructions issued by any medical practitioners that may be appointed by CSS at its own expense.

Benefits shall not be payable to any beneficiaries who have failed to comply with any of these obligations, and CSS is entitled to make an appropriate reduction in benefits or withhold benefits entirely. In such event, the insured person has a continuing duty to pay premiums.

34 Consequences of breach of contract

If the insured person commits an intentional or negligent breach of his duties under subclauses 30 to 33 and such breach has an adverse impact on the extent or diagnosis of the illness, CSS may reduce the benefits accordingly, unless the insured person or any beneficiary is able to prove that the breach had no effect on the condition or the diagnosis thereof.

VI Premiums

35 Calculation of premiums

Premiums are calculated and charged on a monthly basis based on the age category applying to the insured person and the sums insured. The premiums payable are set out in the insurance policy. The level of premiums is guaranteed for one calendar year.

36 Tariff age groups

Premiums are calculated on the basis of the age of the insured person. The premium rate currently in effect for the relevant tariff age group will apply. On reaching the maximum age for a specific tariff age group, the insured person is automatically assigned to the next higher tariff age group at the start of the following calendar year. The tariff age groups are:

age 1–18
age 19–25
age 26–30
age 31–35
age 36–40
age 41–45
age 46–50
age 51–55
age 56–60

- 37 Premium adjustment**
CSS will give notice in writing of any adjustments to premiums no later than 30 days before the end of the calendar year.
If the policyholder does not agree with the premium adjustment, the contract may be terminated in writing with effect from the end of the current calendar year. Notice of termination must be received by CSS Versicherung AG, Tribtschenstrasse 21, 6005 Lucerne, by the last working day of the calendar year at the latest.
- 38 Rate adjustment**
The premium rates are not guaranteed. CSS may adjust the rates in the event of any material change in the circumstances on which the premium calculation was based.
- 39 Payment reminders and arrears**
If the premium is not paid by the deadline indicated on the invoice, the insured person will be notified of the consequences of default in writing and will be requested to pay the outstanding premium within 14 days of the reminder being sent, as stated in Art. 20 para. 1 VVG. If this reminder is ignored, the obligation to pay benefits will be suspended from the date on which the additional payment period elapsed.
After the additional payment period has elapsed, the insured person must pay the statutory interest on arrears. The costs associated with issuing the payment reminder are payable by the insured person.
If within two months of the end of the additional payment period the unpaid premiums have not been recovered through legal action, CSS shall rescind the contract and accordingly waive its right to payment of the amounts owed (Art. 21 VVG).
CSS is entitled to offset any outstanding premiums against benefits due to the insured person. The insured person has no right of set-off in respect of CSS.
If CSS takes legal action to collect the premium or accepts payment at a later date, the obligation to pay benefits will recommence from the date on which the outstanding premium, plus interest and costs, is paid. Even after the outstanding premium has been paid, CSS will have no obligation to pay benefits in respect of claims arising during any period in which its obligation to pay benefits was suspended.

VII Client data and data protection

- 40 Management of client data**
CSS and Helvetia (as risk carrier) shall keep all data processed for the purposes of performing the contract strictly confidential in accordance with Swiss law.
While the insured person's first name, surname, address, date of birth, gender and year of birth will be processed for contract management purposes, additional health data may be used in processing applications and providing benefits. This data is used in particular to determine premiums, for risk assessment, to process claims and for statistical evaluations. Such data is stored by CSS and Helvetia physically or electronically and is archived as long as required for the purposes of performing the contract or by law.
By signing the application or claim form, the insured person authorises CSS and Helvetia to process the relevant data and to obtain additional data from third parties (medical practitioners, hospitals, previous insurers, public authorities, etc.) or to disclose such data to third parties. For

this purpose, all persons or organisations asked to provide information are released from their professional and legal obligation to maintain secrecy with respect to the Insurer. This product is sold and distributed through CSS. CSS assesses applications, manages contracts and processes claims for benefits. For this purpose, CSS and Helvetia exchange the relevant data.

- 41 Right to information**
The insured person is entitled to request information about the data pertaining to them being processed by CSS.

VIII Final provisions

- 42 Place of performance**
The place of performance is the beneficiary's place of residence in Switzerland. If the beneficiary is not resident in Switzerland, the place in which the registered office of CSS is located is the place of fulfilment. Any payment obligations under the insurance policy are discharged in Switzerland and in Swiss francs. Where assets have been pledged by way of security, CSS will pay any benefits that may be due only with the pledgee's prior written consent.
- 43 Place of jurisdiction and applicable law**
And disputes arising out of this contract are subject solely to Swiss law. The sole place of jurisdiction for all disputes in connection with this contract shall be the place in which the registered office of CSS is located.

Translation: Only the original German text approved by the Swiss Supervisory Authority is binding.