

1 Basis of the Insurance Policy

1.1 These General Policy Conditions contain the rights and obligations of the contract you have concluded as policyholder with FAX, Schweizerische Lebensversicherungs-Gesellschaft (hereafter referred to as PAX). These conditions are supplemented by the Swiss Federal Law on Insurance Contracts,

1.2 The insurance benefits of PAX are shown on the policy and in any supplements to it.

1.3 If the contents of the policy or its supplements are not identical to prior agreements, you must request correction within four weeks of receipt of the documents, otherwise the contents of the policy are considered as approved by you.

1.4 If a question in writing has been given a false answer by the applicant or the insured person at the time the policy arrangements were concluded, FAX can cancel the contract within four weeks after having learned about the false statement.

1.5 The insurance is valid anywhere, regardless of which part of the world the insured happens to be in.

2 Beginning, Grounds for Claims and Payment of Benefits

2.1 The annuity payments commence at the beginning of an annuity payment period agreed on and specified on the policy.

2.2 FAX is entitled, but not obliged, to regard the holder of the policy as the beneficiary.

2.3 Instead of receiving annuity payments regularly, you can request that benefits are paid as one lump-sum. For this you have to give notification at least six months prior to the date the first annuity payment is due. Once the benefits have been paid as one lump-sum, the insurance expires.

2.4 Besides the basic insurance plan, you have the possibility to have options. You have to exercise your option at least six months prior to the date annuity payments are due to begin. The option is included for all life annuity tariffs offered for SWISSFLEX by FAX at the time the insurance is concluded; for these there is a tariff guarantee.

2.5 If the insured person dies, PAX is to be informed immediately. The policy and an official death certificate are to be submitted to PAX.

2.6 The place of delivery for all benefits is the head office of PAX if the person entitled to claim does not reside in Switzerland.

3 Assignment and Pledging

You can assign or pledge your policy benefits to a third party. In order to be valid, assignments and pledges have to be made in writing, the policy has to be turned over to the pledgee or the receiver of the assignment and written confirmation of this transaction given to PAX.

4 Receiving Advance Payment

4.1 If you have not designated benefits to be paid to a third party, you can, up to the date when the first annuity payment is due, ask for an interest-bearing advance on future benefits to be paid according to the conditions set down by FAX. The policy is to be deposited in the offices of PAX as long as the advance is outstanding.

4.2 If there is a change of currency according to Art. 7.3, the advance will also be changed to the new currency.

5 Beneficiary(ies)

5.1 For benefits due upon death of the insured, you can designate one or several persons as beneficiary(ies). Provided there are no liens on the policy, the beneficiary(ies) is(are) entitled to make a direct claim of the insured benefits.

5.2 The beneficiary clause can be revoked or changed at any time by you as long as you have not designated the beneficiary clause as irrevocable.

5.3 Should you wish to designate a beneficiary clause as irrevocable, please contact PAX who will help you comply with legal formalities.

6 Participation in the profits of PAX

6.1 The annuity insurance is subject to receive dividends as a surplus from participation in the profits of FAX, as long as these come from its investments according to a plan agreed upon by the Swiss Federal Office of Private Insurance.

6.2 During the accumulation period until the beginning of the annuity payments, the dividends as surplus are deposited in a savings account. The amount deposited receives interest and is used, once annuity payments begin, to increase the payments.

6.3 For the duration of the annuity payments, the dividend payments are paid with the annuity payments in the form of a surplus annuity payment.

7 Additional guarantees of PAX.SWISSFLEX Insurance

7.1 The future benefits can be increased during the first five years of insurance with a guarantee of tariffs by a maximum of 50% of the original single premium.

7.2 The accumulation period (the time until annuity payments begin) can be shortened or lengthened.

7.3 You can change (switch) the currency of your policy. The conditions (currencies, due dates, rates, costs, etc.) will be determined by PAX according to the situation on the money and capital market.

8 Premium payment

A single premium is payable on the day the insurance begins. If the premium is received at a later date, an interest on the defaulted payment will be imposed. PAX's liability begins as soon as the single premium has been paid. PAX is not obligated to hand over the policy prior to receipt of the single premium payment.

9 Surrender of your policy

9.1 Upon your request, PAX re-purchases the policy before its maturity, partially or in its entirety.

9.2 The surrender value corresponds to the inventory capital fund held as cover, calculated at an interest rate of 2.5%. During the first three years of the insurance, an additional 1.25% of the single premium will be paid for each month not yet expired in the current annuity payment period. The surrender value in the first insurance year corresponds at least to the single premium, less Swiss francs 500.— to cover costs.

10 Cancellation of the contract after exercising the option

10.1 In the event of death of the insured person during the annuity payment-period, the 'return of premium' will be paid so far as arranged. The 'return of premium' is equivalent to the capital held as coverage at the commencement of the annuity payment-period minus the annuities received. For joint survivor annuity contracts based on the lives of two persons, the 'return of premium' will be paid upon death of the surviving insured person.

10.2 The surrender value during the annuity payment-period is equivalent to the amount of 'return of premium' minus 2% within the first year of the annuity payment. This percentage is reduced by 0.2% per year. Therefore, after 10 years the surrender value is equivalent to the "return of premium".

10.3 After cancellation of an annuity without refund, no more payments will be effected.

11 Reinstatement of reduced or cancelled contracts

Contracts that have been reduced can be reinstated up to the due date of the first annuity payment by paying all amounts outstanding. The same is valid for cancelled contracts within five years since termination of the contract.

12 Notifications to PAX

In order to be legally valid, notifications have to be directed to FAX in Basel, Switzerland.

13 Change of address and Legal Representative

13.1 PAX is to be informed in writing of any change of your domicile or address. PAX notifications will be sent in every case legally valid to the last address given on its records for the policy.

13.2 If you live outside Switzerland, a person residing in Switzerland is to be designated as your representative for receiving notifications. If no legal representative has been designated in Switzerland, all notifications sent by FAX are legally valid on the day after they have been placed in the mail.

14 Court of Jurisdiction

FAX recognizes the court of jurisdiction of the place in Switzerland where the policyholder or the beneficiary(ies) have legal residence. In cases where the policyholder resides outside of Switzerland, claimants may call upon the court of the domicile of the head office of FAX in Easel, Switzerland, to settle any disputes. The English translation of these General Conditions is not legally binding. In case of doubt the German text shall apply.

15 Coverage of risks in military service and in war

The Swiss supervisory authorities' conditions for the coverage of risks in military service and in war are applicable.