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# FMA MINIMUM STANDARDS

  

## FOR INFORMATION REQUIREMENTS IN OCCUPATIONAL PENSION GROUP INSURANCE OF JULY 2015

(VAG 2016: MS for Information Requirements in  
Occupational Pension Group Insurance of July 2015)

**DISCLAIMER:** These minimum standards do not constitute a legal regulation. They serve as guidance and reflect the FMA's legal interpretation and the FMA's practical recommendations for conduct. No rights and obligations extending over and above the provisions of the law can be derived from them. The FMA reviews on a case-by-case basis whether legal provisions were also breached as a result of the non-observance of recommendations in minimum standards.

These FMA Minimum Standards cover information to be provided to beneficiaries (entitled) upon their inclusion in occupational group insurance, as well as information to be provided if they leave the company prior to the occurrence of a benefit event.

The annual information for the attention of beneficiaries (entitled), information when pensions are first paid out or information to beneficiaries (recipients) upon their inclusion in pension company provision, as well as the annual information for the attention of beneficiaries (recipients) contained in the FMA Minimum Standards for Information Requirements in Occupational Group Insurance of 20 July 2005 are regulated by the Information Requirements Regulation for Occupational Group Insurance (BKV-InfoV; *Betriebliche Kollektivversicherung Informationspflichtenverordnung*) with effect from 1 January 2016.

As of 1 January 2016 these Minimum Standards and the BKV-InfoV will replace the previous FMA Minimum Standards for Information Requirements in Occupational Group Insurance of 20 July 2005.

These FMA Minimum Standards refer to all insurance contracts of occupational group insurance covering risks located in Austria, i.e. those contracts where insured persons and/or beneficiaries have their habitual place of residence in Austria. They are also directed at insurance undertakings from other EEA Member States that operate in Austria under the freedom to provide services or through a branch. These FMA Minimum Standards are not a regulation but describe the FMA's legal view on the information requirements related to occupational group insurance as referred to in Article 94 of the 2016 Insurance Supervision Act (VAG 2016; *Versicherungsaufsichtsgesetz*) upon inclusion in occupational group insurance or if leaving the company prior to the occurrence of a benefit event. The FMA expects insurance undertakings to adhere to these Minimum Standards with effect from 1 January 2016. No rights or obligations beyond those defined in the statutory provisions may be deduced from these Minimum Standards.

These FMA Minimum Standards do not prevent insurance undertakings from setting higher standards of their own.

# I. INFORMATION TO BENEFICIARIES (ENTITLED) UPON THEIR INCLUSION IN OCCUPATIONAL GROUP INSURANCE

The insurance undertaking supports the employer with regard to information to be provided to beneficiaries (entitled) upon their inclusion in occupational group insurance. This is to make sure that the beneficiaries are provided with clear and comprehensive information on their pension commitment. The insurance undertaking supports the employer in particular with regard to the preparation of the following information regarding:

1. the general functioning of occupational group insurance (please refer analogously in particular to the information requirements relating to bonuses pursuant to Article 9 of the Information Requirements Regulation for Life Insurance – LV-InfoV; *Lebensversicherung Informationspflichtenverordnung*);
2. the scope of benefits, in particular:
  - a. the conditions for claiming an old-age pension and the mode of calculating the amount of the old-age pension;
  - b. the conditions for claiming an occupational disability pension and the mode of calculating the amount of the occupational disability pension. Furthermore, the conditions under which the claim to an occupational disability pension will expire are stated;
  - c. the conditions for a claim to survivors' benefits and the mode of calculating the amount of the survivors' benefits. Furthermore, the conditions under which the claim to survivors' benefits will expire are given;
  - d. the claims if leaving the company prior to the occurrence of a benefit event. To this end, the claims and the premium sum for each year of coverage should be estimated separately and presented in tabular form, and the corresponding assumptions regarding continued payment of an unchanged premium or an increase in premiums are to be specified. The calculation and estimate refer both to the guaranteed values and the guaranteed values plus bonuses, provided that details about bonuses are given. With regard to such details about bonuses, their non-binding character must be pointed out and the forecast of the likely amount of pension benefits given, while referring to the BKV-InfoV;
  - e. the conditions under which benefits can be paid in the form of a lump sum;

3. the employee's option to pay own premiums and the administrative processing of these premium payments, in particular by way of premium-sponsored employee contributions pursuant to Article 108a of the 1988 Income Tax Law (EStG 1988; *Einkommensteuergesetz*);
4. the tax treatment of premiums and benefits;
5. the addresses of the insurance undertaking's web pages, provided that they also contain information for beneficiaries.

The effective guaranteed rate and the effective total interest payment can be derived from the information to be provided in accordance with these Minimum Standards.

In addition, where requested by the (potential) beneficiary (entitled), the effective guaranteed rate should be communicated. This effective guaranteed rate means the internal interest rate of the payment flows resulting from deposits in the form of premiums and the fictitious commutation payment on the pension start date. The difference between the guaranteed rate and effective guaranteed interest payment shows by how much the return is diminished in the event of survival by the cost shares included in the premiums and/or by risk and cost shares for invalidity and survivors' pensions.

Furthermore, the (potential) beneficiary (entitled) should, upon request, be informed of the effective total interest payment resulting analogously from the forecast fictitious commutation payment on the pension start date and the premium payments. The difference between the total interest payment and effective total interest payment shows by how much the return is diminished in the event of survival by the cost shares included in the premiums and/or by risk and cost shares for invalidity and survivors' pensions.

It should be noted that both the risk share of the survivors' pension and the premium shares of any invalidity pension are not explicitly taken into account for the purposes of calculating the effective yield. The beneficiary (entitled) should be informed that the risk share serves to cover the insured risk, for example when the insured person dies prematurely. This guarantees that the agreed survivors' benefits can be provided from the beginning of insurance cover.

## II. INFORMATION AT THE TIME OF LEAVING THE COMPANY PRIOR TO OCCURRENCE OF A BENEFIT EVENT

Irrespective of any other disclosure requirements, the insurance undertaking will provide the beneficiaries (entitled) with the following information in particular should they leave the company before occurrence of a benefit event:

1. the name, address, legal form, telephone and fax number, Internet and e-mail address of the insurance undertaking as well as of any branch from which the contract is being managed;
2. the name, address and legal form of the (former) employer with which the insurance contract had been concluded;
3. the reporting date to which the information relates;
4. the name, gender and date of birth of the beneficiary (entitled);
5. the name, gender and date of birth of any co-insured persons where the insurance contract includes survivors' pensions on an individual basis, including a note in the case of insurance contracts with survivors' pensions on an individual basis that failure to name spouses or registered partners or partners could result in restricted benefits for survivors;
6. the vested amount, broken down into:
  - a. the vested amount from employer premiums;
  - b. the vested amount from employee premiums pursuant to Article 108a EStG 1988 and Article 17 para. 1 no. 4 lit. a of the Company Employee and Self-Employment Provisions Act (BMSVG; *Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz*);
  - c. the vested amount from other employee premiums;
7. the date of leaving the company;
8. the disposal options for the vested amount pursuant to Article 6c of the Company Pension Act (BPG; *Betriebspensionsgesetz*);
9. the administrative processing, including a template reply letter with the help of which the beneficiary (entitled) can select the favoured disposal option and, where necessary, add bank details for the payment of any lump sum;

10. the wage tax deducted pursuant to Article 67 para. 8 lit. e. EStG 1988 in the case of a lump-sum payment.