

Dear client,

We are delighted by your interest in our life insurance Vital Premium in USD. We consider important to acquaint our clients with all the necessary insurance conditions and therefore we have drawn up a summary of main parameters of this product. Here you can find not only the information about the content of the insurance, exclusions, fees or surrender, but also about the possibilities of cancelling your insurance contract or the information about its tax effects.

Please read the following information. Should you have any questions, do not hesitate to contact your relationship manager.

Insurer

Basic information: Komerční pojišťovna, a. s. (hereinafter referred to as "the insurance company", "the insurer"), Karolinská 1/650, 186 00 Prague 8, Czech Republic, incorporated with the Municipal Court in Prague, section B, file 3362, company registration number (IČ) 63998017.

Contact address: Komerční pojišťovna, a. s., Palackého 53, 586 01 Jihlava, e-mail: servis@komercpoj.cz, tel.: +420 800 10 66 10 (freephone) or +420 222 095 999.

Supervisory body: Czech National Bank (hereinafter referred to as "the ČNB"), Na Příkopě 28, 115 03 Prague 1.

Rights and complaints: Insurance contracts, as well as the rights and obligations arising out of them, follow the legislation of the Czech Republic. Any potential disputes with the insurance company, should they fall under the competence of a Czech court of law, can finally be decided by the financial arbiter. Complaints can be delivered in writing to Komerční pojišťovna, a. s., Client Services, Karolinská 1/650, 186 00 Prague 8, or emailed at servis@komercpoj.cz.

Following the receipt of the complaint, Komerční pojišťovna has 30 working days to provide its opinion in writing. Complaints can also be sent to the ČNB (contact details, including complaint templates, to be found at www.cnb.cz).

Policyholder/Insured person/Beneficiary/Appointed person

The policyholder is the person who entered into the insurance contract with the insurance company. The policyholder is obliged to pay premiums. Only a person having her/his usual residence in the territory of the Czech Republic may become **the policyholder**.

The insured can be the same person as the policyholder or a different person as well. **The insured's** entry age at the moment of entering into the insurance contract must be at least 3 years. The insurance can be arranged for citizens of the Czech Republic, citizens of the EU or citizens of any other state.

The policyholder can designate in the insurance contract a **beneficiary**, i.e. the person who becomes entitled to insurance indemnity in the event of the insured's death.

Insurance conditions

This insurance is governed by Insurance terms and conditions of Vital Premium in USD as of 1st January 2015 provided to you together with this Information and the terms and conditions are also available at www.kb-pojistovna.cz.

Insurance

Vital Premium is **life insurance** against death or maturity without any fixed sum insured. The premium is paid in a lump sum. The insurance is arranged as **the insurance of the agreed sum** (if an insured event occurs, the beneficiary is entitled to the agreed sum). This amount is determined by the current value of the contract. All amounts are given in US dollars, all payments of premiums shall be made in US dollars as well as any insurance indemnity which is to be paid in the territory of the Czech Republic.

1. Reserve, contract value and profit sharing

Management costs will be deducted from any received premium in order to create a **premium reserve**. In the course of the insurance this reserve is increased:

- by shares of the profits for past years
- by the minimum guaranteed appreciation in the current calendar year

The insurance company usually determines the minimum guaranteed appreciation rate for a calendar year in advance. At the end of the calendar year it decides whether it can award any appreciation above the guaranteed one. This total appreciation is called profit sharing.

- by the paid extra premium (reduced by the management cost).

2. Insurance against death or maturity

Insurance indemnity upon maturity: The current contract value is paid to the insured upon expiry of the insurance.

Insurance indemnity upon in the event of the insured's death: If the insured dies, the insurance company will pay the current contract value to the beneficiary. If the insured dies due to an injury, the insurance company will add an amount calculated using this coefficient:

age at death	reserve increase coefficient
to 49 yrs	10.0 %
50 – 59 yrs	5.0 %
60 – 69 yrs	2.5 %
from 70 yrs	0.0 %

The maximum indemnity limit concerning the increased amount for death due to injury is USD 15,000.

Limitations and exclusions concerning death due to injury (exclusions shall not be applied to the payment of the current contract value):

The insurance company has the right to reduce insurance indemnity by up to one half:

- if the insured event occurs in relation to an action indicating that **the insured committed a crime**;
- if the insured event occurs in relation to an action by which s/he caused **serious bodily damage or death of another**;
- if ascertained that the beneficiary or the insured **provided about the insured event's scope and occurrence information different** to what resulted from the insurance company's investigation, or **if such information was concealed** from the insurance company.

The insurance company is not obliged to indemnify if the insured dies in connection with the consumption (consuming) of alcohol or other addictive substances or agents containing such a substance, in connection with drug abuse or poisoning as a consequence of consuming solid, liquid or gaseous substances due to negligence, or when handling these substances.

Definition of injury:

Injury is an unexpected and sudden impact of external forces or the insured's own physical force independent of the insured's will, or unexpected, continuous and independent of the insured's will impact of high or low external temperatures, gases, fumes, radiation (excluding nuclear), electricity and poisons (excluding microbial poisons and immunotoxic substances) causing damage to the insured's health or the insured's death during the insurance period. Death by drowning, near drowning and strike of lightning are also considered an injury provided that they occur independently of the insured's will. **The following cases are not considered injury: suicide, attempted suicide, intentional self-inflicted injury and judgement of the declaration of the death of the person.**

3. Formation and duration of insurance

The insurance arises at 00:00 am on the day of the insurance beginning stipulated in the insurance contract. A representative of the insurance company prepares and submits to you – the policyholder – the insurance contract draft. You then have 1 month to accept the draft either by signing it or by paying the premium. If you do not respond to this offer or refuse it, no insurance contract is entered into.

The stipulated **insurance period** is always 5 years minimum. With the stipulated insurance period having expired, the insurance contract is automatically extended to another year (new insurance period), which can be done even repeatedly. Unless the policyholder or the insurance company are interested in further duration of this insurance, the other party must be notified no less than 6 weeks before expiry of the insurance period and then the insurance period will not be automatically extended.

4. Method of payment and amount of the premium

The premium can only be paid in US dollars and in a lump sum. The premium always becomes due on the first day of the insurance period, i.e. the day of the insurance beginning. You determine the amount of the premium in the insurance contract; the minimum amount must be USD 100,000. Any time and even repeatedly during the insurance you can pay an **extra premium**.

The premium can only be accepted as a non-cash payment, in the stipulated amount and with correct payment symbols:

- variable symbol (VS): number of insurance contract
- specific symbol (SS): for single premium 1171171171
for extra premium 0000000000.

5. Management cost of the premium

The insurance company deducts from the single premium an amount covering the cost of formation and management of the insurance contract ("management cost"). The amount of the management cost is determined by the amount of the single premium and is shown in the following table:

single premium	management cost of single premium
to USD 299,999	2.0 %
USD 300,000 – USD 499,999	1.8 %
USD 500,000 – USD 799,999	1.3 %
USD 800,000 and more	1.0 %

Upon payment of an extra premium, the insurance company first determines the amount of the balance premium by deducting any extra withdrawals from the total paid premium (including the current payment of the extra premium). The management cost of the extra premium will then be determined according to the amount of the balance premium as shown in the following table:

balance premium	management cost of extra premium
to USD 299 999	2.0 %
USD 300,000 – USD 499 999	1.8 %
USD 500,000 – USD 799 999	1.3 %
USD 800,000 and more	1.0 %

6. Consequences of non-payment of the premium

If you fail to fully settle the single premium, the insurance company will send you a reminder. Unless the premium is settled by the deadline given in this reminder, two situations may arise:

- if the value of the contract is less than USD 5,000, the insurance expires. You then become entitled to the surrender amount;
- if the value of the contract is at least USD 5,000, the current value of the contract will then be recalculated according to the amount of the actually paid premium and the insurance will remain effective.

7. Changes in insurance

During the insurance period the policyholder can apply for the following changes in the insurance:

- to determine/change the person(s) who become(s) entitled to insurance indemnity if the insured dies ("appointed person") and to specify their shares of insurance indemnity;
- to pledge or assign claims from the insurance against the insurance company (with consent of the insured);
- any time and even repeatedly during the insurance to pay any other premium above the agreed scope ("extra premium");
- any time and even repeatedly during the insurance to apply for a partial withdrawal from the reserve. The minimum withdrawal must be USD 2,000. If the partial withdrawal lowers the contract value below USD 5,000, the requirement is considered an application for surrender. The first two partial withdrawals in a calendar year are made free of charge. Any other partial withdrawal in the same calendar year costs USD 50 and the sum is taken from the reserve.
- to apply for a change of the fixed insurance period.

8. Surrender

Any time after the first 2 months of the insurance you can apply for cancellation of the contract and for the surrender amount. The amount of the surrender depends on the period of the insurance contract's duration and the surrender is determined as the relevant % of the reserve as shown in the table below:

period of insurance	surrender
year 1	97.5 % of the reserve
year 2	98.0 % of the reserve
year 3	98.5 % of the reserve
year 4	99.0 % of the reserve
year 5 and longer	100.0 % of the reserve

The surrender can be reduced by income tax according to the current tax legislation. The insurance company does not provide any share of the profits for the calendar year in which the surrender was paid out.

9. Cancellation of insurance

The insurance contract is cancelled

- upon expiry of the insurance period unless it is extended;
- upon expiry of the insurance year in which the insured celebrates her/his 99th birthday;
- upon death of the insured;
- upon payment of the surrender after the policyholder's request for the payout;
- decrease of the reserve below USD 5,000.

The policyholder can cancel the insurance contract

- with an eight-day notice period:
 - within 2 months of the day on which s/he learnt that the insurance company, in determining the amount of the premium or calculating the insurance indemnity, used a factor contradicting the principle of equal treatment, e.g. calculated the premium according to the sex of the insured (s. 2769 of the Civil Code);
 - within 1 month of the day of delivery of the notification concerning the transfer of the insurance portfolio (or its part) or concerning the transformation of the insurance company;
 - within 1 month of the day on which the removal of the insurance company's licence to perform insurance business was publicly announced.
 - without stating any reason, within 2 months following the day of entering into the insurance contract. In such cases the insurance company returns the paid premium reduced by any partial withdrawals provided.

The insurance company can cancel the insurance contract with an eight-day notice period within 2 months following the day of entering into the contract. The insurance company returns the paid premium reduced by any partial withdrawals provided.

The policyholder and the insurance company can **agree in writing** on premature cancellation of the insurance contract.

The insurance company has the right to withdraw from the insurance contract:

- within 2 months of the day on which it ascertained or had to ascertain that the policyholder or the insured (or more precisely the person interested in the insurance), when negotiating about the entering into the insurance contract or about the amendment thereto, breached, intentionally or due to negligence, the obligation to truly and fully answer the insurance company's written questions concerning facts significantly influencing the insurance company's decision on assessment of the insured risk, whether or not to insure this risk and under what conditions. The insurance company can exercise this right if it proves that it would not have entered into the insurance contract having obtained true and full answers to its questions.

The policyholder has the right to withdraw from the insurance contract within 2 months of the day on which s/he ascertained or had to ascertain that:

- the insurance company breached, when entering into the contract, the obligation to draw her/his attention to discrepancies between the insurance offered and the interests of the policyholder (the person interested in the insurance) provided that it had to be aware of these discrepancies;
- the insurance company breached, during the negotiations about entering into the insurance contract or making an amendment to it, the obligation to truly and fully answer the written questions of the policyholder (the person interested in the insurance) about facts concerning the insurance.

If the policyholder withdraws from the contract for the above mentioned reasons, the insurance company shall refund her/him for the paid premiums, subtracting any potential indemnity provided from it, within one month of the day on which the withdrawal becomes effective; if the insurance company withdraws from the contract, it has the right to include the cost related to the formation and management of the insurance. If the insurance company withdraws from the contract for the above mentioned reasons and the policyholder, the insured or any other person have already been paid insurance indemnity, the insurance company, applying the same time limit, shall be refunded for the paid insurance indemnity exceeding the premiums remitted to the insurance company.

If the insurance contract was concluded in the form of using a means of distance communication the policyholder has the right to withdraw from the life insurance contract in the period of 30 days following the day on which the policyholder was informed about the entering into the contract.

Cancellation of the insurance interest and of the insured risk

The insurance is cancelled upon the cancellation of the insurance interest and the insured risk.

Refusal to provide insurance indemnity

The insurance is cancelled on the day on which the payout of insurance indemnity is refused. The insurance company can refuse to indemnify if the insured event was provoked by a fact:

- about which it learnt only after the insured event's occurrence,
- which it could not have ascertained during the arrangement of the insurance or a change thereto owing to breach of the obligation set forth in s. 2788 of the Civil Code, and
- and if, having been aware of this fact at the moment of entering into the insurance contract, it would not have entered into this contract or would have entered into it under different conditions.

Tax information

The relevant provisions of Income Tax Act No. 586/1992 Coll., as amended, apply to this insurance.

Because it is possible to request a partial withdrawal during the insurance period, this insurance does not enable to use the advantages of **asserting the non-taxable amount of the tax base** according to s. 15 (6) of the Income Tax Act.

The insurance company has the right to reduce the paid-out insurance indemnity by any potential **income tax of the policyholder** provided that the insurance company becomes obliged to pay this tax:

- a) **on maturity** – 15 % of the insurance indemnity reduced by the paid life premiums (s. 36 (2) letter n) of the Income Tax Act)
- b) **in the event of a partial withdrawal** – 15 % of the insurance indemnity reduced by the life premiums paid by the payer (policyholder) (s. 36 (2) letter n) of the Income Tax Act)
- c) **in the event of a surrender** – 15 % of the insurance indemnity reduced by the paid life premiums; (s. 36 (2) letter s) of the Income Tax Act)
- d) **in the event of death of the insured** – insurance indemnity is exempt from income tax (s. 4 (1) letter l) of the Income Tax Act).

Additional information

With the contract using a currency different to the legal currency of the Czech Republic, the insurance company's transactions aimed at appreciation of the contract's capital value and provision of potential payouts from the insurance shall be made under the conditions (deadlines, charges, etc.) prescribed by the current international rules for interbanking system of payments, by the technical processes and rules of the insurance company. No maintenance fees are charged for KB current accounts.

Any premium paid by a client which will be determined by the insurance company between the first and the fifteenth day in the month increases the value of the contract on the twentieth day in the month (or on the first working day following the twentieth day if the twentieth day is not a working day). Any premium paid by a client which will be determined by the insurance company between the sixteenth and the last day in the month increases the value of the contract on the fifth day of the following month (or on the first working day following the fifth day if the fifth day is not a working day). The date of the determination of the premium is the date the payment was credited to the account of the insurance company and was clearly determined (ie. credited to the insurance contract). The insurance company can clearly determine the payment if the payment is in the correct amount, with the correct variable symbol and the correct specific symbol and if there is no doubt regarding the purpose of the payment .

A client's application for a surrender amount or a partial withdrawal processed by the insurance company between the first and the fifteenth day in the month lowers the value of the contract on the sixteenth day in the month (or on the first working day following the sixteenth day if the sixteenth day is not a working day). A client's application for a surrender amount of a partial withdrawal processed by the insurance company between the sixteenth and the last day in the month lowers the value of the contract on the first day of the following month (or on the first working day following the first day if the first day is not a working day). The date of the processing of the request is the date on which the insurer shall clearly determine and assign the requirement to the insurance contract.. The accurate determination of the request indicates that the request has been entered correctly, with all the necessary data (eg. containing the information required to determine the purpose of the payment) and there is no doubt regarding the purpose of the payout/request.

The insurance company's transactions concerning the capital value of the contract will not be made before the conditions in accordance with s.9 (2) of Act No. 253/2009 Coll., on certain measures against legitimisation of the proceeds of crime and against the financing of terrorism, are met – the purpose of the transaction or investigation of money sources. The same applies if the client fails to deliver in time the additional information necessary for performance of the contract required by the insurance company in compliance with the Civil Code.