

## TENDER FOR THE SELECTION OF SUBJECT/S FOR THE MANAGEMENT OF SECOND PILLAR PENSION BENEFITS IN ANNUITY FORM

Assofondipensione, the contractual pension fund association, in the name and on behalf of the pension fund members who express interest in a common selection process (compare to Attachment A – Pension fund participants), deliberated to go ahead with the selection of one or more insurance companies authorized to undertake assurance on the length of human life according to the requirements set out by Isvap under Law Decree n. 209/2005 and its successive modifications and additions among the subjects in possession of the following characteristics:

1. head office in one of the EU member states with at least one branch office in Italy<sup>1</sup>;
2. rating level not inferior to “*Investment grade*” (Standard & Poors or equivalent definition);
3. the premiums collected in the life assurance class at least equivalent to € 500m in the financial year 2011;
4. solvency ratio equivalent to at least 110% (Solvency I).

The above-mentioned characteristics represent the mandatory conditions required for participation. Higher requirements will be taken into consideration in the selection process.

In the case of joint participation by diverse insurance companies, compliance with the aforementioned requirements must be fulfilled by the principal company, except for the requisite regarding the presence of at least one branch on Italian territory, which can also be met by another firm among the joint participants (the so-called RTI, “*Raggruppamento Temporaneo di Imprese*”). To avoid exclusion, however, the RTI must guarantee the collective responsibility of the firms involved and the coincidence of the duration of the RTI with the duration of the service (payment of annuities).

The offers, written in Italian and accompanied by the questionnaire completed in full (both in paper form and on either “cd-rom” or “dvd”), from subjects in possession of the aforementioned requirements (with firm’s name, business organization relating to the service required, bidders’ shareholders and holding company if pertinent) must be received by Assofondipensione, Via Montebello, 8 – 00185 ROMA, by and not later than 12.00 on 11th June 2012 and must be accompanied by technical specifications and relative economic details as indicated in Attachment B – Questionnaire, with reference to the following benefits:

- i. single payment immediate life annuity;
- ii. single payment immediate survivor (joint life) life annuity, with the possibility of choosing from half to full benefit;
- iii. single payment immediate life annuity with 5- or 10-year guaranteed period;
- iv. single payment immediate value protected annuity with a lump sum death benefit equal to the residual value or a single payment immediate life annuity for residual value;
- v. the above mentioned single payment immediate life annuities with long-term care insurance option.

Only offers relative to:

- all types of annuity;
- the first four types of annuity excluding those indicated in point v;
- the types of annuity indicated in point v.

will be considered.

The selected company will sign a contract with each pension fund. The contracts will be in force until 31st December 2019.

The insurance company selected will not have the right to withdraw from the contract in advance for its entire duration. Should the solvency ratio fall to less than 100% (SCR under Solvency II regulations in force at the time), each pension fund could ask to redeem annuities in course of payment.

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<sup>1</sup> For the characteristics of the branch office and the legal representative, see art. 29 of DLGS 209/2005.

All offers must comply with the following minimum requirements or be excluded from the selection process:

- the technical return rate and the guaranteed rate of interest must be of equal value and equivalent to at least 2.50% (when accepted by ISVAP at the moment of selection). Should this figure not be accepted, the maximum allowed will be adopted;
- The demographic reference base for the bid should not include age-shifting mechanisms.;
- The withdrawal rate (if foreseen) will be equivalent to at least 94% of the yield of separate management with a fixed maximum yield withheld equivalent to 0,6%;
- Charges can be expressed exclusively as a percentage of the premium;
- The firm will be responsible for the payment of annuities.

The offers for individual types of annuity will not be lower than the conversion rates indicated for 1 Euro of premium as in Attachment C-minimum values. Failure to comply will exclude the subject from the selection process.

Unisex conversion rates are admitted, although this in itself does not imply the attribution of additional points.

Payment of the annuities will include the following activities:

- a) Data capture by the IT system of data and parameters relative to the structure and governing rules of the pension fund;
- b) Data capture relative to the adherents and survivor beneficiaries if pertinent;
- c) Issue of receipt with personal details of the beneficiary and the amount of the guaranteed payment;
- d) Administration of reports to be sent to the pension funds, the supervising Authority and other entities indicated by the pension fund;
- e) Setting up a IT connection with the pension fund and the outsourcer providing administrative services;
- f) All the activities necessary for the administrative management of annuities to be paid, e.g.:
  - o communications to the INPS pension holder database (Casellario Centrale dei pensionati Inps) on behalf of the pension fund;
  - o payment of annuities on behalf of the pension fund;
  - o fulfillment of tax obligations on behalf of the pension fund;
  - o verification of the existence in life of beneficiaries and recovery of undue payments.

The activities must be described in detail and for those corresponding to point f) a specific fee, expressed as a percentage of the premium, must be indicated.

Information on how to fill in the questionnaire can be obtained via e-mail only at this e-mail address: [info@assofondipensione.it](mailto:info@assofondipensione.it) before 31<sup>st</sup> May 2012.

Should candidates make mistakes in filling in the questionnaire or make other formal mistakes, they will be excluded from the tender.

The offer must arrive, in a sealed envelope bearing the following indication : "Candidatura per la gestione delle rendite – Assofondipensione".

The offer and the attached documentation can not be sent via e-mail.

Each envelope must contain the following documentation for all the firms taking part in the selection process:

- a) the completed questionnaire in paper format, with the appendices required, and each page initialled by the legal representative of the company or by a person entrusted with the power to represent the insurance company and his/her signature on the final page;

- b) the questionnaire in a electronic version (Attachment B – Questionnaire), using the file provided by Assofondipensione, with all the required appendices, considering the technical return rate and the guaranteed rate of interest of 2.5%; should the insurance company offer a higher technical return rate and guaranteed rate of interest, a further copy of the questionnaire has to be filled in;
- c) a declaration written according to the scheme provided in attachment D, signed by the legal representative of the insurance company or by a person entrusted with the power to represent the insurance company, reporting:
  - 1. their consensus to the treatment of personal data;
  - 2. that all data provided is accurate and complete;
  - 3. that the insurance company possesses the characteristics required the Law and this tender;
  - 4. that the answers and data on both the paper and electronic versions of the questionnaire agree;
  - 5. those conditions will not be modified for the duration of the contract, except in the case of a reduction in the maximum guaranteed rate of interest, determined by ISVAP, according to art. 33 of Law Decree n. 209/2005 and its successive modifications and additions, by 0.5% or more, compared with the guaranteed rate of interest stipulated in the bid. In such a case, the change in the financial conditions will be applicable to the tariffs stipulated in the agreement with exclusive reference to those adherents not yet included in the agreement. In any case, it will be possible to agree on an unchangeable guaranteed rate of interest.
- d) An actuarial technical note describing the algorithm used to obtain the values indicated in the questionnaire.

The offers may be further analysed in meetings with the insurance companies short listed by the pertinent Assofondipensione bodies.

The selection of the winning offer according to points i., ii., iii. and iv and the winning offer for benefits according to point v. will be at the total discretion of Assofondipensione.

This announcement constitutes an invitation to make a bid, and does not fall under the scope of article 1336 of the Italian civil code. Neither does this announcement imply any obligation for Assofondipensione, nor does it give the insurance companies who make a bid any rights of any kind including expenses incurred. Each pension fund participating in this tender will sign an individual contract with the insurance company/ies selected.

Personal data communicated in the offers will be treated in accordance with Law Decree 196/2003. This data will be used exclusively for the selection of the offers, and will be communicated to the pension funds participating in this tender and to the Assofondipensione consultant, Mefop SpA.

Assofondipensione will be responsible for the treatment of this data and guarantees the rights indicated in Law Decree 196/2003.