

Contract Conditions

Flexible Protection Bond – PIA/UK/FPB/03/0112



› Contents

	Page
Part 1: Introduction	3
Part 2: General provisions	6
Part 3: Your Payments	11
Part 4: Cash-in Benefits	13
Part 5: Life Cover	16
Part 6: Cover increase options	18
Part 7: Charges	22
Part 8: Our Unit-Linked Funds	24
Part 9: Tables of charges and limits	26
Part 10: Types of cover	30

› Part 1: Introduction

1. Flexible Protection Bond general description

A Flexible Protection Bond is a life assurance arrangement that requires a single payment. The Bond is designed mainly to provide Protection Cover.

However, the Bond is also an investment and the capital in the Bond can be cashed in on request or used to provide One-off Withdrawals or Regular Withdrawals.

The initial payment into the Bond is used to Allocate Unit-Linked Fund Units to the Bond. Any additional payment into the Bond is also used to Allocate Units. The value of the Units varies according to the performance of the Unit-Linked Funds. The cash-in value of the Bond depends on the value of the Units in the Bond.

Our charges, such as the regular charges for the Life Cover the Bond is providing, are met by taking Units away (De-allocating) from the Bond.

Normally We issue a Flexible Protection Bond as a group of 20 identical whole of life Policies, with the investment, Units and Protection Cover spread evenly across all the Policies so that all the Policies are identical. These Contract Conditions are worded on the basis that the Bond will consist of a group of identical Policies. However, if We are specifically asked to issue the Bond as just one Policy We will do so.

2. The Contract Conditions

This "Contract Conditions Booklet" sets out the rules which govern a Flexible Protection Bond, the Policies that make up the Bond and the Unit-Linked Funds the Bond is linked to.

3. Policy Documents

When a Bond starts We issue the following "Policy Documents" to confirm the contract:

- (a) the "Contract Conditions Booklet";
- (b) a "Contract Schedule" which sets out the details of each Bond Policy;
- (c) any non-standard provisions, arrangements or supplementary information will be set out in the document(s) identified in the "Related Documents" section in the Contract Schedule.

These Policy Documents together form the Bond. If there are any significant changes to the Bond after it has started We will normally issue an "Endorsement" or "Special Provisions" document detailing the change(s). You should read the expressions "Policy Documents" and "Related Documents" as including any Endorsements or Special Provisions Document We issue after the Bond has started.

4. Definitions

4.1 Persons

(a) The Company

- › "**Administration Centre**" means Our administration office in Ireland at Montague House, Adelaide Road, Dublin 2.
- › "**the Company**" means Prudential International Assurance plc. "**We**" means the Company (and "**Our**" and "**Us**" should be read as referring to the Company).
- › "**the Actuary**" means the Actuary appointed by the Company in accordance with the terms of section 34 of the Insurance Act 1989 (Ireland).

(b) The Applicant

- › "**the Applicant**" means the person(s) who applied for the Bond.
- › "**the Policyholder**" means the legal owner(s) of the Bond Policies.
- › "**You**" means the Policyholder and "**Your**" should be read as referring to the Policyholder.
- › "**Life Assured**" means an individual who is covered by Life Cover under the Bond, if the Bond has not been Fully Cashed-in before then.
- › "**Single Life**" means that there is just one Life Assured under the Bond.
- › "**Joint Life**" means that there are two Lives Assured under the Bond.

› **"Joint Life First Death"** means a Joint Life Bond where the Life Cover Sum Assured is payable on the death of the first to die of the Lives Assured ("**the First Death**").

› **"Joint Life Last Death"** means a Joint Life Bond where the Life Cover Sum Assured is payable on the death of the last to die of the Lives Assured ("**the Last Death**").

4.2 Bond Policies and Related Documents

› **"Bond Policy"**, **"Bond Policies"**, **"Policy"**, or **"Policies"** means the Policy or Policies that make up Your Flexible Protection Bond. These terms are used interchangeably.

› **"Related Documents"** means any document shown in the section headed **"Related Documents"** in the Contract Schedule and any Endorsement or Special Provisions or other document We issue about the Bond.

4.3 Cash-in Benefits

› **"Cash-in Benefits"** and **"Withdrawals"** means benefit payments made available from the Bond Policies by:

- (a) **"Partially Cashing-in"** all the Bond Policies, or
- (b) **"Fully Cashing-in"** one or more of the Bond Policies.

› **"One-off Withdrawals"** means a single cash-in payment.

› **"Regular Withdrawals"** means a series of cash-in payments at regular intervals.

› **"Fully Cashing-in the Bond"** means Fully Cashing-in all the Bond Policies.

4.4 Life Cover

› **"Life Cover"** means insurance which covers the risk of a Life Assured dying.

› **"Death Benefit"** means a benefit which becomes payable under the Bond Policies as a result of the relevant Life Assured's death.

› **"Sum Assured"** means the sum which is payable under the Bond Policies as a Death Benefit.

› The Sum Assured under a Policy is either:

- a sum of money (this is known as a **"Fixed Sum Assured"**) or
- a percentage of the cash-in value of the Policy (this is known as a **"Percentage Sum Assured"**).

› When claiming for the Death Benefit, **"Proof of Death"** means evidence proving that the relevant individual has died.

› **"Proof of Age"** means evidence proving the date of birth of an individual.

› **"Underwriting Evidence"** includes evidence of health, age, occupation, pastimes and any other matter which We consider relevant in assessing the terms on which We may offer Life Cover.

4.5 Your Payments

› **"Your Payment"** means a payment which the Applicant or Policyholder makes to Us regarding the Bond.

› the payment You make to Us to start Your Bond, is generally referred to as the **"Initial Premium"**. Subsequent payments into Your Bond are generally referred to as **"Additional Premiums"**.

› We divide each payment equally between the Bond Policies and the amount We credit to a Bond Policy is referred to as the Policy **"Premium"**.

4.6 Dates

› The **"Commencement Date"** shown in the Contract Schedule will be the same as the Effective Date of Cover unless We are asked to show a different Commencement Date.

› The **"Effective Date of Cover"** shown in the Contract Schedule means the date that We received all that We required at Our Administration Centre in Ireland to put the Bond Policies into force. Any Life Cover shown in the Contract Schedule comes into force on the Effective Date of Cover.

- › **"Policy Anniversary"** means any anniversary of the Commencement Date shown in the Contract Schedule or Related Documents.
- › **"Policy Year"** means:
 - the 12 month period starting on the Commencement Date (for the first Policy Year); and
 - any 12 month period starting on a Policy Anniversary.
- › The **"Premium Date"** shown in the Contract Schedule is the date the Initial Premium was credited to the Bond Policies.
- › **"Premium Date"** for an Additional Premium into the Bond means the date the Additional Premium was credited to the Bond Policies.
- › On a claim for a benefit payment, **"the Date Ownership is Proved"** means the date We are satisfied that the person claiming the benefit has the legal right to that payment.
- › **"Claim Payment Date"** in the context of a claim for a Death Benefit means the date We receive all the documents We require for payment of the claim.

4.7 Unit-Linked Funds and Units

- › **"Unit-Linked Funds"** and **"Funds"** mean the Funds We maintain within Our life assurance business Fund.

- › **"Units"** mean the Units into which We divide a Unit-Linked Fund. Each Unit in a Fund has the same value (referred to as the **"Bid Price"** or **"Bid Value"**). Each Unit in a Fund represents a notional share of the Fund.
- › When referring to Units, **"Allocate"** means We are crediting Units to the Bond Policies and **"De-allocate"** means We are taking Units away from the Bond Policies. We Allocate and De-allocate Units at the Bid Price.
- › **"Fund Switch"** means a transaction where the Units in one or more of Our Funds are De-allocated from the Bond Policies and replaced by Units in one or more other Funds.

4.8 Miscellaneous

- › Where appropriate, words in the singular include the plural and vice versa. For instance, **"Policyholder"** includes two or more Policyholders.
- › The masculine includes the feminine or neuter gender. For instance, in the case of a female Life Assured **"He"** should be read as **"She"**.
- › **"Current"** charges and limits: some charges and limits for the Bond are shown as a sum of money.

We have the right to change the amount of these charges and limits from time to time (see Part 12 for further details).

This means that the words **"Current"** and **"Currently"** for such a charge or limit should be read as referring to the amount of the charge or limit as it is at the date of this edition of this booklet.

› Part 2: General provisions

1. Entitlement – ownership – the Policyholder

1.1 Joint ownership – death of a Policyholder

Where a Policy belongs to two or more Policyholders, We act on the basis that if one of them dies the Policy then belongs to the surviving Policyholder(s).

1.2 One Policyholder – the deceased Policyholder's Personal Representatives

If a Policy belongs to just one Policyholder and that Policyholder dies, We act on the basis that the Policy (and the right to benefits from the Policy) then belongs to the deceased Policyholder's Personal Representatives and that those Personal Representatives are then the Policyholders. **"Personal Representatives"** means the persons (or person) who have legal authority to deal with, administer and dispose of the assets which belonged to the deceased individual immediately before death.

The Company is incorporated in Ireland. This means that a Policy with Us will be an asset situated in Ireland.

If there are no Irish Personal Representatives for the deceased Policyholder, We have discretion to act on the basis that the Policy belongs to persons who have authority to deal with the deceased Policyholder's estate under the law of another relevant country.

1.3 Policyholder's estate under the law of another relevant country

We will need satisfactory documentary proof that the persons claiming to be Personal Representatives have authority to deal with the deceased Policyholder's estate under the law of Ireland or another relevant country.

We reserve the right to demand that the Personal Representatives claiming right to the Policy obtain an Irish Grant of Representation. For instance, We will exercise this right if it appears to Us that there may be a risk of conflicting claims occurring regarding the Policy.

1.4 Asking for benefit payments and Policy transactions

The Policyholder(s) (or, if dead, the deceased Policyholder's Personal Representatives) will have the right to ask for and authorise:

- › benefit payments from a Bond Policy, or
- › transactions regarding a Bond Policy.

2. The Bond Policies

2.1 A Group of identical Policies

Unless We issue the Bond as just one Policy, the Bond will consist of a group of Policies at the start and all the Policies will be identical (allowing for any necessary rounding).

2.2 All the Policies should belong to the same Policyholder(s)

All the Bond Policies should belong to the same Policyholder(s). This is because normally all the Bond Policies remain identical throughout.

2.3 Split Ownership – special provisions

"Split Ownership" means a situation where not all the Bond Policies belong to the same Policyholders. One Policyholder may assign his share in the rights of the Bond to the other Policyholder. Split Ownership may be effected by completion of a formal Deed of Assignment.

We will only allow Split Ownership to take place on Your Bond once We have received all necessary instructions and paperwork at Our Administration Centre in Ireland.

We recommend that You should consult with Your Financial, Tax and Legal Adviser before a transfer of ownership.

Where Split Ownership occurs, We have the right to apply the following rules, all of which are for administrative purposes only:

- a) We will re-number each group of Bond Policies assigned into new ownership(s), so that each ownership will have a separately numbered group of Policies. We will administer each group of Policies separately in all respects.

- b) We will Allocate the relevant proportion of the Units held under the Bond within each Fund at the time of the change of ownership, to each group of Bond Policies.

All Our charges and limits will apply separately to each group of Policies at Our full standard rates. Please refer to Your Policy Documents or Related Documents for Our full standard rates.

3. Change of ownership

Any change of ownership should be made by a Deed of Assignment signed by the current Policyholder(s) and the new Policyholder(s). The Deed of Assignment should be sent to Us. We will return the deed once We have registered the change of ownership in Our records. If We only receive a Notice of Assignment (instead of the actual Deed of Assignment) We still have the right to see the Deed of Assignment before We:

- pay any benefit, or
- formally register the current change of ownership or any further change of ownership.

4. Proof of ownership

We have the right to delay payment of a benefit until the Date Ownership is Proved.

Where We are paying Regular Withdrawals We can ask for proof of ownership from time to time to ensure the person receiving the Regular Withdrawals is lawfully entitled to receive them and We have the right to suspend Regular Withdrawals until We receive proof of ownership.

5. Evidence

5.1 Death Benefit claim

Before We pay a Death Benefit We will require satisfactory proof of:

- (a) the Life Assured's age; and
- (b) the Life Assured's death.

Where there are two Lives Assured We will require Proof of Age in respect of both Lives Assured. If the type of cover is Joint Life Last Death, We will require Proof of Death for both Lives Assured.

5.2 Mis-statement of age

We have the right to make whatever adjustment We consider just and reasonable to the cover and benefits the Bond provides if the age of a Life Assured has been mis-stated.

6. Beneficiary Nominations

"**Beneficiary Nomination**" means a document completed by a Policyholder, to set out how to deal with the rights to the Policy following his/her death. It also names or describes the Beneficiaries.

We will not be responsible for:

- dealing with,
- administering, or
- disposing of

the rights in a Policy under a Beneficiary Nomination.

We will not be under any duty to advise or to decide on the effect of a Beneficiary Nomination. We may (at Our discretion) register a Beneficiary Nomination in Our records but We will not accept that as giving the document any legal validity and it will not bind Us in any way.

The deceased Policyholder's Personal Representatives

A Beneficiary Nomination will not affect the position that after the Policyholder dies, the persons who get legal authority to act as the deceased Policyholder's Personal Representatives will own the Bond Policies.

7. Delaying of transactions

7.1 Purchase transactions

Where We consider the Premium to be large relative to the size of the Fund, We may delay processing applications by up to one month following the day of receipt of the Premium and any forms We require. This is required to ensure that the price used properly reflects the costs of purchasing the underlying assets in the Fund. We will inform You in writing if it is necessary to delay the processing of Your application. We will also confirm to You in writing when the processing of Your application has been completed.

7.2 Cashing in or switch transactions

We may give You notice that We will delay cancelling Units:

- (a) where there has either been a closure or suspension of trading in the underlying investments of a Fund, or
- (b) a Fund has been subject to such volumes of exits that, in the opinion of the Actuary, it is not practical to value and realise assets at the date of exit, or
- (c) if it has not been possible to deal readily in underlying investments of a Fund for reasons outside the Company's control. It is impossible to specify all the circumstances where this may apply, but one could be where the markets for the sale of the Funds' assets are subject to conditions (such as the imposition of exchange controls) such that the assets cannot be readily traded at prices which allow Us to ensure that the reasonable interests of both You and of other policyholders are protected, or
- (d) if Your instruction would involve cancelling Units of any Fund that either:
 - (i) holds assets in the form of buildings or land; or
 - (ii) holds investments that holds assets in the form of buildings or land.

This does not apply to the payment of the Death Benefit but overrides all other Contract Conditions.

In any event, We will always aim to act in a reasonable manner, with the protection of the Policyholder's interests in mind. Other than in very exceptional circumstances We would not expect the period of any delay to be longer than one month in respect of (a), (b) or (c) above and six months in respect of (d). However, while We will not delay transactions for longer than reasonably required, We cannot guarantee that We will never delay transactions beyond the stated periods. Where it has been necessary to delay cancelling Units We will inform You in writing of the delay and again when the Unit cancellation has been completed.

Where a delay to a Unit cancellation has been imposed, the Unit prices used at the time these Units are cancelled will be those applicable on the date that these Units are cancelled. This means that the value of the Units may be different from the value on the Date of Receipt of Your instruction.

Please refer to the "Tables of charges and limits" in Part 9 of these Contract Conditions for details of associated charges levied on cashing in or on switch transactions.

8. Currency conversion

Any currency conversion will be at the market rate available at the time.

9. Power of Amendment

9.1 Our right to set aside or change rules

We can set aside or change rules in this Contract Conditions Booklet in the following circumstances:

- If it becomes impossible or unreasonable to follow them because of a Change of Legislation, regulations or otherwise.
- If, in the reasonable opinion of Our Actuary, circumstances have changed in a way which could not reasonably have been predicted at the commencement of the Bond and, if We were not to set aside or change the rules, the result would be unfair to the Policyholder or to Our policyholders generally. An example of such an unforeseen circumstance might be if the stock markets are closed We would not be able to value Our Funds as required in Provision 2 of Part 8 of these Contract Conditions.
- If the basis of taxing Us changes and then We can only make changes to the Bond to the extent that the Actuary considers necessary to protect the interests of the Policyholders.

When We do set aside or change rules in this Contract Conditions Booklet, We will write to You as soon as is reasonably practicable to provide notice of the change.

9.2 Tax or financial restrictions, etc

We will make changes or impose restrictions We consider appropriate if:

- We are required to pay a valid claim for tax regarding the Bond Policies and/or the Funds that the Bond is linked to, provided that such payment does not arise as a result of the Company's failure to comply with any applicable tax law or regulation.
- a levy or financial restriction or penalty is imposed on the Company or on the Bond Policies and/or the Funds that the Bond is linked to, by a tax authority, government or supervisory body or other similar national or international body.

When We do make changes or impose restrictions We consider appropriate We will write to You as soon as is reasonably practicable to provide notice of the change or restriction.

10. Irish residency regulations – compliance provisions

Residence in Ireland

A tax charge may arise under Irish tax regulations if a policyholder is resident or ordinarily resident in Ireland when a "Chargeable Event" transaction, as defined under the Irish Taxes Consolidation Act 1997 as amended from time to time, occurs.

10.1 Declaration of residence

We will require a written declaration about the residence of any person, who is a Policyholder when a Chargeable Event transaction occurs, unless:

- (a) such a declaration has already been given with the original application for the Bond,
- (b) such a declaration has already been given on an earlier Chargeable Event transaction under the Bond.

10.2 Notification of residence in Ireland

Any person who is or becomes a Policyholder in relation to a Bond must tell Us if He becomes resident or ordinarily resident in Ireland at any time while the Bond is in force.

10.3 Deducting tax

We are required to deduct tax and pay it to the Irish Revenue Commissioners when a Chargeable Event transaction occurs under Irish tax legislation and the Policyholder is resident or ordinarily resident in Ireland.

A tax deduction is made as follows:

- a) If it is a transaction where We are paying out a Benefit, We deduct the tax due from the value of the Benefit We pay.
- b) If it is a transaction where a Benefit is not being paid out, We deduct the tax due from the value of the Bond.

In broad terms, the tax due when a Chargeable Event occurs is based on any gain in the value of the Bond.

10.4 Future changes

This Condition may change without notice to meet any changes to Irish tax regulations. Where We do change this Condition We will write to You as soon as is reasonably practicable to provide notice of the change.

11. Law of the Bond Policies – England

The law of England will govern the Bond Policies and the rules in this Contract Conditions Booklet will be interpreted in accordance with the law of England, unless otherwise stated.

The Courts of England will have sole authority to settle any disputes which may arise from or are about the terms and conditions of the Bond Policies.

12. Place of payment – Ireland

The place to make any payment into the Bond Policies will be Our Administration Centre in Ireland.

Your Payment will not be regarded as having been received until a valid Payment is in Our control at Our Administration Centre in Ireland.

We will make any benefit payment from Our Administration Centre in Ireland.

13. Communications

The place to send any written enquiry, correspondence and/or information that is required to be submitted to Us under or in accordance with these Contract Conditions is to Our Administration Centre in Ireland.

You may telephone Our Administration Centre in Ireland on the number detailed in Your Policy Documentation for assistance with Your enquiry.

Forms for requesting servicing transactions such as Fund Switches or Fully and Partially Cashing-in Your Plan are available from Our Administration Centre in Ireland upon request.

14. Compensation schemes

UK resident policyholders are protected by the Financial Services Compensation Scheme (FSCS) against the insolvency of Prudential International Assurance plc.

As such, the Policyholder may be entitled to compensation for up to 90% of their claim in the event of the Company's insolvency, subject to the rules on calculating the amount of compensation and determining eligibility to such a claim.

Further information is available from:

The Financial Services Compensation Scheme
7th Floor
Lloyds Chambers
1 Portsoken Street
London
E1 8BN

Telephone: 0800 678 1100 or
0207 741 4100

Website address: www.fscs.org.uk

UK resident policyholders are not protected by the FSCS against the insolvency of other companies within the Prudential Group or an external company. This means that the FSCS does not provide protection for Funds which are invested solely in Funds operated by an external company or by another company within the Prudential Group (for example, unit trusts or Open-ended Investment Companies (OEICs) operated by another company within the Prudential Group).

However, it should be noted that the money policyholders invest in a Fund is kept separate from the assets of the actual company that manages the Fund. This is often known as "ring fencing of assets".

The liabilities of these Funds are normally limited to the assets owned by the Fund, so the likelihood of insolvency is very low. Unit prices may fluctuate in line with the value of the assets owned by the Fund, but this is normal investment risk.

If another company from within the Prudential Group or an external company becomes insolvent and We cannot recover the full value of the Units, We will not be liable for the shortfall.

As stated in Condition 5 of Part 8, if a charge is imposed on Us under the FSCS (or any succeeding investor compensation scheme), We may take money or assets from a Fund to pay for it.

15. Rights of a Third Party

You and/or other persons entitled to benefits under the Bond have directly enforceable rights against Us in respect of those benefits. Subject to this, nothing in these Contract Conditions confers or purports to confer on any third party any benefits or any right to enforce any provision of the Bond pursuant to the UK Contracts (Rights of Third Parties) Act 1999.

› Part 3: Your Payments (The Premiums into the Bond)

1. Payments into the Bond

1.1 The initial payment

We will divide the initial payment into the Bond equally between the Bond Policies as the Initial Premium for the Policies (allowing for any necessary rounding).

The Contract Schedule shows the Initial Premium for each of the Bond Policies.

1.2 Additional payments

We will divide any additional payment into the Bond equally between the Policies then in force in the Bond as the Additional Premium (allowing for any necessary rounding).

We issue an Endorsement for any Additional Premium confirming the amount and the date it is credited to the Bond Policies (in other words, the "**Premium Date**" of the Additional Premium).

We have the right to refuse an Additional Premium into the Bond.

2. Date of Receipt

The "**Date of Receipt**" for a Premium into the Bond is the date We receive the Premium.

Where the Premium currency for the Bond is UK Sterling and the Premium is paid in UK Sterling, the Date of Receipt is as follows:

Method of payment	Date of Receipt
If the Premium is paid by cheque drawn on a UK bank account	The Date of Receipt is the date We bank the cheque
If the Premium is paid by Telegraphic Transfer	The Date of Receipt is the date the money is credited to Our bank account

3. Allocating Units for payments into the Bond

3.1 The initial payment

100% of the Initial Premium is used to Allocate Units in the selected Unit-Linked Funds to the Bond Policies.

The allocation for the Initial Premium will be at the appropriate Bid Prices for the selected Funds on the allocation date, which will normally be the Effective Date of Cover shown in the Contract Schedule.

If the Date of Receipt for the Initial Premium is before the date it is credited to the Bond, We will adjust the Bid Prices for the allocation by a factor which reflects UK deposit rates since the date the money was cleared.

3.2 Additional payments

100% of any Additional Premium is used to Allocate Units in the selected Unit-Linked Funds to the Bond Policies then in force in the Bond.

The allocation for an Additional Premium will be at the Bid Prices for the selected Funds on the allocation date, which will normally be the Premium Date of the Additional Premium.

3.3 Fund choice for payments

You can select up to 10 Funds for Your Initial Premium into the Bond.

Unless You specify different Funds for an Additional Premium, We will Allocate any Additional Premiums to the Funds the Bond is already linked to, in proportion to the value of the Units in each Fund on the Premium Date of the Additional Premium.

The Bond cannot be linked to more than 10 Funds at any time. We have the right to refuse a selection for a Premium if it would result in the Bond being linked to more than 10 Funds.

All the Bond Policies will be linked to the same selected Funds and all the Policies will have an identical number of Units in each selected Fund (allowing for any necessary rounding).

4. Bonus allocations of Units

4.1 The initial payment

In the Contract Schedule the section marked "**Bonus Allocation Rate**" shows the Bonus Allocation Rates for each year.

For the Units in the Bond relating to the Initial Premium ("**Initial Premium Units**") each year is measured from the Premium Date shown in the Contract Schedule.

Bonus allocations only arise in years where the Bonus Allocation Rate is more than 0%.

In any year where the Bonus Allocation Rate is more than 0% We increase the number of Initial Premium Units each month by 1/12th of the rate for that year.

4.2 Additional payments

The same basis applies for calculating Bonus Allocations for Units in the Bond relating to an Additional Premium ("**Additional Premium Units**") except that each year is measured from the Premium Date of the Additional Premium.

4.3 Bonus Allocation Table

Table 3 in Part 9 shows Our standard basis for Bonus Allocations of Units. That basis applies to Initial Premium Units and Additional Premium Units unless some other basis is specified in the Contract Schedule or Related Documents.

5. Premium currency

Each Premium payment into the Bond will be denominated in UK Sterling unless the Policy Documents show another Premium currency. Normally all money for a Premium into the Bond should be in the Premium currency unless We agree to accept payment in another currency.

› Part 4: Cash-in Benefits

1. Withdrawals

1.1 Regular Withdrawals

(1) Availability

You can ask for Regular Withdrawals at any time.

(2) Administration

Each Regular Withdrawal will be spread evenly across all the Bond Policies. The cash-in value of each Policy will be reduced by a similar or identical amount every time a withdrawal is paid.

Regular Withdrawals are always provided by Partially Cashing-in all the Bond Policies.

(3) Minimum withdrawal

Any Regular Withdrawal payments must be not less than Our minimum for such payments at the time. Table 2 in Part 9 shows Our Current minimum.

1.2 One-off Withdrawals

(1) Availability

You can ask for a One-off Withdrawal at any time.

(2) Administration

We can provide a One-off Withdrawal by:

- (a) Partially Cashing-in all the Bond Policies. On this basis the cash-in value of each Policy will be reduced by a similar or identical amount (allowing for any necessary rounding);

or

- (b) Fully Cashing-in one or more of the Bond Policies (this will result in the number of Bond Policies being reduced);

or

- (c) a combination of (a) and (b), so that part of the withdrawal is provided by Fully Cashing-in one or more of the Policies and the rest of the withdrawal is provided by Partially Cashing-in the remaining Policies.

(3) Which basis?

We will carry out a One-off Withdrawal on the basis of (2)(a) if You do not tell Us which method to use when You ask for a One-off Withdrawal.

(4) Minimum withdrawal

Any One-off Withdrawal payment must be not less than Our minimum for such a payment at the time. Table 2 in Part 9 shows Our Current minimum at the Commencement Date of Your Bond.

1.3 If a withdrawal involves Fully Cashing-in a Bond Policy

(1) Fully Cashing-in definitions

"Fully Cashing-in" means full surrender. The Policy ends when it is Fully Cashed-in.

"Chargeable Units" means Units in the Policy based on any Chargeable Premiums and

"Chargeable Premium" means a Premium which has been paid into the Policy at any time during the 5 years up to the date the Policy is Fully Cashed-in.

"Charge-free Units" means Units in the Policy based on any Premiums paid into the Policy more than 5 years before the date the Policy is Fully Cashed-in.

(2) Cash-in value

When a Policy is Fully Cashed-in:

- (a) The cash-in value of the Policy will be the Bid Value of the Units in the Policy on the date it is cashed in less any Early Cash-in Charge in respect of any Chargeable Units;
- (b) We De-allocate all the Units in the Policy.

(3) Early Cash-in Charge

There is no Early Cash-in Charge in respect of Charge-free Units.

There is an Early Cash-in Charge in respect of any Chargeable Units.

The Early Cash-in Charge will be a percentage of the Bid Value of the Chargeable Units on the date the Policy is Fully Cashed-in. The percentage depends on the number of complete years that have elapsed from the date the Chargeable Premium was paid into the Policy to the date the Policy is Fully Cashed-in.

Table 5 in Part 9 shows the Early Cash-in Charge percentages.

Condition 1.3 is subject to any delay that may be required under Part 2, Condition 7.2.

(4) The cancelled Protection Cover under the Fully Cashed-in Policy

On Fully Cashing-in a Policy We cancel any Life Cover which was being provided by that Policy. You will therefore lose whatever Sum Assured the Fully Cashed-in Policy was providing.

If the Fully Cashed-in Policy had a Fixed Sum Assured You can ask Us to reinstate the cancelled Sum Assured by increasing the Sum Assured under the remaining Bond Policies but any reinstatement will be subject to the following conditions:

- We have the right to require satisfactory Underwriting Evidence before reinstatement;
- We have the right to refuse reinstatement;
- reinstatement is only possible if there is at least one remaining Bond Policy.

There is no facility for reinstatement where the Sum Assured under the Fully Cashed-in Policy was a Percentage Sum Assured.

1.4 If a withdrawal involves Partially Cashing-in Bond Policies

(1) Partial Cash-in Definitions

"Partially Cashing-in" means Partially Cashing-in all the Bond Policies. If the Policies are Partially Cashed-in they remain in force but We reduce the number of Units in the Policies and the cash-in value of the Policies will therefore be reduced.

"Partial Cash-in Withdrawal" or **"Partial Cash-in Payment"** means a sum provided by Partially Cashing-in the Policies.

"Policies" means the Policies which are being Partially Cashed-in to provide a Partial Cash-in payment.

"Policies" does not therefore include Policies which have been Fully Cashed-in before the Partial Cash-in withdrawal.

"Withdrawal Date" means the date the Policies are Partially Cashed-in.

"Chargeable Units" means Units in the Policies based on any Chargeable Premiums and

"Chargeable Premium" means a Premium which has been paid into a Policy at any time in the 5 years up to the withdrawal date.

"Charge-free Units" means Units in the Policies based on any Premiums which have been paid into the Policies more than 5 years before the withdrawal date.

"the 5% Penalty Free Allowance" (for calculating any Early Cash-in Charges) means the higher of the following two amounts, calculated on the withdrawal date:

- (a) 5% of the cash-in value of the, Chargeable Units;
- (b) 5% of the Chargeable Premiums.

"the 10% Limit" (for calculating any reduction to the Sum Assured if the Policies have a Fixed Sum Assured) means 10% of the Bid Value of all the Units in the Policies, calculated on the withdrawal date.

(2) De-allocation of Units

When the Policies are Partially Cashed-in to provide a withdrawal We reduce the number of Units in the Policies by De-allocating Units equal in value to:

- (a) the amount of the Partial Cash-in payment,
plus
- (b) the amount of any Early Cash-in Charge in respect of any Chargeable Units We have to De-allocate for the withdrawal.

Where there have been two or more Premiums into the Bond, the Units We De-allocate will be selected in chronological order on a first-in first-out basis; so that, wherever possible, the Units We De-allocate will be charge-free Units or Units with the lowest possible Early Cash-in Charge.

Where the Bond is linked to two or more Funds, normally We spread the De-allocation between all the Funds in proportion to the value of the Units in each Fund but We may select just one or some of the Funds for the De-allocation.

(3) Early Cash-in Charge

There will be no Early Cash-in Charge if all the Units We De-allocate for the Partial Cash-in withdrawal are Charge-free Units.

If some or all of the Units We De-allocate for the Partial Cash-in withdrawal are Chargeable Units We use the following figures to determine whether there is an Early Cash-in Charge:

- (a) the percentage of the Penalty-free Allowance used up by any previous withdrawals from the Policies made by De-allocating Chargeable Units in the 12 months up to the current withdrawal date;
- (b) the amount which is being provided as a withdrawal from Chargeable Units on the withdrawal date as a percentage of the higher of the following two amounts, calculated on the withdrawal date:
- (i) the cash-in value of the Chargeable Units;
 - (ii) the Chargeable Premiums.

There will be no Early Cash-in Charge if the sum of (a) plus (b) is less than (or equal to) 5%. If the sum of (a) plus (b) exceeds 5%, there will be an Early Cash-in Charge based on this excess.

The Early Cash-in Charge percentage depends on the number of complete years that have elapsed from the date the Chargeable Premiums were paid into the Policies to the withdrawal date.

Table 5 in Part 9 shows the Early Cash-in Charge percentages.

(4) Reduction to the Sums Assured

If the Bond Policies have Fixed Sums Assured when they are Partially Cashed-in We calculate the following figures to determine whether the Sum Assured the Bond is providing should be reduced:

- (a) any previous sums which have been provided as withdrawals from the Policies in the 12 months up to the withdrawal date;
- (b) the sum which is being provided as a withdrawal from the Policies on the withdrawal date;

- (c) the 10% Limit on the withdrawal date.

There will be no reduction to the overall Sum Assured the Bond is providing if the sum of (a) plus (b) is less than (or equal to) the 10% Limit.

If the sum of (a) plus (b) exceeds the 10% Limit We will reduce the overall Sum Assured by the amount of the excess to the extent that the excess is attributable to (b). We spread the reduction evenly across all the Bond Policies.

These provisions for reducing the overall Sum Assured only apply where it is a Fixed Sum Assured. They do not apply where it is a Percentage Sum Assured.

We will send You a written notification showing the amount of the cancelled Sum Assured. You can ask Us to reinstate the cancelled Sum Assured but any reinstatement will be subject to the following conditions:

- We have the right to require satisfactory Underwriting Evidence before reinstatement;
- We have the right to refuse reinstatement.

Condition 1.4 is subject to any delay that may be required under Part 2, Condition 7.2.

2. Fully cashing in the Bond

(1) Fully cashing in

"Fully Cashing-in the Bond" means Fully Cashing-in all the Bond Policies.

(2) Availability

You can ask to Fully Cash-in the Bond at any time.

(3) Administration

On Fully Cashing-in the Bond:

- We De-allocate all the Units in the Bond Policies and pay out the cash-in value of the Policies.
- All Policies then in force in the Bond will end and any Life Cover under the Policies will end.

(4) Cash-in value

The cash-in value of the Bond will be the sum of the cash-in values of the Policies then in force in the Bond. The cash-in value of each Policy will be calculated on the date the Bond is Fully Cashed-in in accordance with the provisions at (1) to (3) at 1.3 above. However, the 5% Penalty-free Allowance described at 1.4 above does not apply to Fully Cashing-in a Policy. That allowance is only available for One-off Withdrawals by Partially Cashing-in all the Bond Policies or Regular Withdrawals from the Bond.

Condition 2 is subject to any delay that may be required under Part 2, Condition 7.2.

3. Investment Benefit Currency

The currency in which We pay withdrawals from the Bond and the cash-in value on Fully Cashing-in the Bond will be UK Sterling unless the Contract Schedule or Related Documents indicate that payment will be made in another currency or We agree to a payment being made in another currency. The expression "**Investment Benefit Currency**" means the currency in which such payments are generally made.

› Part 5: Life Cover

1. Type of cover

The Bond will be providing Life Cover in one of the following ways:

- › Single Life
- › Joint Life Last Death
- › Joint Life First Death

The tables in Part 10 give details of each.

2. Type of Sum Assured

The type of Sum Assured the Bond is providing will be:

- › A Fixed Sum Assured (for example, £100,000), or
- › A Percentage Sum Assured – in other words, a Sum Assured quantified as a specific percentage of the cash-in value of the Bond (for example, 120% of the cash-in value).

3. Death Benefit

A Death Benefit will become payable on the death of the relevant Life Assured. No other benefits will then be payable.

The amount of the Death Benefit will be a sum equal to the Sum Assured the Bond is then providing (or the cash-in value of the Bond if that is more than the Sum Assured).

3.1 The cash-in value on the date of death

(1) Relevance

The cash-in value will not be payable in addition to the Death Benefit.

(2) Calculating the cash-in value

On death, the cash-in value of the Bond will be the Bid Value of the Units in the Bond on the Claim Payment Date, less any Early Cash-in Charge in respect of Chargeable Units.

3.2 Units

We have the right to switch the Bond so that it is linked partly or entirely to a deposit based Fund once We have been notified that the death has happened.

We De-allocate all Units in the Bond on the Claim Payment Date.

3.3 Late payment of a Death Benefit

If payment of the Death Benefit is delayed for more than 21 days after the date the claim is proved, We will increase the amount of the benefit payment as follows:

- › The increase will depend on how long the benefit payment is delayed. This will be measured from the date the claim is proved (in other words, from the date We receive Proof of Death) to the date We pay the benefit (the "**Benefit Payment Date**").
- › We calculate an increase factor based on the percentage increase in the Bid Value of Units in one of Our deposit-based Funds from the date the claim was proved to the Benefit Payment Date. We can select any of Our deposit based Funds for this but it will be a Fund denominated in UK Sterling unless We consider that a Fund denominated in another currency is more appropriate, having regard to the currency in which the benefit is to be paid.
- › We calculate how much We would have paid as the benefit on the date the claim was proved and increase that amount by the increase factor described above.

3.4 The Date Ownership is Proved

When death happens We do not pay the Death Benefit which is then due until We have full and satisfactory proof of ownership.

We also have the right to require the Contract Schedule and all Related Documents before We pay the Death Benefit.

3.5 No other benefits

When the death happens the only benefit payable will be a Death Benefit. No other benefits will be payable after the death has happened.

If We have paid any One-off or Regular Withdrawals after the death has happened, the amount We have paid will be deducted from the amount of Death Benefit.

4. Contract Schedule

The Contract Schedule (or Related Documents) shows the amounts of the Sums Assured the Bond Policies are providing.

Each Bond Policy provides the same amount of Sum Assured (allowing for any necessary rounding).

When referring to the Bond as a whole, the overall "**Sum Assured**" is the total of the Sums Assured under all the Bond Policies.

5. Changes – Endorsements

We issue an Endorsement if the Bond Policies are changed so as to change the amounts of the Sums Assured the Policies are providing.

We do not issue an Endorsement where a Policy is Fully Cashed-in. You should bear in mind that the overall Sum Assured the Bond is providing is reduced whenever a Policy is Fully Cashed-in. See Part 4 "**Cash-in Benefits**" on this point.

You should bear in mind that We have the right to reduce the Sum Assured the Bond is providing where the Bond Policies are Partially Cashed-in to provide withdrawals if the withdrawals exceed a certain figure ("**the 10% Limit**"). See Part 4 "**Cash-in Benefits**" on this point.

If the Bond is providing a Fixed Sum Assured You have the right to increase the Sum Assured in certain situations. See Part 6 "Cover increase options" on this point.

Provided there has been no mis-statement of a material fact or failure to disclose a material fact, We have no right to impose any changes to the amount of the Sum Assured, except as specifically provided for in this Contract Conditions Booklet or elsewhere in the Policy Documents.

6. Cost of cover

6.1 Monthly charge

We levy a charge each month for maintaining the Life Cover the Bond is providing.

The Bond will end and all cover will cease if at any time there are insufficient Units in the Bond to meet the monthly charge.

6.2 Basic factors for calculating the monthly charge

The amount We charge each month is based on a number of factors including:

- The age of the Life Assured at the start of the Policy Year concerned
- Medical evidence
- The Life Assured's sex, smoking habits, occupation and pastimes as stated at the outset

- The type of cover the Bond is providing
- Our then Current mortality rate tables (for Life Cover)
- The sum at risk during the month

"**Life Assured**" means each Life Assured if there are two Lives Assured.

The sum at risk during the month is taken as being the amount by which the Sum Assured exceeds the cash-in value of the Bond on the date We calculate the monthly charge.

7. Bond reviews

7.1 Purpose

The Actuary will review the Bond on the 10th Policy Anniversary and on each 5th anniversary thereafter.

The purpose of each review is to assess the likelihood that the value of the Units will be sufficient to sustain the current Sum Assured through to the next review date on whatever assumptions the Actuary considers appropriate. The review will take into account the charges We will be taking from the Bond, in particular Our charges for the cost of the cover the Bond is providing, the current value of the Units in the Bond and projected growth in the value of those Units.

7.2 Review recommendations

We will send You details of the review as soon as practical after the review date.

If We consider the Sum Assured is excessive at a review date, because the Units seem unlikely

to be adequate to sustain that Sum Assured to the next review date, We will make recommendations to help safeguard the continuation of the Bond. In particular, if a review reveals an unsatisfactory position, We will recommend that You:

- reduce the Sum Assured to a level We consider should be sustainable to the next review date;
- or
- pay an Additional Premium into the Bond to help sustain the current Sum Assured to the next review date.

The review details We send You will tell You what reduced Sum Assured or Additional Premium We recommend. These recommendations will be based on the assumptions used in the reviews.

You will not be under an obligation to reduce the Sum Assured or pay an Additional Premium. However, You should bear in mind that the Bond will end and all Protection Cover will cease if at any time there are insufficient Units in the Bond to meet Our charges.

8. Risk Benefit Currency

The currency in which We pay any Death Benefit Claim will be UK Sterling unless the Policy Documents indicate that payment will be made in another currency or We agree to payment being made in another currency. The expression "**Risk Benefit Currency**" means the currency in which a Death Benefit is payable.

› Part 6: Cover increase options

1. Availability

The cover increase options are only available where the Bond is providing a Fixed Sum Assured. They are not available where the Bond is providing a Percentage Sum Assured.

2. The options

2.1 Availability

The cover increase options allow the Sum Assured to be increased when an option event happens.

We do not require evidence of health, occupation or pastimes in respect of the life or lives assured for a Sum Assured increase under a cover increase option.

"**Sum Assured**" in the context of these cover increase options means the overall Sum Assured the Bond is providing – in other words, the total of the Sums Assured under all the Bond Policies.

2.2 Additional payment

We have the right to require that an Additional Premium shall be paid into the Bond (within 3 months of the date You ask for the increase) before We increase the Sum Assured under a cover increase option.

The amount of the Additional Premium We require will be no more than the amount We would require for a new Bond providing a Sum Assured equal to the extra Sum Assured We are providing under the cover increase option.

3. Option types

There are three basic types of option:

- › Family increase options
- › Inheritance Tax increase option
- › Income tax increase option

4. Cover Limits – if the Sum Assured is very large

The Sum Assured cannot be increased under any of the cover increase options if the Sum Assured is already equal to or more than Our "**Maximum Sum Assured Limit**" at the time.

Table 9 in Part 9 shows Our Current Maximum Sum Assured Limits. We are not under any obligation to increase the amounts shown in that table.

If the Sum Assured is less than Our Maximum Sum Assured Limit at the time You ask to increase the Sum Assured under an option, the revised Sum Assured following the increase cannot be more than that Maximum Sum Assured Limit.

5. Two or more Bonds or Plans with options

If two or more Bonds or Plans are in force with Us giving the same type of cover increase option in respect of the Life or Lives Assured, the amount of the total increase available from all those options of the same type under all those Bonds or Plans (here referred to as the "**Total Increase**") will be subject to the following conditions:

- › The Total Increase will be no more than the increase which is available under one of those Bonds or Plans.
- › For this purpose We look at the Bond or Plan which provides the highest possible increase.

- › The "Cover Limits" provisions at 4 will be based on the sum total of the Sums Assured provided at the time by all those Bonds or Plans.

The Policyholder(s) the Bonds or Plans belong to can ask Us to spread the Total Increase between two or more of the Bonds or Plans or Allocate the Total Increase to just one of those Bonds or Plans. Normally We will carry this out when You ask, but We have the right to Allocate the Total Increase to just one or more of those Bonds or Plans or spread the Total Increase between all the Bonds or Plans in proportion to the current Sums Assured provided by those Bonds or Plans.

6. Family increase options

6.1 Marriage and child increase options

Where the term "**Marriage**" is used in these options, the conditions will apply equally for a civil partnership and the term "**Spouse**" will apply to a civil partner.

There are two types of family increase option:

- › the Marriage increase option
- › the child increase option.

As indicated at 6.2 below the Marriage increase option is normally only available where there is just one Life Assured and both options are subject to the ownership conditions at 6.4.

6.2 Marriage increase option

The Marriage increase option is available if the Life Assured marries, provided there is only one Life Assured under the Bond.

The option is not available if there are two Lives Assured under the Bond unless they are not married to each other when the Bond starts and they subsequently marry each other. In that event the option is available when they marry each other.

If You want to use this option You must ask to increase the Sum Assured in writing and also send to Us the Marriage certificate no later than 3 months after the date of the Marriage.

The maximum increase available under the Marriage increase option is the lower of:

(a) Our published maximum for this option at the date of the Marriage (Our Current maximum is shown in Table 8 in Part 9);

or

(b) 50% of the Sum Assured on the date of the Marriage.

The option is subject to the conditions at 6.4.

6.3 Child increase option

Where there is just one Life Assured under the Bond the child increase option is available if the Life Assured or the Life Assured's Spouse has a child by birth or adoption.

"Life Assured's Spouse" here includes a person the Life Assured is living with as if married to that person.

Where there are two Lives Assured under the Bond the child increase option is available if they have a child by birth or adoption.

In the case of adoption, the child must be aged under 18 on the date of adoption.

If You want to use this option You must ask to increase the Sum Assured in writing and also send to Us the birth or adoption certificate no later than 3 months after the date of birth or adoption. The maximum increase available under this child increase option is the lower of:

(a) Our published maximum for this option at the date of birth or adoption of the child (Our Current maximum is shown in Table 8 in Part 9);

or

(b) 50% of the Sum Assured on that date of birth or adoption of the child. The option is subject to the conditions at 6.4 below.

6.4 Conditions for family increase options

(1) 3 Increases only

We do not allow more than 3 increases under family increase options.

(2) Ownership

The family increase options are only available where ownership of the Bond is on a basis where the Sum Assured is for the benefit of:

(a) the Life Assured, or

(b) the Life Assured's Spouse, or

(c) the Life Assured's children, or

(d) a person or persons financially dependent on the Life Assured

"Life Assured's Spouse" here includes a person the Life Assured is living with as if married to that person.

We have the right to require evidence that this ownership condition is satisfied before We effect any increase under a family increase options.

7. Inheritance Tax increase option

7.1 Definitions

For the purpose of the Inheritance Tax increase option:

- **"Inheritance Tax"** and **"IHT"** mean the tax which the United Kingdom tax authorities levy in respect of a deceased individual's estate on death and which is currently known as Inheritance Tax.
- **"Change of Legislation"** means a Change of Legislation which results in an increase to the prospective IHT liability.
- **"the Legislation Date"** means the date the Change of Legislation comes into effect.
- **"the IHT Liability Increase"** means the increase in the prospective IHT liability caused by the Change of Legislation.

7.2 Basic conditions: Single Life or Joint Life Last Death

The Inheritance Tax increase option is only available where the Bond is on a Single Life basis or a Joint Life Last Death basis.

The option is not available for a Bond on a Joint Life First Death basis.

7.3 The IHT Increase – one Life Assured

Where there is just one Life Assured under the Bond on the Legislation Date, We calculate the IHT Liability Increase by comparing the following figures:

(a) The previous IHT liability – in other words, the IHT which would have become payable on the death of the Life Assured if the Life Assured had died immediately before the Legislation Date.

(b) The revised IHT liability – in other words, the IHT which would have become payable on the death of the Life Assured if the Life Assured had died immediately after the Legislation Date.

The IHT Liability Increase will be the amount by which (b) exceeds (a).

7.4 The IHT increase – two Lives Assured – Joint Life Last Death

Where there are two Lives Assured under the Bond on the Legislation Date (and the Sum Assured is payable on the death of the last to die of the two Lives Assured – “**The Last Death**”) We calculate the IHT Liability Increase by comparing the following figures:

(a) The previous IHT liability – in other words, the IHT which would have become payable on the Last Death if both Lives Assured had died immediately before the Legislation Date.

(b) The revised IHT liability – in other words, the IHT which would have become payable on the Last Death if both Lives Assured had died immediately after the Legislation Date.

The IHT liability figures will be calculated on the basis that the youngest Life Assured is the last to die.

The IHT Liability Increase will be the amount by which (b) exceeds (a).

If the Bond used to have two Lives Assured but one has died before the Legislation Date so that there is only one Life Assured still alive on the Legislation Date We calculate the IHT Liability Increase on the basis set out at 7.3 above.

7.5 The Sum Assured Increase

The Sum Assured increase available under the option will be the lower of:

(a) a sum equal to the IHT Liability Increase, or

(b) 5 times the Sum Assured immediately before the Legislation Date.

7.6 Ownership

The Inheritance Tax increase option is only available where ownership of the Bond is on a basis where the Sum Assured is for the benefit of the persons who will be entitled to benefit from the assets chargeable to IHT on the death of the Life Assured.

If there are two Lives Assured, “Life Assured” here means the last to die of the two Lives Assured.

We have the right to require evidence that this condition is satisfied before We effect any increase under this option.

7.7 Evidence for the Sum Assured increase

If You wish to use the Inheritance Tax increase option, You must ask Us in writing no later than 3 months after the Legislation Date.

We have the right to require evidence justifying the increase You request under the option, in particular evidence quantifying the previous IHT liability and the revised IHT liability.

Our procedures as regards evidence for the increase will be as follows:

(a) No evidence

We may increase the Sum Assured when We receive Your request (and Additional Premium) for the increase and tell You that We do not require any evidence to justify the increase.

(b) Evidence after the increase

We may increase the Sum Assured when We receive Your request (and Additional Premium) for the increase and notify You that We require evidence to justify the increase within a specified period (normally 3 months). In that event, if You do not provide the required evidence within that period, We have the right to cancel the Sum Assured increase when that period has expired.

(c) Evidence before the increase

We may notify You that We require evidence to justify the increase before We make the increase. In that event, You will be required

to provide the evidence (and the Additional Premium) for the increase within a specified period (normally 3 months). If You do not provide the required evidence (and Additional Premium) within that period, the option will lapse and no increase will then be available.

7.8 Two or more changes of legislation

There is no restriction on the number of occasions when the Inheritance Tax increase option can be exercised.

The option can therefore be exercised on each occasion when a Change of Legislation results in an IHT Liability Increase.

8. Income tax cover option

8.1 The purpose of the option

The income tax cover option allows You to increase the Sum Assured so that it includes a sum to pay some or all of the income tax liability which may arise in the United Kingdom (UK) when the Sum Assured becomes payable on death.

8.2 The Option Dates

The option arises every 5 years, on the 5th Policy Anniversary, the 10th, the 15th and so on. The "**Option Dates**" are those Policy Anniversaries.

8.3 The gain in the Bond on the Option Dates

When an Option Date arises, We calculate the investment gain on that date as follows:

- (a) We calculate the cash-in value of the Bond;
- (b) We calculate the total sum which has been paid into the Policies then in force in the Bond, from the date they started through to the Option Date;
- (c) the investment gain for the purpose of the option will be the amount by which (a) exceeds (b).

Other figures will or may be relevant to calculate how much is liable to income tax when the Sum Assured becomes payable. In particular, the amount liable to tax normally takes into account previous withdrawals from the Bond and any sums which have been liable to income tax previously as a result of withdrawals or other transactions under the Bond. We do not take these other figures into account when We are calculating the investment gain on an Option Date for the purpose of the income tax cover option.

8.4 The estimated tax liability

On each Option Date We calculate a figure for the Estimated Income Tax Liability. That figure will be a percentage of the investment gain in the Bond (as per 8.3 above) on the Option Date. The percentage will be the then current top rate of UK income tax applicable to a gain arising under a Policy as a result of death.

8.5 The additional Sum Assured

On or immediately after each Option Date We will notify You how much additional Sum Assured is available under the income tax cover option.

The sum available under the option will be an amount equal to the estimated income tax liability (as per 8.4 above) on the Option Date less any previous Sum Assured increases which have been made under the option on any previous Option Dates.

If You want Us to increase the Sum Assured under the option You must ask for the increase no later than 3 months after the date We tell You that the increase is available.

8.6 Evidence

We have the right to require evidence that ownership of the Bond is on a basis which will or may result in a liability to UK income tax if the Sum Assured becomes payable on an individual's death.

› Part 7: Charges

1. Summary of charges

We take the following charges

- › Annual Management Charges
- › Establishment Charges
- › Life Cover Charges
- › Early Cash-in Charges
- › Fund Switch Charges
- › Administration Fees

2. Annual Management Charges

We take Annual Management Charges for maintaining the Unit-Linked Funds Your Bond is linked to.

Our charges in respect of a Fund are calculated as a percentage of the value of the assets in the Fund and are taken into account in calculating the day to day Bid Price of the Units in the Fund.

The percentage varies from Fund to Fund. The way We calculate Our Annual Management Charges is explained at 4 in Part 8.

Table 6 in Part 9 shows Our Current Annual Management Charges for Our current range of Funds at the start of Your Bond.

We have the right to increase (or reduce) the percentage for Our Annual Management Charges for any of Our Funds from time to time, if the management costs We incur change. For example, if the unit trust underlying one of Our Unit-Linked Funds were to change its nature or charges, We may reflect this change in Our Annual Management Charge. If this happens, We will write to You before the changes take place to explain any such change with the new level of charges and the options available to You.

Where Funds invest in underlying collective investments, such as unit trusts or Open-ended Investment Companies (OEICs), additional expenses will be incurred.

Details of the most up to date Annual Management Charge and additional expenses applicable to each Fund can be found in the Fund guide titled "Your international unit-linked funds guide" which is available on request from Our Administration Centre in Ireland.

3. Establishment Charges

(1) The Initial Premium

The section marked "Charging Structure" in the Contract Schedule shows the annual percentage rate for Our Establishment Charges and the years during which the charges are levied.

The years shown there are measured from the Premium Date shown in the Contract Schedule.

During those years We take an Establishment Charge each month in respect of the Units in the Bond based on the Initial Premium ("**Initial Premium Units**").

We take Our monthly charges by De-allocating a percentage of the Initial Premium Units from the Bond. The percentage for each month in a year will be 1/12 of the annual percentage rate for that year.

(2) Additional Premium

Units in the Bond based on an Additional Premium ("**Additional Premium Units**") are also subject to Establishment Charges in the same way as Initial Premium Units. However, the years during which the Additional Premium Units are subject to Establishment Charges are measured from the Premium Date of the Additional Premium (in other words, the date the Additional Premium was credited to the Bond).

(3) Establishment Charges table

Table 4 in Part 9 shows Our standard basis for Establishment Charges. That basis will apply to Initial Premium Units and Additional Premium Units unless some other basis is specified in the Contract Schedule or Related Documents.

4. Life Cover Charges

We take monthly charges, by taking away (De-allocating) Units from the Bond Policies, for any Life Cover the Bond is providing.

For further details see "Cost of cover" at 6 in Part 5.

5. Early Cash-in Charges

For details of Our Early Cash-in Charges see Part 4 and Table 5 in Part 9.

Table 5 shows Our standard basis for Early Cash-in Charges. That basis applies unless some other basis is shown in the Contract Schedule or Related Documents.

6. Fund Switch Charges

(1) 20 free Fund Switches every year

You can make up to 20 Fund Switches in any 12 month period free of charge.

(2) More than 20 Fund Switches every year

If You make more than 20 Fund Switches in any 12 month period, We apply a Fund Switch Charge for each switch over 20 in that 12 month period.

Our Current Fund Switch Charge is shown in Table 7 in Part 9. We have the right to increase the amount of Fund Switch Charge each year, as explained under Inflation-related increases to limits and charges in Part 9.

We take the charge by De-allocating Units equal in value to the amount of the charge.

7. Administration Fees

We take an Administration Fee each month in respect of the Bond.

Our Current monthly fee is shown in Table 7 in Part 9. We have the right to increase the monthly amount of the fee each year, as explained under Inflation-related increases to limits and charges in Part 9.

We take the charge by De-allocating Units equal in value to the amount of the charge.

8. De-allocating Units for charges

Where the Bond is linked to two or more Funds when We are De-allocating Units for a charge, normally We spread the De-allocation between all the Funds in proportion to the value of the Units in each Fund but We may choose just one or some of the Funds for the De-allocation.

› Part 8: Our Unit-Linked Funds

1. Fund details

We maintain a number of Unit-Linked Funds, to calculate the value of benefits under certain types of Policy that We issue. Each Fund is represented by a separate account within the Life Assurance Fund of the Company. We reserve the right to introduce further Funds or to subdivide, close or merge existing Funds.

We will exercise Our power to close, merge, make changes to, wind-up or withdraw a Fund only for important legal or commercial reasons. We will act fairly and reasonably in the way that We do so, having regard to Our duty to protect Your interests and the interests of other policyholders. If We close a Fund in which You have invested We will give You notice of Your options as far in advance of a Fund closure as is reasonably practicable.

The assets of the Funds will be invested as We decide appropriate for each Fund. The investments may be held directly, or by means of unit trusts, Open-ended Investment Companies (OEICs), investment trusts or Sociétés d'Investissement à Capital Variable (SICAVs), or in such other manner as We decide.

If We wish, We can divide any Fund into parts. We may, for example, divide a Fund where We need to segregate different series of a contract on which different Fund charges are applied. Each part will be divided into Units. The Units in the different parts may be of different types. Each Unit in the same part of a Fund will have the same value.

Where such segregation is no longer required in any Fund We may consolidate a Fund. In this instance each Unit in a Fund will be of the same type and value. If We divide or consolidate a Fund, the effect on the value of any Bond will be neutral.

We will create Units in any Fund only if assets equivalent to those Units are added to that Fund at the same time. Except when making the deductions shown in 4 and 5 below or when reinvesting, We will remove assets from any Fund only if Units equivalent to those assets are cancelled at the same time.

Where We refer to the Funds and to the Units, this is for the purpose of calculating the benefits available under the Bond. At all times, We own the assets in the Funds; neither the Policyholder nor any other person entitled to benefit under the Bond has any legal or beneficial interest in the Units or Funds or the underlying investments.

2. Valuation

We will normally value the assets relating to the Funds at least once a week to establish the offer and Bid Prices We will quote in the currency in which the Fund is valued (the "**Base Fund Currency**"). We will take into account the values of all assets and all loans charged against the Fund, with appropriate allowance for uninvested cash, accrued investment income and accrued charges.

The Actuary will make any further changes which He considers appropriate to reflect taxation or other liabilities regarding the assets of the Fund. Any date on which the Funds are valued to establish the offer and Bid Prices will be known as a "**Valuation Date**".

The values of securities listed on an internationally recognised Stock Exchange will be based on quoted prices. In the case of interests in land and buildings, We will base values on valuations prepared and certified by valuers that We appoint. We will make allowance for changes in values since such valuations.

The Actuary will decide the value of all other assets.

3. Unit prices

We work out the offer price of a Unit from the highest available market dealing buying price of the assets in the relevant Fund relating to that type of unit.

We increase this by an appropriate amount to take into account the costs of buying those assets.

We then divide the result by the number of Units of that type then in the Fund.

We then multiply by 100 and divide by 95. We may change the offer price to be below this level.

We calculate the Bid Price of a Unit from the Lowest available market dealing selling price of the assets in the relevant Fund relating to that type of unit.

We reduce this by an appropriate amount to take into account the costs of selling those assets.

We then divide the result by the number of Units of that type then in that Fund. We may change the Bid Price to be above this level.

4. Annual Management Charges

We deduct an Annual Management Charge in respect of each Fund. This charge will be levied at each Valuation Date, at the appropriate rate for that Fund, based on the value of the Fund at that Valuation Date.

We may introduce new Funds from time to time, to which the Bond may be linked in the future. Details of Annual Management Charges of such Funds will be available from Us as and when they are introduced.

The Current Annual Management Charge for each Fund is shown in Table 6 in Part 9.

We have the right to increase (or reduce) the percentage for Our Annual Management Charges for any of Our Funds from time to time, if the management costs We incur change. For example, if the unit trust underlying one of Our Unit-Linked Funds were to change its nature or charges, We may reflect this change in Our Annual Management Charge. If this happens, We will write to You before the changes take place to explain any such change with the new level of charges and the options available to You.

Where Funds invest in underlying collective investments, such as unit trusts or Open-ended Investment Companies (OEICs), additional expenses will be incurred.

Details of the most up to date Annual Management Charge and additional expenses applicable to each Fund can be found in the Fund guide titled "Your international unit-linked funds guide" which is available on request from Our Administration Centre in Ireland.

5. Investment

We will invest each Fund in the types of asset which We have set out in the published descriptions of that Fund.

We may use assets of a Fund as security when We borrow for that Fund.

We will credit all income from the assets of a Fund to that Fund. We will make deductions from a Fund in accordance with the provisions above and as decided by the Actuary regarding the following:-

- (1) Expenses, taxes, duties and other charges incurred in acquiring, managing, maintaining, valuing and disposing of assets.
- (2) Interest on monies borrowed on account of the Fund, including interest due on monies borrowed from any other Fund.
- (3) A proportion of any tax, levy or other charge on the Company, such as a levy under any legislation introduced for the purposes of raising levies for Funds to be held for the protection of the interests of policyholders such as the Financial Services Compensation Scheme or its successors.
- (4) Any expenses, taxes, duties and other charges incurred in connection with the Funds and not previously taken into account.

6. Switching between Funds

You may ask Us to switch Units between Funds, that is to cancel some or all of Your Units in one Fund and to replace them with Units in any other Fund or Funds chosen by You from the Funds then available for Your Bond.

We use the value of the cancelled Units at their relevant Bid Price to Allocate replacement Units at their relevant Bid Price. The value of the cancelled Units will first be:

- converted to the Base Fund Currency of the replacement Fund, where appropriate, and
- reduced to meet any Fund Switch charge – Table 7 in Part 9 gives the level of Our Fund Switch charge at the Commencement Date of Your Bond.

When We carry out a switch the Bid Prices will be those that apply for the Valuation Date following the date We receive Your written instructions (which will include a facsimile transmission) at Our Administration Centre, in a form that We can accept.

We will not switch any Units to or from any Fund if, in the opinion of the Actuary, the switch would adversely affect the interest of other policyholders of the Company whether through the operation of any relevant legislation in force at the time You ask to switch or for some other reason.

When You ask Us to make a Fund Switch, We reserve the right to refuse if this would result in Units being:

- held in more than ten Funds, or
- switched into a Fund which is no longer available for investment.

This Condition is subject to any delay that may be required under Part 2, Condition 7.2. We will inform You if such a delay occurs.

You may at any time request information regarding Your switch request from Our Administration Centre in Ireland.

› Part 9: Tables of charges and limits

UK Sterling

All sums of money shown in these tables are in UK Sterling.

Table 1: Minimum payment (Premium) (January 2012)

Type of Premium payment	Minimum payment
Initial payment	£15,000
Additional payment	£5,000

We may increase these minimum payment figures from time to time.

Table 2: Minimum withdrawals (January 2012)

Type of withdrawal	Minimum amount
Regular Withdrawal	£75.00 every withdrawal
One-off Withdrawal	£75.00

We may increase these minimum payment figures from time to time.

Table 3: Bonus Allocation Rates – standard basis

Years	Bonus Allocation Rate
Years 1 to 5 inclusive	0% (no bonus allocation)
Year 6 onwards	0.75% every year

We may increase these minimum payment figures from time to time.

Table 3 applies for determining any bonus allocations for Units in the Bond. Years are measured from the Premium Date of the Premium the Units are based on.

Table 4: Establishment Charges – standard basis

Years	Establishment Charge Rate
Years 1 to 5 inclusive	1.25% every year
Year 6 onwards	0% every year (no charge)

Table 4 applies for determining Establishment Charges in respect of Units in the Bond. Years are measured from the Premium Date of the Premium the Units are based on.

Table 5: Early Cash-in Charges – standard basis

Years	Early Cash-in Charge
Year 1	9.00%
Year 2	9.00%
Year 3	6.75%
Year 4	4.50%
Year 5	2.25%
Year 6 onwards	0% (no charge)

Table 5 applies for determining Early Cash-in Charges when Units are De-allocated to pay a withdrawal or to pay the cash-in value of the Bond. Years are measured from the Premium Date of the Premium the Units are based on.

Table 6: Annual Management Charges (January 2012)

Fund name	Annual Management Charge (%)
Adventurous Managed (GBP) Fund	1.75
Adventurous Managed (US\$) Fund	1.75
Balanced Managed (GBP) Fund	1.75
Balanced Managed (US\$) Fund	1.75
Conservative Managed (GBP) Fund	1.75
Conservative Managed (US\$) Fund	1.75
Corporate Bond Fund	2.00
Ethical Fund	1.75
Euro Deposit Fund	1.50
Euro Tracker Fund	1.75
Invesco Perpetual Managed Fund	2.10
Invesco Perpetual UK Equity Fund	1.60
Managed Tracker Fund	1.65
Newton Managed Fund	1.95
Newton UK Equity Income Fund	1.95
UK Deposit Fund	1.50
UK Equity Fund	1.75
UK Fixed Interest Fund	1.75
UK Index Tracker Fund	1.75
US Dollar Deposit Fund	1.50
US Index Tracker Fund	1.75

We reserve the right to vary the percentages for Our Annual Management Charges at any time.

Where the Funds invest in collective investments, such as unit trusts, additional expenses will be incurred. These expenses currently range from 0.00% every year to 0.25% every year.

Table 7: Miscellaneous charges (January 2012)

Type of charge	Amount
Bond Administration Fees	£3.85 every month payable throughout
Fund Switch Charges	£15.45 every Fund Switch (but only if You make more than 20 switches in a 12 month period)

See "Inflation-related increases" below.

Table 8: Limits for cover increase options (family increase options) (January 2012)

Type of option	Maximum increase
Marriage increase (on Marriage or civil partnership)	£50,000
Child increase (on birth or adoption of child)	£50,000

Table 9: Maximum Sum Assured Limits (January 2012)

Type of cover	Maximum Sum Assured
Life Cover	
for lives up to age 70 last birthday	£5,000,000 (£5 million)
for lives aged between 71 and 80	£3,000,000 (£3 million)
For Joint Life plans, these limits are based on:	
<ul style="list-style-type: none"> ➤ the oldest Life Covered, where the Death Benefit is payable on the First Death, ➤ the youngest Life Covered, where the Death Benefit is payable on the second death. 	

Inflation-related increases to limits and charges

We normally increase the charges shown in Table 7 in January each year to allow for the effects of inflation and currency movements. We may also increase the limits shown as monetary amounts at the same time. We do not issue new Contract Schedules or Endorsements when such an increase happens. Any increases will normally be based on the following factors:

- the percentage increase in "**the Index**" over the 12 month period ending in the preceding August;
- any movements in the value of Irish currency in relation to the currency in which the limit or charge is denominated in the tables and the currency in which the limit or charge is applied or levied to the Bond.

"The Index" will be the Irish Consumer Price Index but if this Index ceases to be published or the Actuary considers it is no longer suitable, the Actuary will substitute another Index which is appropriate to measuring inflation.

In some years We may not increase a limit or charge. When it is next increased the Actuary may set the limit or charge at an amount which takes account of the factors since the amount of the limit or charge was previously set.

› Part 10: Types of cover

The Bond will be providing Life Cover in one of the following ways shown in the tables below.

Single Life

Number of Lives Assured	One
The event which triggers payment of a Death Benefit	The Claim Event is the death of the Life Assured.
What is the amount of the Death Benefit?	We pay the Sum Assured on the death of the Life Assured (or the cash-in value of the Bond if that is more than the Sum Assured).
When does the Bond end?	The Bond ends on the death of the Life Assured.
Other points to note	No other benefits are payable after the Bond has ended.

Joint Life Last Death

Number of Lives Assured	Two
The event which triggers payment of a Death Benefit	The Claim Event is the death of the last to die of the two Lives Assured (the " Last Death ")
What is the amount of the Death Benefit?	We pay the Sum Assured on the Last Death (or the cash-in value of the Bond if that is more than the Sum Assured).
When does the Bond end?	The Bond ends on the Last Death.
Other points to note	<ul style="list-style-type: none"> › No other benefits are payable after the Bond has ended. › The Sum Assured is payable only once, on the Last Death. › There is no Death Benefit on the death of the first to die of the two Lives Assured.

Joint Life First Death

Number of Lives Assured	Two
The event which triggers payment of a Death Benefit	The Claim Event is the death of the first to die of the two Lives Assured (the " First Death ")
What is the amount of the Death Benefit?	We pay the Sum Assured on the First Death (or the cash-in value of the Bond if that is more than the Sum Assured).
When does the Bond end?	The Bond ends on the First Death.
Other points to note	<ul style="list-style-type: none"> › No other benefits are payable after the Bond has ended. › Although there are two Lives Assured, the Sum Assured is payable only once, on the First Death.



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