

Policy conditions

Whole of Life
Personalised Assets

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Policy conditions

Reserve is a whole of life assurance policy that is issued as a series of policies. Each policy is a separate legal agreement issued by the Company and is based on an application by the policyholder named in the policy schedule.

The series of policies are collectively referred to as the policy.

The completed application form, policy conditions (consisting of Part 1: Policy provisions, Part 2: Fund rules and Part 3: Definitions), the policy schedule and any endorsements issued by us shall be deemed to be incorporated into the policy.

For administrative purposes only, we treat all policies issued under a single policy number in the same manner.

Important

This policy should be examined to ensure that the cover meets your requirements.

It should be kept in a safe place, as a duplicate cannot be issued.

Policy form number REP4
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Part 1: Policy provisions

1 Death benefit

- 1.1 We will pay the death benefit to the payee once we have received proof that the payee is legally entitled to the benefits payable under the policy.
- 1.2 If there is more than one life assured named in the policy schedule, the death benefit will be paid on the death of the last surviving life assured. Only one death benefit is payable.
- 1.3 The death benefit will be the lower of 101% of the cash sum or the cash sum plus £10,000 or currency equivalent and will be payable after we have received the proofs referred to in Part 1 provision 8.2.2 and have finished processing the claim. We will deduct any money owing to us before we pay the death benefit.
- 1.4 Once the death benefit has been paid we will not accept any additional premiums nor will we pay any further benefits. The policy will terminate.
- 1.5 Where the payee is a minor, we may pay the death benefit to the parent or guardian of the payee, or to the payee himself/herself if over 16 years of age. The receipt by such person shall be a full and valid discharge to us.

2 Cashing in your policy

- 2.1 You may cash-in your policy or individual policies at any time by making a written request to us provided the bid value of the remaining policies, if any, does not fall below the minimum policy value.
- 2.2 Should you request a cash-in of individual policies, the bid value of the policy must be above the minimum policy value, after completion of the cash-in, otherwise we reserve the right to reject the cash-in request.
- 2.3 We will pay the cash sum of the policy to you once we have received proof that you are the person legally entitled to the benefits payable under the policy.
- 2.4 Once the cash sum has been paid on the policy we will not accept any additional premiums nor will we pay any further benefits. The policy will terminate.

3 Withdrawals

- 3.1 This Part 1 provision 3 governs the terms upon which you can make a withdrawal of any kind from the policy.
- 3.2 In the case of any withdrawal, you must make a written request and the withdrawal sum must exceed the minimum sum.
- 3.3 Should you request a withdrawal, the bid value of the policy must be above the minimum policy value after completion of the withdrawal, otherwise we reserve the right to reject the withdrawal request.
- 3.4 You may make regular withdrawals from the policy provided the remaining policy value is above the minimum policy value after the completion of each withdrawal.
- 3.5 We will cancel units allocated to all policies pro rata equal to the aggregate value of the withdrawal sum plus any money owing to us.
- 3.6 You may make regular withdrawals from the policy by making a written request to us provided the amount of each withdrawal exceeds the minimum sum. Regular withdrawals can be paid annually, half-yearly, quarterly or monthly. Regular withdrawals will normally commence one month after we have received the written request.
- 3.7 Where you have requested a regular withdrawal and we have subsequently increased the minimum sum resulting in your regular withdrawal falling below the minimum sum, we shall continue to pay your regular withdrawals until you change the regular withdrawal amount.
- 3.8 We will cancel all regular withdrawals if we receive notice of a change of ownership (or assignment) of the policy.

4 Premiums

- 4.1 The premium which you have agreed to pay is stated in the policy schedule. On the day that we receive the premium or the commencement date, whichever is the later, we will use the investible premium to purchase units in the policy fund at the bid price. These units will be allocated pro rata to each policy.
- 4.2 If you pay all or part of the premium by way of a transfer of assets into the policy we will arrange for the transfer to be undertaken on your behalf. We will be deemed to have received the premium only when we receive notification that all transfers have been completed and any expected cash premium has been received.
- 4.3 You may pay additional premium(s) at any time provided such additional premium(s) are greater than the minimum additional premium.
- 4.4 In the event that you have made a withdrawal from your policy and then subsequently pay an additional premium, you may opt to take advantage of the reinvestment facility. The following conditions apply to the reinvestment facility:
- 4.4.1 you must request the reinvestment facility at the time you pay an additional premium;
 - 4.4.2 the additional premium is subject to the minimum additional premium amount;
 - 4.4.3 only additional premiums that are equal to or less than the previous withdrawals taken will benefit from the reinvestment facility;
 - 4.4.4 where more than one withdrawal has been taken prior to payment of an additional premium, the reinvestment facility will initially apply by reference to the earliest withdrawal and then to each subsequent withdrawal;
 - 4.4.5 should the additional premium or part of the additional premium be less than the withdrawal to which it is referenced, the remainder of that withdrawal cannot be taken into account when determining whether any subsequent additional premium is eligible to benefit from the reinvestment facility;
 - 4.4.6 subject to Part 1 provision 4.4.5, any withdrawal to which an additional premium or part of additional premium has not previously been referenced will be taken into account when determining whether any subsequent additional premium is eligible to benefit from the reinvestment facility;

- 4.4.7 should the additional premium exceed all withdrawals to which it is applied, the excess will be subject to the establishment charge or initial charge applied over the subsequent establishment charge period or the subsequent initial charge period set out in Part 1 provision 5.

5 Charges

- 5.1 We make a number of charges to cover the costs of administering your policy. All charges will be deducted from the policy fund and will be reflected in the value of the units. The charges that may apply to your policy are contained within this Part 1 provision 5. The charges specifically relating to your policy will depend on the charging structure that you have chosen and are stated in the policy schedule and in any policy endorsement issued by us, if you pay any additional premium(s) into the policy.
- The charging structure you choose will either be on an establishment charge basis or an annual policy charge basis. If your charging structure is on an establishment charge basis, the establishment charge mentioned in Part 1 provisions 5.2 and 5.3 applies to your policy. If your charging structure is on an annual policy charge basis, the initial charge mentioned in Part 1 provisions 5.2 and 5.3, and the annual policy charge mentioned in Part 1 provision 5.5 apply to your policy. All other charges mentioned in this Part 1 provision 5 apply to your policy regardless of which charging structure you choose.
- 5.2 We will deduct an establishment charge or an initial charge equal to a percentage of the premium as indicated in the policy schedule and taken either:
- at outset, or
 - on the next working day following each calendar quarter end, commencing on the first calendar quarter end after the commencement date until the end of the establishment charge period or initial charge period.
- 5.3 An additional establishment charge or additional initial charge will be applied to any additional premium(s). This will be equal to a percentage of the additional premium as indicated in a policy endorsement and taken either:
- upon payment of the additional premium, or

- on the next working day following each calendar quarter end, commencing on the first calendar quarter end after the payment of the additional premium until the end of the subsequent establishment charge period or subsequent initial charge period.

On receipt of each additional premium we will issue you with a policy endorsement detailing:

- the amount of the additional premium;
- the additional establishment charge or additional initial charge in respect of your additional premium; and
- the subsequent establishment charge period or subsequent initial charge period in respect of the additional premium.

- 5.4 An administration charge as indicated in the policy schedule will be taken on the next working day following each calendar quarter end, commencing on the first calendar quarter end after the commencement date until the end of the policy.
- 5.5 An annual policy charge as indicated in the policy schedule will be taken on the next working day following each calendar quarter end, commencing on the first calendar quarter end after the commencement date until the end of the policy.
- 5.6 A dealing charge equal to the amount set out in the policy schedule will be taken on the last working day of the calendar quarter in which we confirm completion of the deal. The dealing charge will apply each time you request us to buy or sell any underlying fund or assets.
- 5.7 An ad hoc charge will be payable for additional services.
- 5.8 There are a number of further deductions set out in Part 2 provision 5, which will affect the value of your policy.
- 5.9 If you request to cash in we will pay you the cash sum.
- 5.10 All charges applied to your policy, except the establishment charge, initial charge and annual policy charge, are taken as a sterling amount. If your policy is denominated in US dollars, we will make any currency conversion at the rate set by our appointed actuary 28 days prior to the end of December. Should your policy be denominated in any currency other than sterling or US dollars we shall make the currency conversion at the preceding fixed quarterly conversion rate. The dealing charge mentioned in Part 1 provision 5.6 will be calculated in sterling and will be converted to the currency of the transaction.

5.11 We reserve the right to make changes to, or apply new charges at any time. There are a number of circumstances that could lead to a change in our charges, as follows:

- Changes in our costs or expenses as a result of a change in the tax rules, legislation or regulation or the way such obligations are interpreted or applied in practice.
- Increases in our staff costs or overheads.

If we do this we will set the new charges at levels we reasonably believe are necessary to reflect the changed circumstances. We will try to give not less than 90 days' prior written notice of such variation to you at your last known address.

6 Policy termination

The policy will terminate and except for (c) below, the policy will be subject to the early surrender charge, where appropriate, on the earliest of the following events during the establishment charge period, the initial charge period or any subsequent establishment charge period, initial charge period, subsequent establishment charge period or subsequent initial charge period:

- a) When the bid value of the policy falls below the minimum policy value required in order to maintain the policy in force.
- b) When the cash sum has been paid to you on surrendering your policy.
- c) When you have exercised your right to cancel the policy and have received a refund of your premium paid, less any market value adjustment, from us.
- d) When the proceeds of a death benefit have been paid.

7 Appointment of a third party as payee

- 7.1 Any appointment of a third party or parties as payee may be made by you at any time prior to the death of the last surviving life assured save that such an appointment shall be of no effect and shall be deemed not to have been made if you die (or where there are joint policyholders, any one of the policyholders dies) within two days of making that appointment.
- 7.2 Any appointment of a third party or parties as payee shall only be accepted by us on receipt of a completed 'Appointment of third party as payee' form, which is available on request from us.
- 7.3 Having appointed a third party as payee, you may also make subsequent appointments subject to the conditions set out in Part 1 provisions 7.1 and 7.2 above. Any such subsequent and valid appointment will have the effect of revoking all previous appointments.
- 7.4 Any appointment of a third party or parties as payee may be revoked by you at any time prior to the death of the life assured save that such a revocation shall be of no effect and shall be deemed not to have been made if you die (or where there are joint policyholders, any one of the policyholders dies) within two days of making that revocation.
- 7.5 Such revocation and appointment of a third party or parties as payee shall only be accepted by us on receipt of a completed "Appointment of third party as payee" form, which is available on request from us.
- 7.6 Where the policy is held in joint names the form of appointment of payee or the form of revocation must be signed by all joint policyholders otherwise it will not be valid.
- 7.7 The appointment of a third party as payee will not affect your ability to assign, cash-in or otherwise dispose of your policy prior to the death of the life assured save that any assignment, cash-in or other disposal shall be of no effect and shall be deemed not to have been made if you die (or where there are joint policyholders, any one of the policyholders dies) within two days of making that assignment cash-in or disposal.
- 7.8 For the avoidance of doubt, if you die within two days of making any appointment of payee, any revocation thereof, or any assignment, surrender or other disposal of the policy (whether made as a sole or joint policyholder) such appointment, revocation, assignment, cash-in, or other disposal shall be deemed to be of no effect and the death benefit shall be payable as if the same had not been made.
- 7.9 The death of a sole policyholder or the death of the survivor of joint policyholders, where that death does

not also constitute the death of the life assured, shall constitute an immediate revocation of any appointment of any third party as payee.

- 7.10 Without prejudice to your rights to revoke an appointment of payee, the death of a payee prior to the death of the life assured shall itself not constitute a revocation of appointment nor affect the entitlement of the payee's successors to the death benefit.
- 7.11 The payee, if the payee is a third party, shall have rights of enforcement of the policy pursuant to the Contracts (Rights of Third Parties) Act 2001 following the death of the life assured but otherwise all rights of third parties under the Contracts (Rights of Third Parties) Act 2001 shall be excluded and the consent of the payee or any other third party shall not be required for any variation or rescission to be made to the policy or for the making of any appointment of payee or any revocation by whatever other means of an appointment of payee.

8 Additional provisions

8.1 Responsibility for Investment Choice

It is your responsibility to ensure that the investments you choose within your policy are suitable bearing in mind your investment objectives and attitude to risk.

We are not responsible for any loss suffered or reduction in the value of your policy arising from the performance, or fluctuations in the value of your investment. We do not have any responsibility for the investment management of investments held within the policy and we do not endorse any underlying fund or asset as a suitable investment. The Company's decision shall be final as to the acceptability of any investment into the policy fund.

8.2 Proof of Entitlement

- 8.2.1 Before we make any cash-in payment to you, we must be satisfied that the person(s) making the cash-in request has the right to do so. We will need reasonable proof and you may have to produce the policy documents.
- 8.2.2 For death claims, you may have to produce the policy documents. We will only be required to pay a death benefit or a cash sum if you have provided us with reasonable proof of the death of the life assured (if appropriate), the ages of the life (lives) assured and your entitlement to the policy.

8.3 Notices

If you change your address you should write and let us know. If you do not, and we write to you at the last address of which we have notice, we will, as far as the policy is concerned be treated as having written to you at the correct address.

If you have to write to us you should write to us at Royal Court, Castletown, Isle of Man, IM9 1RA, British Isles, unless we have written to you to tell you otherwise.

8.4 Currency

8.4.1 All benefits under the policy are payable at our Registered Office by telegraphic transfer unless agreed otherwise. Any sums paid as a result of the death of a life assured will be payable by us in the valuation currency. All other sums payable by us to you under the policy will be paid in the valuation currency unless you request otherwise.

8.4.2 We will use the valuation currency to provide valuations of the policy to you.

8.4.3 Whenever it is necessary for the purposes of the policy to convert any amount denominated in one currency to any other currency, we will make the conversion at a rate of exchange determined by us, based on those commercially available in the market.

8.4.4 If the valuation currency is replaced by another currency (for example where a country adopts another currency for economic reasons), the valuation currency will automatically change to the new currency. If, subsequently, the new currency is abandoned, the valuation currency shall revert to the respective currency specified before the conversion, or its equivalent.

8.5 Communications

8.5.1 You may instruct us by letter, fax, or electronic mail. We may request you to confirm any instructions by letter but we may act upon instructions which we reasonably believe are valid. We reserve the right not to act upon any instructions until we have received confirmation by letter although lack of any such confirmation will not invalidate any instructions, which we have already acted upon. We shall not be required to act upon any instructions where we reasonably believe such action may involve any party in a breach of law, rule or regulation.

8.5.2 We will not be responsible for any loss, damage, fraud or misappropriation arising as a result of any error or breakdown in transmission or misunderstandings regarding the identity of the person or persons giving instructions by fax or electronic mail.

8.5.3 You promise to repay to us or reimburse us in respect of all losses, damages, liabilities, actions, proceedings, claims, costs and expenses including legal expenses arising from or in connection with us acting or failing to act on instructions given by you through fax or electronic mail.

8.6 Severability

If any provision of the policy (or part of a provision) is invalid or unenforceable to any extent or purpose, this will not affect the validity or enforceability for other purposes of the remaining provisions. The provision shall be deemed to be severed subject to any consequential amendments which may be necessary.

8.7 Policy variation

The policy between you and us consists of the completed application form, these policy conditions the policy schedule and any endorsements.

- a) We reserve the right from time to time by giving you 90 days' written notice, so far as it is practicable to do so, to make such changes or additions to these policy conditions as are reasonably required to reflect:
- changes in applicable insurance, tax or other law, legislation, regulation or industry codes of practice which affect your policy;
 - changes in how a relevant stock exchange or other relevant investment or regulated markets may work which may impact on the operation of your policy;
 - changes in investment/share dealing administration or other infrastructure facilities, systems or means of communication which impact on the provision and operation of your policy and which are outside of our control;
 - changes to services relating to your policy supplied to us by third parties which are outside of our control or which require additional expenditure by us;
 - changes in circumstances or the happening of any event which is outside of our control which means that the policy conditions operate in a way which is unfair to you or our other policyholders;

- changes resulting from the introduction of new systems, services, and changes in technology outside of our control;
- changes in circumstances or the happening of any event which is outside of our control and which makes it impossible, impracticable or economically unviable for us not to make a change to the policy conditions, provided that any such change is not unfair to you or our other policyholders;
- changes required to remedy obvious errors.

- b) We reserve the right from time to time to make changes or additions to these policy conditions for any other reason, which may or may not have a detrimental effect on you, and which are not set out in (a) above.

If you suffer a material detriment as a result of a change or addition under this clause (b) you may notify us and you will be free to surrender your policy. We will waive any early surrender charge provided that the transfer/surrender is made within 90 days (or such longer period as may be reasonably necessary in the circumstances) from the date on which we gave you written notice of the change or addition.

8.8 **Non-waiver**

If at any time we fail to enforce any of the obligations or conditions contained in the policy this shall not be construed as a waiver of our rights at any other time to enforce each and every obligation and condition contained in this policy.

8.9 **Inflation**

Our appointed actuary increases the fixed USD and GBP charges once a year 28 days before the end of December in line with the Retail Prices Index issued by the Isle of Man Government or any replacement Index. Charges in other currencies are set by the appointed actuary four times each year. This relates to the dealing, admin and ad hoc charges.

The asset exchange charge is fixed for GBP, and the other currency charges update quarterly in line with exchange rate movements.

Charges in other currencies are set by the appointed actuary four times each year.

8.10 **Governing law**

The policy shall be governed and construed in accordance with the laws of the Isle of Man.

Part 2: Fund rules

1 **Policy fund**

- 1.1 We have created a policy fund that is used to determine the benefits payable to you under the policy shown on the policy schedule. Units are notionally allocated to the policy solely for the purpose of calculating the benefits, which we have to pay to you under the policy.

- 1.2 We are the absolute legal and beneficial owner of all the underlying funds or assets that relate to the policy fund. You have no rights or entitlements to these underlying funds or assets.

Consequently, you should be aware that specific investor protection and compensation schemes that may exist in relation to collective investments and deposit accounts are unlikely to apply in the event of failure of such an investment held within whole of life policies such as Reserve.

- 1.3 You will choose the investments that relate to the policy fund, from the options available to you, which are listed in Part 2 provision 2. Any general transaction accounts opened by us in accordance with Part 2 provision 3 will form part of the policy fund.

- 1.4 We may, as a result of:

- the closure of, or suspension of dealings on, a relevant stock exchange, or
- any period when underlying funds or assets cannot be valued or sold or it is impracticable to do so or they cannot be sold without a significant reduction in value, or circumstances outside of our control such as the suspension of dealing in an asset held by the policy fund, or
- a breakdown in any system of communication
- (including computer systems) used in determining
- the price or value of the underlying assets of a fund or the current prices or values on any market or stock exchange,

at any time suspend temporarily, or delay for such period as may reasonably be required, the valuation, allocation, switching, surrender or any other dealings with the units in or valuation of the policy fund.

We may, as a result of the suspension or delay referred to above, delay payment of benefits arising on surrender, withdrawal or death. We will not have to pay interest for any delay in payments to you in these circumstances.

If after six months the suspension or delay referred to above is still in place you have the option to request us to transfer the ownership of the relevant underlying funds or assets (where such transfer of assets is possible) into your name. We will not have to pay interest for any delay in any transactions within the policy fund in these circumstances and your policy will end once the relevant underlying funds or assets have been transferred into your name and any balance making up the cash sum has been paid to you. Where such assets form the entire policy fund, or where the value of your policy falls below the minimum policy value after the transfer of assets into your name, any residual value will be paid to you and the policy will end.

2 Investment options

2.1 The investment options include, but are not limited, to the following:

- equities and fixed-interest securities quoted on most recognised stock exchanges
- unit trusts
- open-ended investment companies
- investment trusts
- offshore reporting and non-reporting funds
- government securities
- hedge funds, funds of hedge funds and exchange traded funds
- structured notes and structured deposits
- cash, including bank and building society deposits.

2.2 We reserve the right to reject a request to select certain assets, including, but not limited to the following:

- shares in the Friends Life group of companies
- private companies
- physical commodities
- real property
- derivatives including but not limited to futures and options
- forward currency transactions

- precious metals
- UK National Savings and Investments products
- US and Canadian mutual funds
- collective investments structured as partnerships, limited partnerships or private funds not promoted to the public.

3 General transaction accounts

3.1 We shall open one or more general transaction accounts in connection with the policy. These accounts will operate as cash accounts. Any transactions such as premiums to be invested, charges to be deducted and monies arising following the cancellation of units will pass through a general transaction account denominated in the currency in which the transaction is carried out.

3.2 The value of the general transaction accounts will be reflected in the bid value of notional units held within the policy fund.

3.3 If any particular general transaction account is overdrawn, we will levy interest at a appropriate rate based on a suitable reference index approved by our appointed actuary. We will update the rate we use for this purpose monthly, basing it on the rate available on the last working day of each month.

3.4 A credit balance in the general transaction account will earn interest at a rate not exceeding the appropriate suitable reference index approved by our appointed actuary. The exact rate of interest earned will depend on the size of the balance.

Interest (whether debit or credit) will accrue daily but will be deducted from or added to the general transaction account on 31 March, 30 June, 30 September and 31 December or the next working day. The appropriate suitable reference index approved by our appointed actuary as well as the exact rate of interest (whether debit or credit) levied will be available upon request.

3.5 The general transaction accounts cannot be used for the purpose of realising a gain on disposal of currency.

- 3.6 We reserve the right in our absolute discretion to;
- a) refuse or limit the use of an overdraft;
 - b) realise assets held within the policy to clear overdrawn balances in any general transaction account without prior consent or notice. Any asset disposal will take into consideration the liquidity of the underlying funds or assets but, where possible, will follow the order of;
 - 1 Any positive balances in other general transaction accounts.
 - 2 Any positive balances in other deposit accounts.
 - 3 Units in collective investment funds.
 - 4 Other assets as determined by us.
 - c) undertake without prior consent or notice currency conversions across all general transaction accounts either to prevent or clear an overdraft, regardless of the overdraft amount.

4 Policy fund valuations and pricing

- 4.1 The **policy fund** will be valued at the end of each calendar quarter or the next working day. The policy fund may also be valued at other times such as when you request a withdrawal, on the commencement date and when the policy is terminated.
- 4.2 Our appointed actuary will determine the value of the policy fund on a valuation day by reference to the market value of the underlying funds or assets relating to that policy fund. The market value used will be:
- 4.2.1 where the underlying fund or asset is a unit trust, mutual fund, or other pooled investment we will use the bid price most recently available from the managers of the scheme on the valuation day. We reserve the right to use the actual price obtained when acquiring or selling the asset;
 - 4.2.2 where the underlying fund or asset are securities quoted on a recognised stock exchange, the market dealing prices will be determined by reference to the recognised official list of market dealing prices published by that stock exchange on the relevant day.
 - 4.2.3 where the underlying fund or asset does not come within Part 2 provisions 4.2.1 or 4.2.2, we will obtain such professional advice to assist us to value the asset as we reasonably deem necessary.

- 4.3 On a valuation day, we will calculate the bid value of the policy fund by reference to the price at which we have been able to dispose of assets or the price at which we would reasonably expect to be able to dispose of assets held within the policy fund.

5 Additions and deductions

- 5.1 If any of the assets relating to the policy fund generate income such as dividends, interest or rent, that income will be added to the relevant general transaction account and will be reflected in the bid value of the notional units in the policy fund.
- 5.2 We will be entitled to take from each policy fund a number of expenses as follows:
- 5.2.1 any charges or fees which we are entitled to make by virtue of Part 1 provision 5 of these conditions;
 - 5.2.2 any costs, expenses and charges incurred by us in acquiring, managing, maintaining, valuing or disposing of the assets relating to the policy fund;
 - 5.2.3 any expense, charge, tax, levy or fiscal enforcement not taken into account elsewhere which our appointed actuary reasonably considers is a liability relating to that policy fund.

6 Finality of the Company's decision

The Company's decision shall be final as to the acceptability of any investment into the policy fund.

Part 3: Definitions

The words in the policy shall have the meaning as shown below:

Additional premium(s) means a premium(s) paid by you after the commencement date and stated in an endorsement issued by us.

Additional services means any administrative actions performed by us including:

- 1 change of the life assured,
- 2 request for one-off valuation,
- 3 change of discretionary fund manager,
- 4 change of investment adviser,
- 5 switch from non-discretionary managed to discretionary managed or vice versa.

Ad hoc charge means a charge we make for performing additional services. The amount of such charge is available from our head office on request.

Annual policy charge is an annual charge we levy on a policy that is operated on an annual policy charge basis.

Appointed actuary means the person appointed as such by us.

Bid price means the price at which units in the policy fund will be allocated, cancelled or sold.

Bid value means the bid price value of the units in the policy fund.

Cash sum means the bid value of the units allocated to each individual policy within the policy on the next working day after we have received the proofs referred to in Part 1 provision 8.2 (and having finished processing the surrender instruction or death claim) less any establishment charges, additional establishment charges, initial charges or additional initial charges which would have been payable if the policy had continued until the end of the policy establishment charge period, subsequent establishment charge period(s), initial charge period or subsequent initial charge period(s) where appropriate.

Commencement date means the date on which the policy starts and is shown in the policy schedule.

Company means Friends Provident International Limited.

Early surrender charge means any outstanding establishment charge or initial charge included in the calculation of the cash sum.

Establishment charge means the charge we levy against a policy that operates on an establishment charge basis.

Establishment charge period means the period over which the establishment charge will be paid, from the commencement date for the period that is indicated in the policy schedule.

Fixed quarterly conversion rate means the mid market spot rate published by Reuters on the 3 March, 2 June, 2 September and 3 December for respective currencies.

Initial charge means the charge which we levy against a policy that operates on an annual policy charge basis.

Initial charge period means the period over which the initial charge will be paid, from the commencement date for the period that is indicated in the policy schedule.

Investible premium means that percentage of the premium or additional premium(s) shown in the policy schedule or endorsement as appropriate.

Life (Lives) assured means the person or persons on whose death the death benefit will be paid.

Minimum additional premium means the minimum amount set by us at the time the additional premium is paid.

Minimum policy value means the greater of: (a) 10% of all premiums or additional premiums received by us which is still within its policy establishment charge period, subsequent establishment charge period(s), initial charge period or subsequent initial charge period(s) or (b) £10,000 or currency equivalent.

Minimum sum means £250 or currency equivalent.

Payee means the last person or persons, if any, appointed in the prescribed manner by you before the death of the life assured to receive the death benefit, or you, if no such appointment has been made, or if any such appointment has been revoked without any subsequent appointment having been made by you prior to the death of the life assured.

Policy means the collective name given to the collection of policies issued under the same number.

Policy fund means the fund used to determine the benefits payable under this policy and the other policies issued under the policy number stated on the policy schedule but not any other policies.

Policy schedule means the policy schedule first issued with the policy and any revised policy schedule issued due to alteration in the terms of the policy. The policy schedule states the details specific to your policy.

Policyholder means the person shown in the policy schedule as the policyholder.

Premium means the premium shown in the policy schedule.

Reinvestment facility means the facility whereby you may reinvest sums of money previously withdrawn from your policy without payment of an additional establishment charge or additional initial charge.

Subsequent establishment charge period(s) means the period(s) over which the establishment charge(s) on each additional premium(s) will be paid as stated in an endorsement issued by us if applicable.

Subsequent initial charge period(s) means the period(s) over which the initial charge(s) on each additional premium(s) will be paid as stated in an endorsement issued by us if applicable.

Units means the portions of equal value into which a policy fund is divided.

Valuation currency means the valuation currency specified in the policy schedule being the currency in which we will value the policy.

Valuation day means the day when we value a fund. The policy fund will be valued at the end of each calendar quarter or the next working day.

We and **Us** means Friends Provident International Limited

Withdrawal sum means the single or the regular sum which you have asked us to withdraw from the policy.

You and **your** means the person or persons who own the policy.

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