

Controlled Access Account

Policy Provisions



1. Definitions

‘Account’ means the Controlled Access Account and refers to the group of individual Policies for which Schedules are attached and which are subject to these policy provisions.

‘Actuary’ means the actuary for the time being appointed to the Company under the provisions of the Insurance Act 2008.

‘Company’ means Canada Life International Limited.

‘Commencement Date’ means the date on which the Account commences as shown in the Schedule.

‘Fund(s)’ means any fund created in the Company’s Life Assurance Fund which contains property acceptable to the Company.

‘Alpha Version’; Any Fund created in the Company’s life assurance fund which only contains property (i) falling within one or more of the categories listed in section 520 of the Income Tax (Trading and Other Income) Act 2005 of the UK (the Act) (as the same may be amended, modified or re-enacted from time to time) or prescribed by paragraphs 4(3) or 4(4) of the Personal Portfolio Bonds (Tax) Regulations 1999, SI 1999/1029 of the UK (the Regulations) (as the same may be amended, modified, re-promulgated or enacted from time to time); and (ii) which meets one or both of the property selection conditions set out in section 521 of the Act (as the same may be amended, modified or re-enacted from time to time) or the condition specified in paragraph 4(5) of the Regulations (as the same may be amended, modified, re-promulgated or enacted from time to time).

‘Omega Version’ Any Fund created in the Company’s life assurance fund which contains property acceptable to the Company.

‘Maturity Date’ means the date on which the Policy matures as shown in the Schedule.

‘Policy’ means any individual policy identified in the Schedule and which is subject to these policy provisions:

‘Policyholder’ means the holder of the Policy and includes his administrators, executors and assigns;

‘Policy Year’ means a year commencing with the Commencement Date shown in the Schedule or any anniversary thereof;

‘Premium’ refers to the payment into the Policy as shown in the Schedule.

‘Registered office’ means Canada Life House, Isle of Man Business Park, Douglas, Isle of Man IM2 2QJ.

‘Schedule’ means the schedule(s) attached to the Policy which records all Policy details and which is a part of the Policy.

‘Units’ means units of a Fund.

‘Value of Units’ means the value of the Units allocated to the Policy.

Where the context allows, the masculine shall include the feminine and neuter genders and the singular shall include the plural and vice versa.

2. Nature of the Account

The Controlled Access Account is a single Premium term life assurance policy providing benefits linked to the value of Units in one or more of the Funds.

3. Contracts

Each Policy is written on the basis of the details given in the application form and any health questionnaire, medical statement or any other written statement which has been given to the Company by the Policyholder or the life or lives assured and is subject to these Policy provisions. The application form, any health questionnaire, medical statement and any such other written statement form part of the contract between the Policyholder and the Company in respect of each Policy. The Policy and the application form between us contains all the terms and conditions of the contract and the Company accepts liability solely in accordance with its terms.

The Company shall not have any liability in respect of any alleged conditions, warranty, representation or statement whatsoever differing from these terms whether express or implied or whether collateral hereto or otherwise. Subject to clause 7, no provision or condition of the Policy may be waived or modified except by an endorsement issued by the Company and signed by an authorised official thereof.

4. Unit Allocations

For the Premium paid, after the deduction of appropriate charges outlined in section 6, there shall be allocated to the Policy the number of Units of a particular Fund obtained by dividing the proportion of the Premium appropriate to that Fund (as specified in writing prior to such allocation by the Policyholder) by the relevant price of the Units of that Fund. The relevant price shall be that on the Commencement Date or the next valuation date following the Commencement Date in respect of the Premium due under the Policy.

5. Unit Variation

The Policyholder may a) following the advice received as agent of the Company; or b) on a self-advised basis, give written instructions to the Company to vary the proportions of Units of a Fund or Funds allocated to the Policy or in which future allocations will be calculated on such terms (including the amount of any switching charge) as may from time to time be laid down by the Company.

Subject to policy provision 6d, any variation in existing allocations will be calculated as at the next valuation date following receipt of the instructions by the Company. The relevant Units allocated to the Policy will be sold on the next valuation date and their value (reduced by any switching charge) applied on the relevant valuation date to allocate Units of a different Fund or Funds to the Policy.

6. Funds, Units and Charges

a. Fund and Units

Each of the Funds is a separate and identifiable Fund which falls within a standard menu of Funds offered by the Company and forms part of the Company's life assurance fund. Each Fund's constituent investments are at the absolute discretion of the Company and the proportions in which they are maintained may be varied by the Company from time to time. Each of the Funds is divided into Units.

b. Charges

Establishment Charge

Option 1 – On the establishment of the Account this charge will be calculated by the Company.

Option 2 – On the establishment of the Account, this charge will be calculated by the Company. The charge will be met by cancelling sufficient Units allocated to the Policy for the period shown on days determined by the Company.

Administration Charge

The administration charge is deducted from the Account on a quarterly basis from the trading cash account or by cancelling sufficient Units allocated to the Policy such that their cancellation value is equal to the charge. The amount of the administration charge and the days on which it is deducted will be determined by the Company.

Fund Adviser Fee

Where the Policyholder has agreed a fee for fund advice, the agreed amount can be deducted from the Account from the trading cash account or by cancelling sufficient Units allocated to the Policy on days determined by the Company and paid as a fee to the fund adviser.

Third Party Charges

The Company shall not be liable for any third party charges incurred in the sale or purchase of Units, or the transmission of the Premium, or the payment of surrender or claims proceeds. These costs will be borne by the Policyholder.

Interest Charge

The Account includes a trading cash account from which all fees, policy charges, adviser charges, purchases, withdrawals and partial surrenders are debited. It is important to monitor the trading cash account and maintain a positive balance. Any overdrawn/ negative balances will incur interest charges of 3% above the prevailing UK Bank of England base rate for the overdrawn period. This interest will be deducted quarterly in arrears.

c. Income and Expenses

The income from the investments of each Fund shall accrue to and form part of the Fund and all expenses and outgoings in respect of the investments (including without limitation costs of management, maintenance and valuation of real properties and mortgage interest and any other costs of borrowing) and tax, if any, shall be deducted from the Fund.

d. Unit Prices and Fund Valuation

Unit prices and the value of each Fund on which they are based will be calculated on dates and with a frequency determined by the Company. The Unit price will be calculated on whatever basis the Actuary considers appropriate but will have regard to the value of the assets forming that Fund. In the case of real property the value will have direct reference to valuations prepared and certified by valuers and adjusted to take into account variations in property prices between such valuations. In the case of securities quoted on a recognised Stock Exchange the values will have regard to the latest market prices.

Where Units allocated to a Policy include those of a Fund containing real property then any Fund variation or surrender may be delayed by up to six months, or as necessary, if in the Actuary's opinion this would be in the interests of Policyholders generally.

e. General

The references to Funds and Units are made solely for the purpose of calculating benefits conferred under the Policy and neither the Policyholder nor any other person entitled to benefit shall have any legal or beneficial interest in the Funds or the Units or any underlying assets, these being solely the property of the Company.

7. Taxes and Special Circumstances

a. If there is any change in the law or taxation which affects the Policy, or if the right of the Company to invest in any particular investment is altered for any reason, or if there is a change in circumstances which in the Actuary's opinion means it becomes impracticable or impossible for these policy provisions to be effective, then the provisions of and the benefits provided under the Policy may be varied by the Company in whatever way the Company considers fair and appropriate. Similarly, should Units of any other type be issued in the Funds, the Actuary may vary the method of calculating the prices of the Units allocated to the Policy, but without reducing the value of the benefits under the Policy.

b. In calculating the value of the Fund the Actuary will make due allowance for income received or accrued, for outgoings of whatever nature regarding the investments of the Fund, and for any actual or prospective contingent or other liability for taxation or any levy or charge or cost the Actuary considers relevant with particular regard to the Financial Supervision Act 1988 and the Life Assurance (Compensation of Policyholders) Regulations 1991 and for the costs incurred in managing the Fund.

c. The Company reserves the right to sell from time to time some or all of the Units allocated to the Policy to meet any outstanding charges, as provided in policy provision 6, without seeking or obtaining the prior consent of the Policyholder or any fund adviser.

- d.** The Company will on a regular basis take such action as is necessary to clear any debit balances allocated to the Policy. Such debit balances will be cleared by selling Units allocated to the Policy in the following order of priority:
- i. Units of any cash Fund allocated to the Policy;
 - ii. Units selected by the Policyholder or any fund adviser for this purpose; and
 - iii. if the Policyholder or any fund adviser has not so selected any Units or the sale of such Units realises insufficient monies, the Company will sell such Units as it considers appropriate in all the circumstances.
- e.** Notwithstanding any other provision of these policy provisions, if any one of the Policyholders is or becomes resident in the United States of America or is or becomes a citizen of the United States of America* the Company will refuse to:
- i. vary the proportion of Units of a Fund or Funds allocated to the Policy at any time; or
 - ii. allow the extension option conferred by policy provision 12 to be exercised.
- * United States means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

8. Claims Provision

a. Persons entitled to Payment

Unless otherwise stated in the Schedule, the Policy was issued to the Policyholder and the benefits are payable to the Policyholder.

b. Claims Procedure

The Company will not pay any benefit until it has received a duly completed surrender or claim form, proof of the claimant's title and, in the case of the death benefit, proof of the life assured's death, together with any other documentation and information it may reasonably require all in an acceptable form to assess the claim. This is subject to full settlement of all Funds held across the relevant policy(ies).

c. Place of Payment

All benefits are payable in the Isle of Man.

9. General

- a. Premium:** The Premium payable under the Policy shall be paid to the Company in the Isle of Man by a method acceptable to the Company. The initial Premium is due on the Commencement Date. Additional Premiums are not permitted.
- b. Notices:** All written notifications, information, notices and requests to the Company shall be supplied to the Company in a form acceptable to it at its Registered Office or such other place as the Company shall appoint.
- c. Assignments:** The legal title to the Policy may only be assigned once. A notice of assignment affecting the legal title to the Policy must be given to the Company at its Registered Office or such other place as the Company shall from time to time appoint and must state the date and purpose of the assignment. No agent of the Company is authorised to receive, acknowledge or transmit a notice of assignment.
- d. Age of the lives assured:** If the age of any life assured is incorrectly stated in the application form or in the Policy, the terms shall be adjusted by the Actuary to such terms as would be appropriate having regard to the true age.

10. Death Benefit

Subject to policy provision 8b, on the death of the life assured the Company shall pay an amount equal to the Value of Units calculated at the next valuation date following receipt of written notification of death plus (in respect of the Account) £100, or currency equivalent, less the aggregate of any outstanding charges as provided in policy provision 6.

The Actuary will require all non-cash Units allocated to the Policy to be sold or redeemed, and the proceeds of such sale or redemption to be transferred in cleared funds to the cash account of the Account, before determining the Value of Units for the purposes of this policy provision 10.

11. Maturity Benefit

Subject to policy provision 8b, on the survival of the life assured to the Maturity Date the Company shall pay an amount equal to the Value of Units calculated at the next valuation date following the Maturity Date, less the aggregate of any outstanding charges as provided in policy provision 6.

The Actuary may require all non-cash Units allocated to the Policy to be sold or redeemed, and the proceeds of such sale or redemption to be transferred in cleared funds to the cash account of the Account, before determining the Value of Units for the purposes of this policy provision 11.

12. Extension Option

Where the life assured is less than 18 and subject to notice being given no later than 30 days before the Maturity Date, the Policyholder may, at any time, by notice in writing to the Company extend the term of the Policy to such date as the Policyholder may choose (which date will become the new Maturity Date for the purposes of these policy provisions and shall replace the Maturity Date shown in the Schedule then in force), provided that such date:

- a. falls on an anniversary of the Commencement Date shown in the Schedule; and
- b. does not fall on an anniversary of the Commencement Date when the life assured who is alive at the time notice is given would be more than 49, if alive.

13a. No Surrender Benefit

The Company will not allow the Policyholder or any other person to surrender the Policy in whole or in part at any time unless the exception at 13b applies.

13b. Exception - if the Donor's death results in a liability to Inheritance Tax

Here in provision 13b 'the Gifted Sum' means the sum of money which was received by the Company for investment into each Policy on the Commencement Date plus the sum of money (if any) received by the Company for an Adviser Charge payment on or around the Commencement Date and 'the Donor' means the person who provided those sums as a gift.

If the Policyholder or a person with a beneficial interest in each Policy becomes liable to Inheritance Tax in respect of the Gifted Sum as a result of the death of the Donor, the Company will accept a request for a surrender transaction to realise a sum of money not exceeding the tax liability figure.

The tax liability figure will be the sum of the following amounts:

- a. the amount of the Inheritance Tax payable in respect of the Gifted Sum as a result of the death of the Donor; plus
- b. the amount of any interest or late payment penalties payable in respect of the Inheritance Tax at (a); plus
- c. the estimated amount of any Income Tax liability which may arise from any chargeable events caused by the surrender transaction itself.

The Company reserves the right to defer the surrender transaction until evidence establishing the amount of the tax liability figure has been provided.

Subject to policy provision 8b, the sum requested will be provided by partial surrender of all the Policies in the Account at that time unless the Policyholder specifically requests full surrender of one or more of specified Policies in the Account to provide some (or all) of the sum requested.

For the purpose of this provision 13b, the surrender value of each Policy shall be the value of Units calculated at the next valuation date following the receipt of the surrender form, less the aggregate of any outstanding charges as provided in policy provision 6.

The Actuary may require some or all of the non-cash Units allocated to a Policy to be sold or redeemed, and the proceeds of such sale or redemptions to be transferred in cleared funds to the cash account of the Account, before determining the Value of Units for the purposes of this policy provision 13b.

14. Liability

If the Company has any assets representing part or all of the Fund of any Account held with, or invested in, an entity which fails, defaults or enters insolvency or a similar procedure (a 'Defaulting Third Party'), the right of the Company to share or partake in any compensation scheme applicable to that Defaulting Third Party is likely to be limited to that of one customer of the Defaulting Party regardless of how many Policyholders of the Company had relevant Funds (or assets within such Funds) invested in or held with that Defaulting Third Party.

The Company shall have no liability to the Policyholder (or any other party interested in the Account) for any loss suffered by them, the Account or the Fund which is caused directly or indirectly by the default, failure, collapse, insolvency, restructuring or any other act or omission of any custodian bank, investment manager, bank financial institution, agent, nominee, contract counterparty, issuer or any asset or investment in the Fund, professional adviser or other relevant party and whether the loss arises from a loss of funds, assets, title documents or otherwise.

The Company shall not be liable for any loss or damage of any kind suffered by the Policyholder (or any other party interested in the Account) as a result of any event outside the Company's control (for example, but without limitation, an agent or third party failing to act on instructions, interruption or delay in the performance of contractual obligations caused by strike, industrial action, systems failure or terrorism).

15. Law

- a. The Contract shall be governed by and construed in accordance with Isle of Man law and the parties agree to submit to the non-exclusive jurisdiction of the Isle of Man courts as regards any claim or matter arising out of or in connection with the Contract.
- b. The Contract does not, by virtue of the Contracts (Rights of Third Parties) Act 2001 or otherwise, confer any rights or benefits on any person or class of persons existing now or in the future, who is not a party to it except that a party's assignee or successor will be deemed to be a party to the Contract.



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