

Elite Account

Policy Provisions



1. Definitions

'Account' refers to the group of individual Policies for which a Schedule is 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.

'Additional Fund' has the meaning given in Provision 6.

'Additional Fund Manager' has the meaning given in Provision 6.

'Annual Management Charge' means the annual administration charge due to the Company in respect of each Policy, as agreed with the Policyholder in advance of the Commencement Date and to be deducted in accordance with Provision 9(b).

'Business Day' means a day on which banks are generally open for business on the Isle of Man, excluding any Saturday or Sunday.

'Commencement Date' means the date on which each Policy commences, as shown in the Schedule.

'Company' means CLI Institutional Limited.

'Custodian' means a custodian acceptable to and appointed by the Company.

'Death Benefit' means the benefits to be paid to the Policyholder following the death of the (or the last, if there is more than one) Life Assured in accordance with Provision 14.

'First Fund' has the meaning given in Provision 6.

'First Fund Manager' has the meaning given in Provision 6.

'Fund' means a fund created in the Company's Life Assurance Fund containing (and only containing) property which (a) falls within one or more of the categories listed in the table at section 520(2) of the Income Tax (Trading and Other Income) Act 2005 of the United Kingdom or is prescribed by paragraphs 4(3) or 4(4) of the Personal Portfolio Bonds (Tax) Regulations 1999 (SI 1999/1029) of the United Kingdom, and (b) meets one or both of the investment selection conditions set out in section 521 of that Act or the condition specified in paragraph 4(5) of those Regulations (the property being referred to in these Policy Provisions as the 'constituent investments').

'Fund Adviser' means an investment adviser acceptable to and appointed by the Company to select Units, deselect Units and manage the Units of the First Fund and any Additional Fund.

'Fund Manager' means an investment manager acceptable to and appointed by the Company to manage the constituent investments of a Fund the value of which is used to determine the value of some or all of the benefits payable under each Policy in accordance with these Policy Provisions.

'Life Assured' means a life which is assured under a Policy.

'Mortality Benefit' means £100 (one hundred Pounds Sterling) (£GBP).

'Partial Surrender Benefit' means the benefits to be paid to the Policyholder on the partial surrender of each Policy in accordance with Provision 13.

'Policy' means any individual policy identified in the attached Schedule and which is subject to these Policy Provisions.

'Policyholder' means the holder of the Policy and includes his/her/its administrators, executors and assigns.

'Policy Year' means a year commencing with the Commencement Date or any anniversary thereof.

'Premium' refers to any payment into the Policy that is accepted by the Company in accordance with Provision 4.

'Registered Office' means Canada Life House, Isle of Man Business Park, Douglas, Isle of Man IM2 2QJ.

'Specified Amount' means the cash value, or particular constituent investments of a Fund (other than an internal linked fund), specified in the investment administration form by the Policyholder or the Fund Adviser to be transferred from one Fund to another Fund.

'Surrender Benefit' means the benefits to be paid to the Policyholder on the surrender in whole of any one or more of the Policies in accordance with Provision 12.

'Units' means the units of a Fund; and any reference to Units includes, where the context permits, a reference to parts of Units.

'Valuation Date' means a date on which the Company is able to determine the market price of some, or as the context requires all, of the Units which are, or (as the context requires) are to be, allocated to each Policy.

'Valuation Point' means each of 31st March, 30th June, 30th September and 31st December falling in a Policy Year, or the nearest preceding Business Day.

'Value of Units' means the aggregate of the market price of the Units allocated to a Policy plus any cash standing to the credit of the cash account of the Account (or minus the amount that the cash account of the Account is overdrawn with accrued interest) which is allocable to that Policy.

2. Nature of the Account

The Elite Account is a group of single premium whole of life assurance policies conferring benefits linked to the Value of Units as provided below.

3. Contract

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 written statement form part of the contract between the Policyholder and the Company in respect of each Policy. The Company accepts any liability solely in accordance with the terms and conditions of the contract. The Company shall not have any liability in respect of any alleged conditions, warranty, representation or statement whatsoever differing from the terms and conditions of each Policy whether express or implied or whether collateral thereto or otherwise. No term or condition of a Policy may be waived or modified except by an endorsement issued by the Company and signed by an authorised official thereof.

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

If a Policy is written in a currency other than £GBP (Pounds Sterling), any amount stated in these Policy Provisions in Pounds Sterling will be deemed to include its equivalent in that currency at an appropriate exchange rate.

References to any statute or to any regulations are to be read as including any subsequent amendment to, or enactment, re-enactment, promulgation or re-promulgation of the statute or regulations concerned.

The terms and conditions of each Policy will be governed by and construed in accordance with the laws of the Isle of Man and the parties to each Policy hereby submit to the exclusive jurisdiction of the courts of the Isle of Man for the purpose of settling any dispute arising out of or in any way relating to each Policy.

4. Premiums

All Premiums shall be paid to the Company by a method acceptable to the Company. The first Premium in respect of each Policy is due on the Commencement Date. Additional Premiums may be paid at any time whilst a Policy is in force subject to any individual Premium being not less than the minimum amount as the Company shall from time to time determine and subject to such evidence as to the state of health of the Life or Lives Assured as the Company may require. All Premiums paid to and accepted by the Company will be allocated evenly across all Policies in force at the time of acceptance.

Premiums may be paid by transferring monies from a bank account or in kind, provided that, in the context of Premiums paid in kind, the Company will only accept investments which are, first, eligible to be held in a Fund (that is, other than an internal linked fund) and, secondly, capable of being accurately valued by the Company within five Business Days of receipt, or such other longer period as the Company may from time to time determine. Any investment that is not acceptable will be returned to the Policyholder as soon as is reasonably practical, without any liability on the part of the Company for any fall in value (or any benefit to the Company for any appreciation in value) of the investment or the costs of transfer and re-transfer.

On the receipt and acceptance by the Company of any Premium paid in cash, the Company will allocate Units to each Policy in force in accordance with Provision 7. On the receipt and acceptance by the Company of any Premium paid in kind (please note that the Premium accepted by the Company will correspond only to the investments that have been accurately valued by the Company and to which the Company has obtained clear title), the Company will allocate Units to each Policy in force in accordance with Provision 7.

5. Funds and Units

Each Fund is a separate and identifiable fund and forms part of the Company's Life Assurance Fund. Each Fund is divided into one or more Units. Units in a Fund are allocated to each Policy in accordance with Provisions 6 and 7. The market price of Units is determined in accordance with Provision 8.

The gross profits from the constituent investments of a Fund shall accrue to and form part of the Fund and all losses, expenses and outgoings, including tax, in respect of the constituent investments of a Fund shall be deducted from the Fund.

For the avoidance of doubt, references to Units and Funds are made solely for the purpose of calculating benefits payable under each Policy and neither the Policyholder nor any other person entitled to benefit shall have any legal or beneficial interest in the Units, the Funds or any constituent investments of a Fund, these being solely the property of the Company.

6. Fund Managers and Fund Adviser

Immediately before the payment of the first Premium, the Policyholder will nominate, by completing the relevant section of the investment administration form, a Fund Manager that he would like the Company to appoint to invest and reinvest all Premiums accepted by the Company. If acceptable to the Company, the Company will appoint that Fund Manager (the 'First Fund Manager'), create a Fund (the 'First Fund') for the First Fund Manager and appoint a Custodian for the First Fund. The Units of the First Fund will be allocated to each Policy in accordance with Provision 7.

At any time after the appointment of the First Fund Manager, the Policyholder may nominate, by completing the relevant section of the investment administration form, an additional or replacement Fund Manager that he would like the Company to appoint to invest and re-invest the Specified Amount and all or part of any additional Premiums thereafter accepted by the Company. If acceptable to the Company, the Company will appoint that Fund Manager (the 'Additional Fund Manager'), create a Fund (the 'Additional Fund') for the Additional Fund Manager and appoint a Custodian for the Additional Fund. The Units of the Additional Fund will be allocated to each Policy in force in accordance with Provision 7.

If at any time the First Fund Manager or any Additional Fund Manager wishes to select property which falls within Category 1 in the table at section 520(2) of the Income Tax (Trading and Other Income) Act 2005 of the United Kingdom or is prescribed by paragraph 4(3) of the Personal Portfolio Bonds (Tax) Regulations 1999 (SI 1999/1029) of the United Kingdom (and which meets the one or both of the investment selection conditions set out in section 521 of that Act or the condition specified in paragraph 4(5) of those Regulations) then the Company will sell or otherwise realise Units of the First Fund or the relevant Additional Fund, as appropriate, for cash to enable the said property to be selected. The Units of the relevant internal linked fund will be allocated evenly across all Policies in force.

The Policyholder may at any time nominate a Fund Adviser by completing the relevant section of the investment administration form. If acceptable to the Company, the Company will appoint the nominated Fund Adviser, and will thereafter accept investment instructions from the Fund Adviser in relation to the Units of the First Fund and any Additional Fund.

The Fund Adviser may be changed at any time. However, before any change is effected, the Policyholder must complete the relevant section of the investment administration form. The Fund Adviser may be removed at any time by the Company.

7. Unit Allocations

On the acceptance of the first Premium the Company will, subject as hereinafter provided, transfer the same to the Custodian for the First Fund and will allocate all the Units in the First Fund evenly across all the Policies. The price of the Units in the First Fund will be their book cost, determined on the Commencement Date or the next Valuation Date following the Commencement Date. On the acceptance of any additional Premium the Company will, subject as hereinafter provided, transfer each such Premium to the Custodian for the First Fund; each such transfer will be reflected in the book cost and the market price of the Units in the First Fund on the next Valuation Date.

On the appointment of an Additional Fund Manager, the Company will transfer the Specified Amount to the Custodian for the Additional Fund (each such transfer will be reflected in the book cost and the market price of the Units of the transfer or Fund on the next Valuation Date) and allocate all the Units in the Additional Fund evenly across all the Policies in force. The price of the Units in the Additional Fund will be their book cost, determined on the next Valuation Date. Where there is more than one Fund Manager, on the acceptance of any additional Premium the Company will, subject as hereinafter provided, transfer each such Premium to the Custodian for whichever Fund the Policyholder shall have specified on the additional investment form (and, if more than one, in such proportions as the Policyholder shall have so specified); each such transfer will be reflected in the book cost and the market price of the Units in the relevant Fund on the next Valuation Date.

The Company will retain such amount in the cash account of the Account as it considers appropriate from each Premium paid and accepted and will from time to time request that cash be transferred from a Fund to the cash account of the Account, to meet the charges, costs etc. set out in Provision 9. It is possible that the cash account of the Account may periodically go into overdraft, either because there is insufficient cash in the cash account to meet the charges, costs etc. set out in Provision 9, or because the Policyholder requires a Partial Surrender Benefit or Surrender Benefit to be conferred urgently, before cash can be returned to the cash account from a Fund. Interest debited from the cash account of the Account will affect the Value of Units.

8. Unit Prices and Fund Valuations

Subject as hereinafter provided, the Company will determine the market price of the Units allocated to each Policy in force at each Valuation Point and on every relevant Valuation Date.

The Actuary may rely on advice from a Fund Manager in valuing the constituent investments of a Fund, and in determining the market price of its Units. In the context of the payment of any Partial Surrender Benefit, Surrender Benefit or Death Benefit, the Actuary may require some or all of the constituent investments of a Fund to be sold or otherwise realised before determining the market price of its Units. The Actuary may also make due allowance for any actual or prospective, contingent or other liability for taxation, and any loss, expense, outgoing or levy the Actuary considers relevant (with particular regard to the Financial Services Act 2008 and the Life Assurance (Compensation of Policyholders) Regulations 1991).

A Fund Manager may rely on valuations provided by the relevant fund or investment manager or another third party in valuing the constituent investments of a Fund. Different valuations may apply where constituent investments of a Fund are being valued for either sale or redemption, or purchase. The costs of selling or redeeming, or purchasing, any constituent investment of a Fund will be taken into consideration in determining the market price of its Units.

The Actuary's determination of the market price of the Units allocated to each Policy shall be final and binding on the Policyholder.

Cash transferred from a Fund to the cash account of the Account, to meet the charges, costs etc. set out in Provision 9, or a Partial Surrender Benefit, or to clear an overdrawn position in the cash account of the Account, will affect the book cost and the market price of the Units in the relevant Fund allocated to each Policy in force.

Should the Company, in its sole discretion, wish to reorganise the Units issued in a Fund, the Actuary may vary the method of calculating the book cost and the market price of the Units of that Fund allocated to each Policy in force, but without reducing the value of the benefits under each such Policy.

In the event that a constituent investment of a Fund cannot be accurately valued at a Valuation Point, the Actuary will ordinarily use the last available valuation in respect of the constituent investment. However, the Company reserves the right to delay the determination of the market price of Units allocated to each Policy where some or all of the constituent investments of the corresponding Fund are incapable of accurate valuation at a Valuation Point. In such circumstances, the market price of such Units will be determined at the next Valuation Date.

9. Charges and Costs

a. Establishment Charge

There is no establishment charge for setting-up the Account.

b. Annual Management Charge

The Annual Management Charge will be calculated by reference to the Value of Units at each Valuation Point and will be deducted from the cash account of the Account shortly after each Valuation Point. The Company reserves the right to charge the Annual Management Charge in respect of the value of benefits to be conferred under any of Provisions 12, 13 and 14 between Valuation Points (by reference to the number of days elapsed between Valuation Points divided by a 365 day year and multiplied by the appropriate percentage of the value of the benefits to be conferred) immediately before the conferring of any such benefits.

c. Third Party Costs

The Company shall not be liable to or for any third party costs incurred in the purchase or sale of constituent investments of a Fund, or the transmission of Premiums or benefits hereunder. These costs will be borne by the Policyholder or the Account (from the cash account of the Account or from the constituent investments of a Fund), as appropriate.

d. Fund Adviser Fees

Where a fee is payable to the Fund Adviser, the agreed amount will be deducted from the cash account of the Account quarterly and paid as a fee to the Fund Adviser.

e. Fund Manager and Custody Fees

Each Fund Manager and Custodian will be paid an agreed fee for their services. These fees will be taken from the constituent investments of the relevant Fund, and will be reflected in the market price of the Units in that Fund.

f. Adviser Charge

Where the Policyholder has asked the Company to facilitate the payment of an adviser charge to the professional adviser or a Fund Adviser, the appropriate amount may be deducted from the cash account of the Account and paid to the professional adviser or the fund adviser.

10. Taxes and Special Circumstances

- a. If there is any change in the law or taxation which affects the Policy, or the right of the Company to invest in any particular investment is altered, or if in the Actuary's opinion means it becomes impossible for these provisions to take effect, then the provisions of and the benefits provided under the Policy may be varied by the Company so long as such variation is fair and appropriate. Any variation would take effect 30 days after the Company has written to you informing you of the change.
- b. The Company does not currently pay Isle of Man tax on its profits or the profits of any Fund and does not currently withhold amounts in respect of Isle of Man tax on the payment of any benefit under policies of life assurance issued by it. Should this position change in any way, the Company will use all reasonable endeavours to inform the Policyholder of the change as soon as is reasonably practicable.
- c. The Company must be notified in writing of any change to the Policyholder's permanent country of residence. Should this change to a country where legislation may mean that the Company is unable to continue to receive Premiums into a Policy (for example the United States of America) the Policyholder will no longer be able to pay any Premiums into a Policy or change Units allocated to any Policy. The Policyholder may also be required to surrender each Policy.

11. Claims Provisions

- a. **Persons Entitled to Payment**

Unless otherwise stated in the Schedule or any endorsement thereto, each Policy was issued to the Policyholder and the benefits are payable to the Policyholder.
- b. **Claims Procedure**

The Company will not pay any Surrender Benefit or Death Benefit until the Policy has been returned and it has received a duly completed surrender request or claim form, proof of the claimant's title and, in the case of the Death Benefit, proof of the death and age of each Life Assured, together with any other documentation and information it may reasonably require all in a form acceptable to the Company. The Company will not pay any Partial Surrender Benefit until it has received a duly completed partial surrender request form, proof of the claimant's title, together with any other documentation and information it may reasonably require all in a form acceptable to the Company.
- c. **Place of and Currency of Payment**

All benefits are payable in the Isle of Man, in the currency of the Policy (unless otherwise agreed with the Policyholder).

d. Delay

The Company reserves the right to delay the payment of any Partial Surrender Benefit, Surrender Benefit or Death Benefit until such time as either sufficient or all constituent investments of the Fund or Funds whose Units are allocated to each or a Policy have been sold or otherwise realised, and the proceeds of such sale or realisation have been transferred in cleared funds to the cash account of the Account.

12. Surrender Benefit

The surrender value of each Policy in force shall be the Value of Units, as reduced by the aggregate of any outstanding charges, costs etc. as provided in Provision 9.

On receipt from the Policyholder of a surrender request form, together with all other documentation and information required by the Company in accordance with Provision 11(b), the Company will determine the Value of Units on the next Valuation Date following receipt and having done so will pay to the Policyholder an amount equal to the surrender value of the Policy (or Policies) that is (or are) the subject of the written surrender request.

13. Partial Surrender Benefit

On receipt from the Policyholder of a partial surrender request form, together with all other documentation and information required by the Company in accordance with Provision 11(b), the Company will determine the Value of Units on the next Valuation Date following receipt (as reduced by the aggregate of any outstanding charges, costs etc. as provided in Provision 9) and having done so will withdraw an amount equal to the amount requested from a Fund or Funds, and will pay such amount to the Policyholder.

Each Partial Surrender Benefit will be deducted from each Policy then in force, in equal amounts.

The Partial Surrender Benefit may be conferred by the Company on a one-off basis, or at yearly, half yearly, quarterly or monthly intervals, to provide the amount or amounts requested by the Policyholder, all in accordance with the Policyholder's instructions.

14. Death Benefit

The Death Benefit payable in respect of each Policy in force shall be an amount equal to the aggregate of the Value of Units at the next Valuation Date following receipt by the Company of written notification of the death of the (or the last, if there is more than one) Life Assured, plus the appropriate portion of the Mortality Benefit, less the aggregate of any outstanding charges, costs etc. as provided in Provision 9.

On receipt from the Policyholder of a claim form, together with all documentation and information required by the Company in accordance with Provision 11(b), the Company will determine the Death Benefit and having done so will pay it to the Policyholder.

Notwithstanding anything to the contrary contained in these Policy Provisions, if the (or the last, if there is more than one) Life Assured commits suicide during the first two Policy Years (or within two years of any revival of assurance) the liability of the Company under each Policy will be limited to an amount equal to the surrender value.

15. General

a. 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 may from time to time appoint.

b. Assignments

All notices of assignment affecting the title to a Policy must be given to the Company at its Registered Office or such other place as the Company may 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 any notice of assignment.

c. Age of the Life Assured

If the age of the Life Assured (or the age of any or all the Lives Assured if more than one) is incorrectly stated in the application form or in a Policy, the terms shall be adjusted by the Actuary to such terms as would be appropriate having regard to the true age or ages.

d. Custody

All constituent investments of a Fund will be registered in the name of the Company or in the name of the relevant Custodian for the account of the Company. The Policyholder may nominate a third party custodian to act as a Custodian for a Fund (other than an internal linked fund). In these circumstances, the relevant section of the investment administration form should be completed by the Policyholder and returned to the Company. The Company reserves the right to refuse to appoint any third party custodian nominated by the Policyholder if that third party custodian is not acceptable to the Company. Each change in Fund Manager and Custodian will require the investment administration form to be completed by the Policyholder.

e. Minimum Residual Value

To the extent that the surrender value of the Account is at any time less than £50,000 (or such other value as the Company may from time to time determine) the Company reserves the right to cancel all the Policies then in force and pay to the Policyholder an amount equal to the surrender value of each such Policy.

f. Third Party Rights

The parties to each Policy do not intend that any of its terms will be enforceable by virtue of the Isle of Man Contracts (Rights of Third Parties) Act 2001 by any person who is not a party to it.

16. Liability

If the value of any Policy is determined (directly or indirectly and in whole or in part) by the value of an investment in, or held with or deposited with, 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 Third Party regardless of how many policyholders of the Company had policies whose value was determined (directly or indirectly and in whole or in part) by the value of that investment.


The Company shall have no liability to the Policyholder (or any other party interested in the Account) for any loss suffered by them 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 investment of 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).



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