

Prestige 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.

‘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.

‘Class of Units’ means a particular investment 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, and ‘classes of Units’ and ‘Units’ shall be construed accordingly.

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

‘Company’ means CLI Institutional Limited.

‘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.

‘Fund’ means the fund created by the Company in the Company’s Long Term Business Fund for the Account, through which Units are allocated to each Policy.

‘Fund Adviser’ means an investment adviser acceptable to and appointed by the Company to select Units, deselect Units and manage the Units which are or (as the context requires) are to be allocated to each Policy.

‘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.

‘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.

‘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 market price of the Units allocated to a Policy (net of the amount (if any) that the cash account of the Account is overdrawn with accrued interest) which is allocable to that Policy.

2. Nature of the Account

The Prestige 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 the 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

The Fund is a separate and identifiable fund and forms part of the Company's Long Term Business Fund. The Fund contains the Units which are allocated to each Policy in force in accordance with Provision 7. The market price of the Units so allocated is determined in accordance with Provision 8.

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

For the avoidance of doubt, references to the Units and the Fund 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 or the Fund, these being solely the property of the Company.

6. Fund Adviser

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 or settlement requests from the Fund Adviser as described in Provision 7.

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 or before the Commencement Date and the date of payment of any additional Premium, the Policyholder or, as the case may be, the Fund Adviser, will specify in writing to the Company, first, the class or classes of Units that are to be allocated to each Policy in force on the next Valuation Date and, secondly, the proportion of the Premium, when received and accepted by the Company, that is to be used in purchasing Units of each specified class.

On the receipt and acceptance by the Company of any Premium, the Company will, on the next Valuation Date, purchase such number of each specified class of Units as is equal to the proportion of the Premium specified to be used in purchasing Units of each class divided by the market price of the Units in question on that Valuation Date. The Units purchased will be allocated evenly across all Policies in force on that Valuation Date.

At any time after the Commencement Date the Policyholder or, as the case may be, the Fund Adviser, may change the Units allocated to each Policy in force by specifying in a notice acceptable to the Company from time to time, first, the Units allocated to each Policy in force which are to be sold or redeemed on the next Valuation Date; secondly, the new class or classes of Units that are to be allocated to each Policy in force on the next Valuation Date; and, thirdly, the proportion of the proceeds of the sale or redemption of the Units that is to be used in purchasing Units of each new specified class.

On receipt of such acceptable notification, the Company will, on the next Valuation Date, first, sell or redeem the Units specified to be sold or redeemed and, secondly, purchase such number of each new specified class of Units as is equal to the proportion of the proceeds of such sale or redemption specified to be used in purchasing Units of each class divided by the market price of the Units in question on that Valuation Date. The Units purchased will be allocated evenly across all Policies in force on that Valuation Date.

8. Unit Pricing

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 Company will also determine the market price of the Units to be allocated to each Policy in force on the relevant Valuation Date. The market price of the Units allocated to each Policy in force, or to be allocated to each Policy in force, at such times shall be calculated by the Actuary whose conclusions shall be final and binding on the Policyholder.

In calculating the market price of the Units allocated to each Policy in force at any time, the Actuary may 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).

In addition, in calculating the market price of any particular Units, the Actuary may rely on valuations provided by the relevant fund or investment manager or another third party. Different valuations may apply where Units are being valued for either sale or redemption, or purchase. The costs of selling or redeeming, or purchasing, any Unit will be taken into consideration in calculating the market price of the Units.

If the cash account of the Account is overdrawn at any time, interest debited from the cash account of the Account will affect the Value of Units. The Company reserves the right to sell or redeem Units to clear any such overdraft.

In the event that any Units cannot be accurately valued at a Valuation Point, the Actuary will ordinarily use the last available valuation in respect of such Units. However, the Company reserves the right to delay the determination of the market price of the Units allocated to each Policy where some or all of the Units are incapable of accurate valuation at that time. 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. Transaction and Quarterly Administration Costs

A transaction charge as determined by the Company will be payable on the purchase of any class of Units. A transaction charge as determined by the Company will be payable on the sale or redemption of any class of Units.

A quarterly administration charge will be deducted from the cash account of the Account. The quarterly administration charge and the day on which it is deducted will be determined by the Company.

The transaction charges and quarterly administration charges may be increased at any time, and from time to time, by the Company.

d. Third Party Costs

The Company shall not be liable to or for any third party costs incurred in the purchase, sale or redemption of any Units, or the transmission of Premiums or benefits hereunder. These costs will be borne by the Policyholder or the Account, as appropriate.

e. 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.

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 and paid to the professional adviser or the Fund Adviser. The payment of an adviser charge is a partial surrender of the Policies for United Kingdom income tax purposes.

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).

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. provided in Provision 9.

Subject as hereinafter provided, 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.

The Actuary may require all non-cash Units allocated to the Policy (or Policies) that is (or are) the subject of the written surrender request 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 Provision 12.

13. Partial Surrender Benefit

Subject as hereinafter provided, 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 pay to the Policyholder an amount equal to the Partial Surrender Benefit requested. Each Partial Surrender Benefit will be deducted from each Policy then in force, in equal amounts.

The Actuary may require some of the non-cash Units allocated to the Policies in force 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 Provision 13.

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

Subject as hereinafter provided, 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.

The Actuary will require all non-cash Units allocated to the Policy (or Policies) that is (or are) the subject of a valid claim 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 Provision 14.

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 the 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. 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.

e. 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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