

# STERLING DEPOSIT BOND PROVISIONS AND PRIVILEGES

## 1. PREMIUM PAYMENT

All Premiums are true Premiums and the initial payment is shown as the Premium in the Schedule. Additional Premiums may be paid at any time subject to a minimum of £1,000 and the Company's terms and conditions applicable at the time of payment.

## 2. INVESTMENT

Upon receipt by the Company of each Premium the Company shall invest the balance after deduction of the initial charge in a special high-yielding account with Alliance & Leicester International Limited. Interest will be credited daily on a compound basis to the fund in which this Bond is invested and will be reflected in the quoted Unit Price.

The Company reserves the right to exercise its discretion in the investment of premiums and earnings under this Bond with other deposit takers at any future date should it be considered to be in the interests of Policyholders.

## 3. UNIT PRICE

The Unit Price will be calculated by adding accrued interest to the total value of the fund after allowance for the proportional deduction of the annual management and dividing the total net value by the total number of units outstanding.

## 4. CHARGES

An initial charge of £20 shall be deducted from each Premium prior to that Premium being allocated to units.

This Bond shall be subject to an Annual Management Charge of 0.5% calculated daily on the value of the Bond and deducted quarterly.

Each withdrawal whether in part or in full shall be liable to a charge of £20 to be deducted from the value of that withdrawal.

## 5. WITHDRAWALS

The Grantee may upon written notice to the Company withdraw the total or part of the value of the Bond in accordance with Clause 2 above subject to a fee of £20 being payable upon each and every withdrawal. Partial withdrawals shall be subject to a minimum balance of £5,000 remaining under this Bond as the amount invested.

## 6. BOND BENEFITS

Upon the event of the death of the Life Assured and Sum Assured the equivalent to 101% of the total value of the Bond on the date of death shall become payable.

## 7. JOINT LIVES ASSURED

In the event that more than one person shall be named as a Life Assured references to the death of the Life Assured herein shall be deemed to mean the death of the last to die of the Lives Assured.

## 8. CLAIM SETTLEMENT

Before settlement of any claim hereunder the Company shall be entitled to receive due proof of the death of the Life Assured and the title of the claimant and other information the Company may reasonably require together with production of this Bond at the Company's Registered Office.

## 9. PARTICIPATION IN PROFITS

This Bond shall not participate in the profits of the Company.

## 10. ASSIGNMENT

During the currency of this Bond the Grantee may assign any or all rights under the Bond. Any Assignment shall become effective upon receipt of notice in duplicate and expressed in the English Language at the Company's Head Office in a form acceptable to the Company. The Company will not be responsible for the sufficiency or validity of any assignment.

## 11. CONFORMITY WITH ISLE OF MAN LAW

This Bond is subject to the jurisdiction of the laws of the Isle of Man and is issued in conformity with the requirements thereof. The Company makes no representation regarding the conformity of the Bond to the laws of any other jurisdiction. Further, if any demand or levy is made by the Isle of Man Government and/or its delegate, as appropriate, upon the Company under the terms of the Life Assurance (Compensation of Policyholders) Regulations 1991, as amended, a pro-rata amount of such demand or levy, determined as the ratio which the value of the Sterling Deposit Bond shall bear to the value of the Company's Life Fund, shall be deducted from the value of the Sterling Deposit Fund by the Company.

In the event of any change in the laws of the Isle of Man, other law (or any change in taxation or regulatory practices) affecting the Company or policies issued by the Company or funds underlying the Sterling Deposit Bond the Company may vary these provisions and the benefits payable under the Bond in whatever manner and to whatever extent it regards as appropriate and equitable to all its Policyholders to take account of such change(s).