

POLICY BOOKLET.

INTRODUCTION

This Policy Booklet shows you the features, benefits and exclusions (things that are not covered) that apply to this product.

WHO IS COVERED?

The life insured is covered.

PREMIUMS

Premiums can be paid either monthly or annually and start on the policy start date .

Guaranteed premiums

Premiums are guaranteed and will not change unless you make changes to the policy using the options available in section headed 'Changing your policy'.

Increasing cover

You may have the option to choose an increasing policy, the premiums will increase in line with the changes in the Retail Prices Index (RPI) multiplied by 1.5 subject to a maximum increase of 15% per annum. The RPI provides an indication of

inflation on a monthly basis. The RPI measures and tracks the average change in the purchase price of goods and services such as housing expenses and mortgage interest payments.

WHAT HAPPENS IF THE PREMIUMS ARE NOT PAID?

We are entitled to cancel the policy if any premiums are not paid within 30 days of their due date. If we cancel the policy, your cover will end and no further premiums will be payable. We will not refund any premiums already paid.

WHAT HAPPENS TO AN ANNUAL PREMIUM IF A CLAIM IS PAID?

If the premium is paid annually and claim is paid, we will pay a pro-rata refund of the premium for the remaining months of that year. The policy will end when a claim is paid and no further premiums will be payable.

2

AMOUNT OF COVER

Level cover

If you choose level cover the amount of cover will stay the same unless you change it using the options available in the section headed 'Changing your policy' during the period of cover.

Decreasing cover

If you choose decreasing cover the amount of cover will reduce during the period of cover. Decreasing cover is often used to help protect a repayment mortgage. We apply an interest rate to the original amount of cover to estimate the amount that you repay each month on your repayment mortgage and the amount you are covered for will decrease accordingly. If the interest rate we apply is less than the interest rate that is actually applied to your mortgage, or your mortgage changes, the amount we pay out may not be enough to repay your mortgage in full. The interest rate applied will be shown in your Policy Booklet. To ensure that the amount paid out will cover the amount of your outstanding mortgage you should check regularly that the interest rate applied to the policy is equal to or higher than the interest rate applied to your mortgage by your lender.

Increasing cover

You may have the option to choose increasing cover, the amount of cover will increase in line with changes in inflation on each policy anniversary with no need to answer further questions about your health. The amount of cover, including any increases you have already accepted, will increase in line with the changes in the Retail Prices Index (RPI) over a 12 month period. If we cannot use the RPI, we will use an index comparable to the RPI instead. We will contact you at least

three months before the policy anniversary to tell you what the increase in the amount of cover and premium will be. If the change in the RPI is less than or equal to 1% we will not increase the amount of cover. If the change in the RPI is more than 10% we will only increase the amount of cover by 10% per annum.

Your options

Accept the increase

If you choose to accept the increase you do not need to take any action. We will increase the amount of cover and the premium and update your direct debit.

Decline the increase

When we notify you of an increase, we will also give you the option to decline the increase. To decline an increase, you must complete and return the form in the letter we send to you by the date shown. If you choose to decline the increase to the amount of cover and premium, then we will withdraw the option and you will not be given the option to increase the amount of cover in the future.

You are covered from the policy start date until the policy expiry date unless one of the following occurs first:

The amount of cover is paid out, or

If the policy is cancelled by you or us .

Cover will stop when the policy ends and no further premiums will be payable.

WHAT IS COVERED?

The amount of cover, subject to the exclusions defined in the section headed 'What you are not covered for' is paid if, before the **policy expiry date** , the **life insured** :

- dies
- is diagnosed with a terminal illness

whichever occurs first.

If you choose a joint life policy, the amount of cover is paid when either life insured dies or is diagnosed with a terminal illness.

Terminal Illness Cover

This is an advance payment of the amount of cover where the life insured has a terminal illness . Terminal illness is defined as a definite diagnosis by your hospital consultant of an illness that satisfies both of the following:

- The illness either has no known cure or has progressed to the point where it cannot be cured; and
- In the opinion of your hospital consultant and our Medical Officer , the illness is expected to lead to death within 12 months. No terminal illness claim can be made after the death of the life insured . If decreasing cover is chosen the amount payable will be the amount of cover we calculate on the date that it is established that the life insured has met our definition of terminal illness.

4 .

WHAT YOU ARE NOT COVERED FOR

- **Death in the first year**

The policy will be cancelled if within the first year of the policy, the life insured dies as a result of:

- Suicide or,
- Intentional and serious self-injury or,
- An event where, in our reasonable opinion, the life insured took their own life .

Assessing a claim for death in the first year

If a suicide verdict is not given we may decide in our reasonable opinion that the life insured has taken their own life. We will take into account:

- The method and timing of death.
 - The evidence available from the time and place of death.
 - Any documentation left by the deceased or available from others.
 - Previous medical history that we are reasonably entitled to obtain.
- You will not be eligible to make a claim under the policy chosen if:

- the life insured doesn't meet the definitions for cover as described in the section(s) headed :

- 'What is Covered'

- Waiver of Premium

- the premiums under the policy are not up to date.
 - The policy is offered or issued subject to the cancellation of a specified policy(ies), and you did not cancel it (them).
- During the application process we will ask you questions about your personal circumstances and we may request additional information from you in order to make an

assessment and offer you a policy. The life insured is required to answer all of our questions honestly and accurately.

a) If you (or an agent acting on your behalf) deliberately or recklessly provide inaccurate information we are entitled to cancel the policy and refuse to pay the amount of cover. In these circumstances we may not refund any premiums you have already paid.

b) If you (or an agent acting on your behalf) provide inaccurate information through carelessness, we are entitled to amend the policy to reflect the terms that would have been offered had the accurate information been known. In these circumstances:

i. if we would not have issued the policy had the accurate information been provided, we are entitled to cancel the policy, however we will refund any premiums you have already paid;

ii. if we would have issued the policy on different terms and conditions (other than those relating to premiums) had the accurate information been provided, we may make changes to the policy terms and conditions and treat the policy as if it had been issued on the different terms and conditions;

iii. in addition, if we would have issued the policy with higher premiums had the accurate information been provided, we may reduce the amount of cover to reflect the higher premiums that would have applied had the accurate

information been provided. The following formula will be used in these circumstances :

$$\text{New amount of cover} = \frac{\text{Premium actually charged} \times \text{original amount of cover}}{\text{Higher premium}}$$

5

WAIVER OF PREMIUM /REPAYMENT IN ARREARS.

You may have the option to choose Waiver of Premium at the start of the policy, it will be an additional cost.

If the life insured meets our definition of incapacity for 26 consecutive weeks, you won't have to pay premiums. This benefit will start after the 26th consecutive week of incapacity and continue until the earlier of:

- The end of the period of incapacity, or
- Payment of the amount of cover, or
- On the policy expiry date .

Incapacity

Depending on the life insured's employment status when a claim is made, incapacity is defined as: The life insured is totally incapable of carrying out their normal occupation by reason of an illness, natural disasters, state of war or injury which occurred after the policy start date , necessitating medical or

surgical treatment and is not carrying out any other occupation or paid employment.

Or If the life insured is not in paid employment and they are unable to do three or more of the following Specified Work Tasks as a direct result of an illness or injury which occurred after the policy start date :

The Specified Work Tasks are:

Walking : The ability to walk more than 200 metres on a level surface.

Climbing : The ability to climb up a flight of 12 stairs and down again, using the handrail if needed.

Lifting : The ability to pick up an object weighing 2kg at table height and hold for 60 seconds before replacing the object on the table.

Bending: The ability to bend or kneel to touch the floor and straighten up again.

Getting in and out of a car: The ability to get into a standard saloon car, and out again.

Writing: The manual dexterity to write legibly using a pen or pencil, or type using a desktop personal computer keyboard.

The life insured may be required to have a medical examination by an appropriate medical specialist appointed by us regardless of the incapacity definition applied at claim.

Countries where this benefit is provided

The life insured is covered for Waiver of Premium if they:

- a) reside or travel within the European Union, or
- b) travel outside of the European Union for no more than three consecutive months in any 12 months.

If the life insured travels outside of the European Union for more than three consecutive months in any 12 months we will act reasonably when assessing whether the life insured meets the definition of incapacity.

For details about how to make a Waiver of Premium claim, please see the section headed 'Making a claim'.

6

CHANGING YOUR POLICY

On the occurrence of specified events you have the option to increase the amount of cover without the need for further medical information. To do this the policy must be taken out before your 45th birthday and we must not have applied a premium increase to your cover.

If the following do not apply when you want to change your cover then there are alternative ways outlined in the section headed 'Other Changes' .

You can increase the amount of cover without answering any more medical information in the event of:

- a) the life insured entering into marriage or a registered civil partnership, or
- b) the birth of the life insured's child, or
- c) the life insured legally adopting a child, or
- d) an increase in the life insured's earnings due to a change of employment or promotion, or
- e) an increase to the life insured's mortgage by reason of a house move or undertaking major home improvements .

This option must be used within six months of the event and if we request relevant documents in relation to the events , you must provide them to us .

The amount cover can increase by

For all increases, the amount of cover may only be increased on each occasion by the lower of:

- 50% of the original amount of cover, or
- £150,000, or

- if (d) above applies, the amount equal to the original amount of cover multiplied by the percentage increase in earnings
- If (e) above applies, the amount of the increase in the mortgage. The option may only be used three times in total, and only once in respect of either entering into marriage or a registered civil partnership. The maximum total of all increases permitted is £2,000,000.

How we provide cover for an increase

If you use this option an additional policy will be issued in respect of the increase, which will:

- not allow you to increase your cover without additional medical evidence,
- not extend beyond the life insured's 65th birthday or one year after the policy expiry date of this original policy, whichever is earlier ,
- only have increasing cover if this was selected when the policy was taken out and the option to increase has been accepted by you at all policy anniversary dates, and
- be subject to the premiums, terms and conditions for such policies at the time the additional policy is issued.

In circumstances where we no longer offer the chosen policy at the time you wish to use this option, we will offer you a reasonable available alternative.

When this option is not available

This option will not be available to you :

- After the life insured's 55th birthday. If two people are covered this applies to the older life insured .
- If a claim under Waiver of Premium has been made, until the end of the period of incapacity,
- If the life insured has been diagnosed with or is receiving or has received medical treatment for our definition of: – A terminal illness

JOINT LIFE POLICY SEPARATION

If you take out a joint life policy you can separate it if:

- a) you divorce, or
- b) you dissolve your registered civil partnership, or
- c) either of you :
 - i. take over an existing mortgage in one name, or
 - ii. take out a new mortgage in one name.

We will cancel this policy and start a new single life policy for each life insured .

You must make the request within six months of the event being finalised.

7

What we need to process your request

a) Evidence to support your request in the form of:

- i. A decree absolute if you get divorced, or
- ii. A final order for the dissolution of your registered civil partnership, or
- iii. Proof of ownership of the relevant mortgage.

b) The consent of both lives insured by completing and returning an amendment form issued by us , which includes a short questionnaire about the life insured's health, medical history, residency and leisure activities.

c) If either life insured answers 'yes' to any of the questions in the amendment form, we will require you to complete a full application form in order to set up a single life policy. Where we undertake a full medical and lifestyle assessment, depending on the answers there may be circumstances where we may not be able to offer cover to both of the lives insured .

How we will provide cover

a) The new single life policies will include the same cover as the original policy. We will not change the cover in any other way, other than making it a single life policy.

b) The new single life policies will be subject to premiums, terms and conditions available at the time you make the change.

c) The maximum amount of cover for each new policy will be the lower of:

- The amount of cover on the original joint life policy, or
- £1,000,000.

(d) The term of each new policy will not extend beyond the life insured's 70th birthday or one year after the policy expiry date, whichever is earlier.

OTHER CHANGES

You can request any of the following changes to the policy:

- Increase or decrease the amount of cover
- Extend or reduce the period of cover
- Remove a life insured, if joint life cover is chosen

- Change the frequency of your premiums between annually and monthly.

What we may need to process your request

a) Your consent to the changes by completing and returning an amendment form issued by us , which includes a short questionnaire about the life insured's health, medical history, residency and leisure activities.

b) If the life insured answers 'yes' to any of the questions in the amendment form, we may require you to complete a full application in order to make the changes to the policy. Where we undertake a full medical and lifestyle assessment, depending on the answers there may be circumstances where we may not be able to offer cover to both of the lives insured .

c) Any documents reasonably required by us to support your request .

How we will provide cover

We will confirm if the change you have requested means the original policy has to be cancelled and a new policy issued, which may have different terms and conditions. Any changes you make may affect the premiums that are payable.

We will confirm the change you have made.

GENERAL CONDITIONS

- We may make changes to the policy terms and conditions that we reasonably consider are appropriate due to a change in any applicable legislation, regulation or taxation. In such circumstances, we will notify you in advance of any changes being made.
- We have the right by notifying you to:
 - i. cancel this policy; and
 - ii. not pay a claim on this policy; and
 - iii. take other reasonable action in order to comply with laws, regulations, sanctions regimes, international guidance and/or demands from any authorities, relating to Financial Crime Risk Management Activity.
- The policy is governed by English Law.
- All communication in relation to the policy will be in English.
- The right to exercise any option under the policy or to exercise any right conferred by the policy is limited to such as are allowed in the terms of the policy and as are compatible with the requirements of Paragraph 19(3) of Schedule 15 of the Income and Corporation Taxes Act 1988 for a qualifying policy.

MAKING A CLAIM

Notifying us of a claim

To make a claim under the policy, please notify us using our claims contact detail . When claiming we will need the policy number, and you or (your agent) contact details

Type of Claim

What we need

Life cover :

The date of death

Terminal Illness :
diagnosis

Cover Details of the illness and

Waiver of Premium: You must notify us of a claim within 16 weeks of the start of the life insured's incapacity, otherwise we will consider the start of their incapacity to be 16 weeks before the date we are told . We may not insist on this if there are exceptional medical or other reasons why you cannot tell us within 16 weeks of the start of incapacity.

ASSESSING YOUR CLAIM

We may send you a claim form to complete and return to us . In order to assess your claim we will require different evidence depending on the type of claim you are making.

We may also ask for the Policy Booklet and any other documents we may reasonably require for the claim you are making.

Type of Claim :

Evidence required

Life Cover :

The death certificate of the life insured

Terminal Illness Cover: Proof that the definition has been met
Waiver of Premium : Proof that the relevant incapacity definition has been met

If you do not provide any information or documentation that would reasonably be required to assess the claim, we will not process the claim until the information or documentation is made available.

WHO WE PAY THE COVER TO

The amount of cover is paid to you .In most cases, this means that we will make payment directly to the legal owner of the policy, or if that person is dead, to their personal representative (usually the executor named in their will or appointed representative by the named executor with credible legal authentication). This also means that if the policy has been placed in trust, we will make payment to the trustees, and if the policy has been assigned, we will make payment to the assignees.

PAYMENT OF COVER

We will pay a claim for any of the cover described in the section headed 'What is covered' as a lump sum. Cover can only be paid in pound sterling (GBP) to a bank account in the UK. If you wish to receive payments outside the UK, then arrangements for such transfers must be made at your own expense.

REPLACEMENT COVER

If you choose to take out a joint life policy and one of the lives insured makes a valid claim under full cover as, defined in the section headed 'What is covered ', you can request to continue cover for the other life insured as a new single life policy.

You must request this option within six months of a valid claim under full cover being paid.

What we need to process your request

a) The consent of the life insured who hasn't claimed under full cover, by completing and returning a replacement cover form issued by us , which includes a short questionnaire about the life insured's health, medical history, residency and leisure activities.

b) If the life insured who hasn't claimed under full cover, answers 'yes' to any of the questions in the replacement cover form, we will require you to complete a full application form in order to set up a single life policy. Where we undertake a full medical and lifestyle assessment, depending on the answers there may be circumstances where we may not be able to offer cover to the life insured .

How we will provide cover

a) The new single life policy will include the same cover as the original policy. We will not change the cover in any other way, other than making it a single life policy.

b) The amount of cover will be the same as the original policy. If Decreasing Life Insurance is chosen, the amount of cover will be the remaining amount of cover at the time a valid claim under full cover was paid on the original policy.

c) The term of the new policy will not extend beyond the life insured's 70th birthday or one year after the policy expiry date , whichever is earlier.

d) The new single life policy will be subject to premiums, terms and conditions available at the time you make the change.

11

HOW TO CANCEL THE POLICY

You can cancel the policy at any time. Once the policy starts we will provide you with a notice of your right to cancel.

If you cancel the policy within 30 days of receiving both the notice and the policy, we will refund any premiums paid.

If you cancel the policy after 30 days, you will not get any money back.

If you cancel the policy, the cover will end and no further premiums will be payable.