



Preserve & Profit Bond Policy Provisions

1. Definitions

Benefit amount means the amount of each given benefit type shown in the schedule.

Life assured means the person or persons indicated in the schedule upon whose life or lives the benefits are payable.

Market value reduction (MVR) means a factor we may apply to reduce the value of the With-Profits Fund so as to protect the interests of other with-profits policyholders. How and when an MVR may be applied is explained in more detail in our PPFM document.

Payable event means the event on which the Benefit Amount is payable as shown in the schedule.

Cluster(s) means the number of identical policies that the premium is split into subject to a minimum value determined by us.

Office means Windsor House, Telford Centre TF3 4NB or such other address as shall be notified to the Policyholder.

Policyholder means the Policyholder stated in the Schedule or his or her or their assignees entitled to receive the benefits payable under the policy.

Policy year means a period of 12 calendar months starting on the date of commencement or any anniversary of the date of commencement.

Principles and Practices of Financial Management (PPFM) means the document that sets out how we manage the With-Profits Fund.

We, us or our means Windsor Life Assurance Company Limited.

2. Payment of benefits

The benefits are payable to the Policyholder, his/her executors, administrators or assignees unless otherwise stated in the policy schedule.

3. Premium payments

The single premium stated in the schedule shall be payable by internal transfer for re-investment of maturing policies or by cheque for top-ups to existing Bonds, or such other method as we may decide to accept.

4. The Fund and units

With-profits policies have benefits determined by reference to the number of with-profits units attaching to them. The price of units will not fall and will be increased by the addition of bonuses reflecting the share of the profits of the With-Profits Fund to which these policies

are entitled. The determination of profits and distribution is explained in our PPFM. The With-Profits Fund is a separate and identifiable fund maintained by the Company.

Units are allocated or sold at the price dependent on the event as follows:

- (a) Reinvestment or top-up to an existing policy - the price on the date the payment is made.
- (b) Maturity or death - the price on the date of the event.
- (c) Surrender - the price on the date following receipt of our payment release form.

5. Allocation of units

- (a) On the date of commencement the investment amount specified in the schedule shall be deemed to secure units at the price effective on the date of commencement in the With-Profits Fund calculated to the nearer one hundredth part of a unit.
- (b) The allocation of units is notional and is relevant only to the calculation of benefits under the policy and shall not confer any legal or beneficial interest in the units or the investments of the underlying fund.

6. Regular withdrawals

- (a) Where the Policyholder has elected to receive regular withdrawals by way of partial surrenders at agreed regular intervals, units to the value of each partial surrender will be cancelled at the time of the partial surrender at the then price of units. The number of units attaching to the policy will be reduced by the number of units cancelled on each occasion without endorsement to the policy.
- (b) For the purposes of paying partial surrenders under this provision, the deductions specified in Provision 8 will not apply.

7. Death benefit

The amount payable on death will be calculated as 101% of the surrender value (see provision 8) which would have been payable on the day before the date of death. We will not apply any MVR (see provision 8) to this calculation.

Where the bond is written on a joint life first death basis:

- the death benefit is paid on the first of those lives to die.



Where the bond is written on a joint life second death basis:

- the death benefit is paid on the second of those lives to die.

8. Surrender value

At any time before the Death Benefit becomes payable the Policy may be surrendered for a cash sum. The Surrender Value will be an amount equal to the value of the units attaching to the policy determined at the price of the unit ruling at that time. If applicable, a Terminal bonus may be added to the value of units, but we may also make a deduction known as a Market Value Reduction (MVR).

When we set the amount of MVR deduction we will compare:

- a) the investment return on the assets in the With-Profit Fund during the period the Units have been credited to the policy; with
- b) the amount of any bonuses added.

We will carefully consider the need to protect the interests of other policyholders, our smoothing principles (as set out in our PPFM), and the need to protect the With-Profits Fund.

Where we consider it necessary to protect the interests of other policyholders, we reserve the right not to give advance warning either of any decision to apply an MVR or any change to the basis of the MVR calculation. However, we will always act reasonably in doing so and will endeavour to provide prompt and accurate information about the application of an MVR in the event that it is applied.

The MVR deduction will not be made to meet a claim on Death or Maturity. How and when a MVR is applied is explained in more detail in Key Features and our PPFM document. The MVR is expressed as a separate proportionate deduction from the value of units attaching to the policy.

9. General

- (a) The policy is free from all restrictions on occupation, residence or travel.
- (b) All notices of assignment affecting title of this policy must be delivered to us at our Office.
- (c) Any request to pay benefits under the policy or any options selected by the Policyholder under these provisions must be notified in writing to our Office.
- (d) All benefits and premiums under the Policy are payable in sterling.
- (e) If at anytime during the term of the policy there is a change in taxation affecting the policy or, as a result of a change in law investment in shares or property is disallowed or restricted, or in consequence of such changes it becomes impracticable or inequitable as between policyholders to carry out the procedures laid down in this policy, we reserve the right to make any related and reasonable changes to the terms of the policy to reflect the changes in law or taxation.
- (f) The policy shall be governed by the Law of England.

This version 1.0 of W0073 policy provisions is correct as at July 2009.