

Our Reference: Final Bonus/SH
July 2007

Dear Intermediary

Scottish Provident Ireland – With Profits Funds Update

I am writing to let you know the outcome of our half yearly review of terminal bonus rates for Scottish Provident and Scottish Mutual International (SMI) domestic business.

Terminal Bonus

Scottish Provident Limited (policies written on or before 31 July 2001)

Conventional With Profits

These revised rates are being implemented on 1 July 2007, and details of the changes are given in the enclosed leaflet 'Terminal Bonuses / MVRs applicable from 1 July 2007q

Terminal Bonus rates are smoothed and where the rates are reducing, the reduction is restricted such that payouts on policies with the same premium and term will not fall by more than 10% from one terminal bonus declaration to the next.

Traditional Endowments

For traditional regular premium endowment business, with the exception of policies commencing in 1998 to 2001, terminal bonuses are increasing.

The terminal bonus for the 10-year Single Premium Endowment Bond has reduced. This reduction is purely due to the lower returns over the 10-year period applicable to this tranche of business.

Traditional Pensions

For traditional pensions business, in calculating terminal bonus we continue to allow for the higher current cost of buying annuities. This has resulted in a reduction in terminal bonus for these products, with these bonuses broadly reducing by 5% to 12% for most durations, except for the longest terms. More detail is given in the enclosed leaflet.

Unitised With Profits

The terminal bonus scale for Scottish Provident Limited unitised with profits life and pensions business has increased for all policy commencement years (1996 to 2006).

Scottish Mutual International (unitised with profits policies written on or after 1 August 2001)

For the SMI Dublin With Profits Fund the terminal bonus scale has continued to improve for most policies, both for regular premium and single premium business.

The remaining Market Value Reductions (MVRs) have reduced significantly across the board with MVRs of 3% or less remaining on only a few of the earliest inception dates for Pension business (1% for Life). These changes are as a result of the investment experience of the SMI Dublin With Profits Fund over the last 6 months.

Further information can be obtained from our website www.scotprov.ie, by e-mailing us at, info@resolutionireland.com, by writing to the above address or calling our Contact Team on 01 639 9859 between 9.00 am and 5.00 pm Monday to Friday.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Shay Hiney', with a small circular mark at the end of the signature.

Shay Hiney
Intermediary Relations Manager