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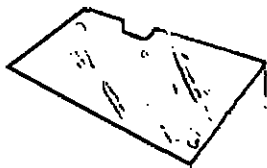
PROVIDENT

IRELAND



Bonus Mortgage Plan

WITH GUARANTEES
AND OTHER
POLICY PROVISIONS
JANUARY 1993



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Introduction

The material in Sections 1 to 8 in this booklet in ordinary print comprises the "Bonus Mortgage Plan Policy Provisions (January 1993)" and these form part of the policy.

The material in the informal notes in blue italics does not form part of the policy provisions but is included to give you further information and guidance on what to do in various circumstances.

Policyholder information

If you need further help or advice on your investment and life insurance needs you may wish to consult the financial adviser who introduced you to Scottish Provident. Alternatively, our experienced staff at your nearest Scottish Provident Area Office will be pleased to assist you. You will find the address at the back of this booklet.

Notification of changes

If you change your address or the bank through which premiums are paid under the policy or if you need to stop paying premiums or to cancel the policy you should write to our office in Dublin and we shall take the appropriate action.

In any correspondence please quote the policy number and your full name and address.

I. Construction

This provision deals principally with the definitions of various terms which are used later in the provisions.

These provisions apply to any policy effected with The Scottish Provident Institution ("the Institution") which is expressed to be subject to them. In relation to such a policy in these provisions:

- (a) "the proposer" means the person (or persons) who effected the policy;
- (b) "the life assured" (or "the lives assured") means the person (or persons) specified as such in the schedule to the policy;
- (c) "the titleholder" means the person (or persons) who is (or are) for the time being legally entitled to deal with the policy;
- (d) "the effective date of the policy" means the date shown as such in the schedule to the policy;
- (e) "the minimum death benefit" means the amount shown as such in the schedule to the policy, subject to provisions 2.3 and 8.7.

Where appropriate, in these provisions and in the policy the masculine includes the feminine and vice versa and the singular includes the plural and vice versa.

The 'titleholder' is the owner of the policy. If the policy is assigned to a third party, or held under a trust, the titleholder will be the assignee(s) or trustee(s) respectively. If, as is usual with this type of policy, the policy is assigned to a building society or a bank as security for a loan, the titleholder will be the lender. Since the building society or bank will hold the policy as security, we automatically provide the proposer with copies of the policy and the policy provisions booklet. These copies are of no value other than as a source of information about the policy.

The titleholder's permission is always required before we are able to act on instructions involving a material change to the policy, e.g., an instruction for encashment of the policy.

2. Premiums

This provision deals with various matters relating to premiums including what happens if you do not pay them.

2.1 Premiums payable

The premiums payable under the policy are as stated in the schedule to the policy.

No premiums will be due:

- (a) on or after the last guarantee date shown in the schedule to the policy;
- (b) on or after the appropriate guarantee date referred to in provision 4 or 5, if a cash sum is taken under that provision in respect of the whole policy;
- (c) on or after the date of encashment, if a cash sum is taken under provision 6 in respect of the whole policy; or
- (d) after the date of death of the life assured or, if there are two or more lives assured, after the death of the first of them to die.

Premiums may be paid only by a method acceptable to the Institution.

Where premiums are payable yearly we shall contact you shortly before the premium is due and ask you to send a cheque for the amount of the premium.

Monthly premiums are paid automatically by direct debit or standing order.

2.2 Non-payment of premiums

One month of grace is allowed for the payment of premiums other than those due monthly which are payable when due. If a monthly premium has not been paid when due or if any other premium has not been paid within the period of grace, payment of premiums will be regarded as having been discontinued on the due date of that premium or on the day following the expiry of the period of grace respectively.

If at least two years' premiums have been paid when payment of premiums is discontinued, the policy will continue in full force for the period of twelve months beginning on the date of discontinuance. At any time within that period, payment of premiums may be resumed by the payment of all premiums which have fallen due but have not been paid, together with a surcharge determined by the Institution. If payment of premiums has not been resumed within that period, provision 2.3 will apply on the day after its expiry.

If two years' premiums have not been paid when payment of premiums is discontinued, provision 2.4 will apply at the date of discontinuance.

The titleholder may request that provision 2.3 or 2.4 apply before the date appropriate under the foregoing paragraphs (but not before the due date of the first unpaid premium or with retrospective effect).

2.3 Policy made paid-up for reduced benefits

When this provision applies, the minimum death benefit will be reduced to an amount determined by the Institution, unless this amount would be less than the minimum amount required by the Institution according to its practice at the time, in which case provision 2.4 will apply. No further premiums will be due under the policy. The table of guarantee dates and guaranteed cash sums shown in the schedule to the policy will be cancelled.

2.4 Cancellation

When this provision applies, the policy will be cancelled and the Institution will pay to the titleholder the cash value (if any) of the policy, as determined by the Institution.

In view of the expenses incurred by Scottish Provident in setting up the policy, any cash sum payable on cancellation in the early years of the policy may be small in relation to premiums paid.

3. Death benefit

This provision deals with what happens on the death of the life assured (or on the death of the first of the lives assured to die if there are two or more lives assured).

3.1 When payable

Provided the policy is then in force, a death benefit will become payable under the policy:

- (a) if there is one life assured, on his death; or
- (b) if there are two or more lives assured, on the death of the first of them to die.

If this provision applies, we should be told as soon as possible and the policy should be returned to us by the titleholder. Any other requirements (which will depend on the circumstances) will be advised at the time.

3.2 Amount

Subject to provisions 2.3, 3.3, 3.4 and 8.7 and to any statement in the schedule to the policy, the amount payable on death will be the greater of :

- (a) the minimum death benefit, less any premiums due but not paid under the policy and any surcharge on such premiums determined by the Institution; and
- (b) the cash value of the whole policy which would have been paid under provision 4, 5 or 6 if the appropriate election had been made at the date of the death giving rise to the death benefit.

3.3 Suicide

If the death giving rise to the death benefit was due to suicide within one year of the effective date of the policy, the death benefit will be subject to the deduction (if any) described in provision 3.5. This provision will not, however, affect the interests of any third party proved to the satisfaction of the Institution to have been acquired for value.

3.4 Basis of the contract

The policy has been granted on the basis of statements made on the application for it. If any of these statements proves to have been untrue in a material respect, the death benefit will be subject to the deduction (if any) described in provision 3.5.

3.5 Deduction

The deduction described in this provision, if it is to be made in accordance with provision 3.3 or 3.4 or any statement in the schedule to the policy, will be equal to the difference (if any) between the death benefit without the deduction and the cash value (if any) of the whole policy which would have been paid under provision 4,5 or 6 if the appropriate election had been made at the date of the death giving rise to the death benefit.

When the death benefit has to be restricted, the amount payable is the same as the cash value of the whole policy under provision 4,5 or 6, whichever is appropriate.

3.6 Payment

The death benefit will be payable to the titleholder or his legal personal representatives. The policy will be cancelled on payment being made.

4. Guaranteed encashment options

This provision gives you valuable options to encash your policy in whole or in part on guaranteed terms on any guarantee date. Under the legislation in force at the effective date of the policy, any cash sum payable under this provision will be tax free.

4.1 Encashment option

At any guarantee date shown in the schedule to the policy, if the policy is then in force, the titleholder may elect that the policy be cancelled in whole or in part in exchange for the payment to him of a cash sum.

4.2 Encashment of whole policy

If the election is made in respect of the whole policy, subject to provisions 2.3 and 8.7, the cash sum will be equal to the guaranteed cash sum shown in the schedule to the policy against the appropriate guarantee date increased by any bonuses, less any premiums due but not paid under the policy and any surcharge on such premiums determined by the Institution.

4.3 Part encashment

If the election is made in respect of part of the policy, subject to the conditions in provision 4.4, the amount payable will be the cash value of that part as determined by the Institution. The minimum death benefit and the table of guaranteed cash sums shown in the schedule to the policy will be altered appropriately as determined by the Institution.

4.4 Conditions relating to part encashment

The conditions in this provision are:

- (a) the cash value of the part of the policy encashed must not be less than the minimum required by the Institution according to its practice at the time;
- (b) the cash value of the part of the policy continuing must not be less than the minimum required by the Institution according to its practice at the time;
- (c) the premium required in respect of the part of the policy continuing will be determined by the Institution and must not be less than the minimum required by the Institution according to its practice at the time.

5. Mortgage repayment date

This provides for a cash sum to be payable on the mortgage repayment date. Under the legislation in force at the effective date of the policy, this cash sum will be tax free.

The mortgage repayment date, which is determined by the proposer and which is shown in the schedule to the policy, is one of the guarantee dates in the table in the schedule to the policy. On that guarantee date, if the policy is then in force, the titleholder may elect that the policy be cancelled in whole or in part in exchange for the payment to him of a cash sum as described in provision 4.

The mortgage repayment date is one particular guarantee date in the table of guarantee dates shown in the schedule to the policy. If the total amount of bonuses which have been added to the policy by the mortgage repayment date is at least 80% of the amount which would have been added had Scottish Provident's bonus rate in force at the effective date of the policy been maintained throughout the period to the mortgage repayment date, the cash sum payable will be at least equal to the amount of the minimum death benefit shown in the schedule to the policy. In other words, if the policy were used as security for a mortgage equal to the minimum death benefit, the cash sum would be sufficient to repay your mortgage. Further information on bonuses is given after provision 8.6.

The cash sum will be payable to the titleholder. If this is a building society or a bank they will normally deduct the amount of the mortgage loan from the cash sum and pay you any balance.

6. Encashment

This provides for encashment of the policy in whole or in part, other than on a guarantee date. Under the legislation in force at the effective date of the policy, any cash sum payable under this provision will be tax free.

6.1 Early encashment

At any date other than a guarantee date shown in the schedule to the policy, the titleholder may elect that the policy be cancelled in whole or in part.

6.2 Encashment of whole policy

If the election is made in respect of the whole policy:

- (i) prior to the first guarantee date shown in the schedule to the policy, the Institution will pay to the titleholder the cash value (if any) of the policy, as determined by the Institution;
- (ii) between successive guarantee dates shown in the schedule to the policy, subject to provisions 2.3 and 8.7, the Institution will pay to the titleholder not less than the guaranteed cash sum shown in the schedule to the policy on the immediately preceding guarantee date increased by the total of any bonuses applying at the date of encashment and any premiums paid on and after the immediately preceding guarantee date;
- (iii) after the last guarantee date shown in the schedule to the policy, subject to provisions 2.3 and 8.7 and subject to all due premiums having been paid, the Institution will pay to the titleholder the last guaranteed cash sum shown in the schedule to the policy increased by any bonuses.

6.3 Part encashment

If the election is made in respect of part of the policy, subject to provision 6.4, the amount payable will be the cash value (if any) of that part as determined by the Institution. The minimum death benefit and the table of guaranteed cash sums shown in the schedule to the policy will be altered appropriately as determined by the Institution.

6.4 Conditions relating to part encashment

The conditions in this provision are:

- (a) the cash value of the part of the policy encashed must not be less than the minimum required by the Institution according to its practice at the time;
- (b) the cash value of the part of the policy continuing must not be less than the minimum required by the Institution according to its practice at the time;
- (c) the required premium in respect of the part of the policy continuing will be determined by the Institution and must not be less than the minimum required by the Institution according to its practice at the time.

In view of the expenses incurred by Scottish Provident in setting up the policy, any cash sum payable on encashment in the early years of the policy may be small in relation to premiums paid.

7. Options to effect additional assurance

This provision allows you, subject to certain conditions and exclusions, to postpone the mortgage repayment date (with an increase in cover) and to effect an additional policy.

7.1 Options

Subject to the conditions and exclusions in provision 7.2, if the policy was effected to repay a mortgage on the proposer's main residence and he increases the amount of that mortgage (with or without extending the period of repayment) or replaces it by a mortgage on a different main residence purchased by him, he will have the following options without medical examination or other evidence of health being required:

- (a) he may change the mortgage repayment date to a later guarantee date shown in the schedule to the policy; and
- (b) he may effect an additional Bonus Mortgage Plan policy on the life of the life assured (or the lives assured).

If he exercises option (a), the minimum death benefit will be increased up to a maximum amount corresponding to the guaranteed cash sum appropriate to the revised mortgage repayment date. This amount and the amount of the increased premiums payable will be determined by the Institution.

7.2 Conditions and exclusions

The conditions and exclusions in this provision are:

- (a) the proposer (and the life assured or lives assured, if different from the proposer) must complete an application for the additional assurance required in a form satisfactory to the Institution before the expiry of 31 days after the increase in, or replacement of, the mortgage;
- (b) the Institution will be entitled to require evidence of the revised mortgage agreement satisfactory to it;
- (c) the revised mortgage repayment date in respect of the existing policy and the mortgage repayment date in respect of any additional policy must not be later than the life assured's 70th birthday or, if there are two or more lives assured, the 70th birthday of the oldest of them, or later than the repayment date of the increased or replacement mortgage;
- (d) the options may not be exercised if the period to the revised mortgage repayment date is less than 10 years from the date of alteration in respect of the existing policy or if the period to the mortgage repayment date is less than 10 years from its effective date in respect of any additional policy;
- (e) the options may not be exercised if the life assured or, if there are two or more lives assured, the oldest of them, has attained the age of 55 years;

- (f) the options may be exercised only if the policy is in force, provision 2.3 has not applied to it, part encashment under provision 4, 5 or 6 has not applied to it and all premiums due to date under it have been paid;
- (g) the total amount of any additional assurance must not exceed the smallest of:
 - (i) the amount by which the mortgage is increased, or the difference between the new and old mortgages, as appropriate;
 - (ii) the original minimum death benefit; and
 - (iii) the excess (if any) of £50,000 over the original minimum death benefit;
- (h) the total amount of assurance under all policies effected with the Institution on the life of the life assured (or the lives assured) for mortgage purposes which carry options to effect further policies in relation to a mortgage together with all additional policies effected as a result of exercising such options must not exceed £50,000;
- (i) the option may be exercised more than once provided that:
 - (i) the total amount of the additional assurances effected under the option does not exceed the sum assured under the policy; and
 - (ii) the total amount of the assurance under the policy and any additional policies effected as a result of exercising options thereunder together with any other policies effected with the Institution on the life of the life assured (or the lives assured) which carry options to effect further policies in relation to a mortgage and any additional policies effected as a result of exercising such options, does not exceed £50,000.
- (j) Option (b) in provision 7.1 is subject to the following additional conditions:
 - (i) apart from medical requirements the additional assurance will be available on the terms and conditions on which Bonus Mortgage Plan policies are granted by the Institution at the time;
 - (ii) if, at the date the option would be exercised, the Institution no longer grants Bonus Mortgage Plan policies, the Institution may at its discretion allow the proposer to effect a different kind of assurance policy under this option;
 - (iii) the frequency and due dates of payment of the premium under any additional policy must be the same as for the original policy; and
 - (iv) the option is not available under any policy which itself was effected as a result of the exercise of such an option.

If you wish to exercise any option you should contact your nearest Scottish Provident Area Office or the financial adviser who recommended that you effect this policy.

8. General

This deals with various miscellaneous points indicated by the sub-headings.

8.1 Payment subject to proofs

Payment of any benefit under the policy will be made to the appropriate person subject to the Institution's receiving such proof as it may require of the happening of any event on which the benefit is payable, of legal entitlement and of the date of birth of the life assured or the dates of birth of all the lives assured, if there are two or more lives assured.

8.2 Change of titleholder

Notices of assignment may be given to the Institution at its principal places of business in Dublin, London, Belfast and Edinburgh.

It is important for the titleholder to retain with the policy any deeds of assignment and reassignment or any other deeds transmitting title to the policy as these are part of the proof of his legal entitlement and he will be required to produce them before any benefits under the policy are paid to him.

8.3 Payment by cheque

Payment of any amount of money by cheque drawn in favour of the person entitled to receive it, or of any other person authorised by that person with the approval of the Institution, will be an absolute discharge to the Institution for that amount. The Institution will not in any way be responsible for seeing to the application of that amount.

8.4 Source of benefits

Any benefits under the policy are payable out of the Common Fund of the Institution.

8.5 Late payment of death benefit

If a cash sum becomes payable under provision 3, it will be increased with interest from the date of death to the date of settlement unless the amount of increase is less than a minimum amount. The rate of interest and the minimum amount will be fixed by the Institution according to its practice at the time.

8.6 With-profits

The policy will share in the surplus of the Institution's Common Fund.

The benefits under most of Scottish Provident's policies, including Bonus Mortgage Plan policies, are paid out of its Common Fund. Each year an actuarial investigation is carried out and profits are distributed among with-profits policies in the form of declared bonuses, which are normally expressed as a percentage addition to the with-profits benefits (including any existing declared bonuses). Once declared bonus has been added it becomes a permanent addition to the benefits and cannot be taken away.

An additional "terminal bonus" may also be paid. Terminal bonus reflects any especially favourable investment conditions over the period that a policy has been in force. Although terminal bonus is currently paid for many policies, there is no guarantee that it will be paid in future, or if it is at what level, since it depends on future investment conditions which cannot be foreseen.

8.7 Wrong date of birth

If the date of birth of the life assured or, if there are two or more lives assured, the date of birth of any of them has been wrongly stated to the Institution, the Institution will be entitled to adjust the benefits under the policy in such manner as it considers appropriate.

8.8 Legislation

If the policy or the Institution should be affected by legislation or other circumstances beyond the Institution's control, the Institution may change these provisions in such reasonable manner as it thinks necessary.

8.9 Proper law

The law by which the policy is governed and the jurisdiction to which the Institution is subject in respect of the policy are those of the Republic of Ireland.

8.10 Laws of the Institution

This policy is subject to the Laws of the Institution.

8.11 Currency

Premiums and benefits are payable in the currency of the Republic of Ireland in Dublin.

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I R E L A N D

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Scottish Provident is a member of the Irish Insurance Federation.