
CAPITAL OPTIONS

CAPITAL

OPTIONS

POLICY

PROVISIONS

(FEBRUARY 1994)

SCOTTISH
PROVIDENT
I R E L A N D

Contents

	Page No
Introduction	2
1. Construction	3
2. Premiums	4
3. Death benefit	6
4. Final maturity	8
5. Early maturity option	9
6. Encashment	10
7. General	11

Introduction

The material in Sections 1 to 7 in this booklet in ordinary print comprises the "Capital Options Policy Provisions (February 1994)" and these form part of each policy.

The material in the informal notes in blue italics does not form part of the policy 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 final maturity date" means the date shown as such in the schedule to the policy;
- (f) "the final maturity sum assured" means the amount shown as such in the schedule to the policy, subject to provision 7.7.

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 and usually this will be the proposer. If the policy is held under a trust or assigned to a third party, the titleholder will be the trustee(s) or assignee(s) respectively.

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.

Capital Options is made up of a number of identical policies to allow flexibility - you can wholly encash one policy, or several policies, without affecting the others (see provisions 5 and 6).

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) after the date of death of the life assured or, if there are two or more lives assured, after the date of death of the last survivor of them to die; or
- (b) if a cash sum is taken under provision 5, on or after the appropriate early maturity date referred to in that provision; or
- (c) if the final maturity sum assured becomes payable, on or after the final maturity date.

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 final maturity sum assured 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 early maturity dates and sums assured 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, if there are two or more lives assured, on the death of the last survivor of them to die.

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 last survivor 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 7.7 and to any statement in the schedule to the policy, the death benefit will be the amount which would have been paid under provision 5 or 6 if an election had been made to cancel the policy at the date of the death giving rise to the death benefit or the premiums paid to that date, if greater.

3.3 Suicide

If the life assured or, if there are two or more lives assured, any of them, commits 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 amount (if any) which would have been paid under provision 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 encashment value under provision 5 or 6.

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. Final maturity

This provision provides for a cash sum to be payable at the final maturity date.

If the policy is in force on the final maturity date and a death benefit has not become payable under provision 3 before that date; a cash sum will be payable to the titleholder. Subject to provision 7.7, the cash sum will be equal to the final maturity sum assured increased by any bonuses, less any premiums due but not paid under the policy and any surcharge on such premiums determined by the Institution. The policy will be cancelled on the final maturity date.

The cash sum will be payable to the titleholder. If the policy has been assigned to a bank or building society as collateral security for a loan, they will normally deduct the amount of the loan from the cash sum and pay you any balance.

5. Early maturity option

This provision gives you valuable options to mature your policy early on guaranteed terms on any early maturity date.

At any early maturity 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 exchange for the payment to him of a cash sum. Subject to provisions 2.3 and 7.7, the cash sum will be equal to the early maturity sum assured shown in the schedule to the policy against the appropriate early maturity 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.

6. Encashment

This provides for encashment of the policy.

At any date other than an early maturity date shown in the schedule to the policy and before the final maturity date, the titleholder may elect that the policy be cancelled. If he does so, the Institution will pay to him 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 encashment in the early years of the policy may be small in relation to premiums paid.

7. General

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

7.1 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 dates of birth of all the lives assured, if there are two or more lives assured.

7.2 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.

7.3 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.

7.4 Source of benefits

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

7.5 Late payment of death or final maturity benefit

If a cash sum becomes payable under provision 3 or 4, it will be increased with interest from the date of death or the maturity date respectively 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.

7.6 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 Capital Options 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 being 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.

7.7 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.

7.8 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.

7.9 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.

7.10 Laws of the Institution

This policy is subject to the Laws of the Institution.

7.11 Currency

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

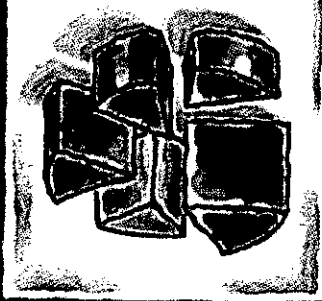
S C O T T I S H
PROVIDENT
I R E L A N D

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Area Offices

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CORK	Scottish Provident House, 52 South Mall, Cork Tel: 021 273035
LIMERICK	64 O'Connell Street, Limerick Tel: 061 411550
GALWAY	Odeon House, Eyre Square Galway Tel: 091 65531/64843



PROFITABLY
SECURELY &
CAPITAL
ACCUMULATE



CAPITAL OPTIONS



SCOTTISH
PROVIDENT'S
CONSIDERABLE
FINANCIAL
EXPERTISE
PROVIDES YOU
WITH A SHARE
OF THE
PROFITS-EVEN
IN TIMES OF
FINANCIAL
UNCERTAINTY

WHO IS ELIGIBLE?

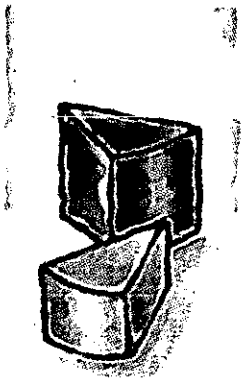
Capital Options is open to everybody between the ages of 13 and 74 inclusive. The life assured, if under the age of 18, must be proposed for by an applicant who has reached 18. The plan is designed for those who wish to save for at least 5 years and the cash values in the earliest years will be less than the premiums paid.

HOW TO APPLY

Simply complete the Capital Options application form and send it to your Insurance Broker or nearest Scottish Provident Area Office.

WHY CHOOSE SCOTTISH PROVIDENT?

- Scottish Provident has been established in Ireland since 1861.
- As a mutual life assurance company all profits belong to its with-profits policyholders - like those investing in Capital Options.
- Scottish Provident actively manages funds in excess of £3 billion which include substantial free assets to provide additional security.
- Irish assets include significant holdings in major Irish companies, Government securities and prime retail and industrial properties.
- Scottish Provident's considerable financial expertise provides you with a share of the profits - even in times of financial uncertainty.
- Scottish Provident has consistently produced excellent returns for its policyholders. Future returns depend on future investment conditions.



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CAPITAL OPTIONS

HOW YOU BENEFIT

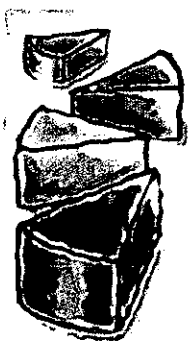
- *Accumulate capital securely and profitably*
- *Access your savings on guaranteed terms at the end of year five and every year thereafter*
- *Cash in part of your plan and leave the rest to build up to a larger sum*

HOW IT WORKS

ACCESS YOUR
SAVINGS ON
GUARANTEED
TERMS

Each month you save a set amount which can be anything from £25 upwards - you decide how much. Your plan guarantees minimum values at the end of the fifth year and every year thereafter. The plan runs for thirty years or to your eighty fifth year if earlier. If there are two lives assured it runs to the eighty fifth year of the younger life. The guaranteed values will increase each year as we add bonuses. These "ordinary bonuses" cannot be guaranteed in advance but once added cannot be taken away.

Depending on investment conditions over the period your plan is in force you may also find an additional bonus called terminal bonus added when you cash it in. Although these can never be guaranteed in advance, Scottish Provident has consistently added terminal bonuses since 1969 on plans which have been running for a few years. All bonuses added to your Capital Options plan reflect the profits earned by Scottish Provident after taking account of expenses.



CASH IN PART
OF YOUR PLAN
AND LEAVE
THE REST OF
IT TO BUILD
TO A LARGER
SUM

The problem with many savings plans is that you must take your money on a specified date. If you cash them in early the amount you receive is not guaranteed. From the fifth anniversary of your Capital Options plan you can take out a lump sum on guaranteed terms which under current legislation will be free from personal liability to tax as Scottish Provident will have paid all appropriate taxes.

Alternatively, you may decide to let your money continue to grow. Capital Options is divided into a number of segments; this offers further choices. You can cash in part of your plan and leave the rest to build up to a larger sum. The longer you maintain your investment the larger the amount will be.

FLEXIBILITY

LIFE COVER

On death, for each policy segment still in force, Scottish Provident will pay the accumulated value of the plan or return the premiums paid in respect of that segment if greater. If there are two lives assured the benefit will be paid on the second death.

TAX BENEFITS

Under current legislation all payments are completely free from personal taxation as Scottish Provident will have paid all appropriate taxes due.

