

LONDON & COLONIAL FLEXIBLE LIFE ANNUITY

KEY FEATURES

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The Gibraltar Financial Services Commission is the independent financial services regulator for Gibraltar. They require us, London & Colonial Assurance PCC Plc (LCA), to give you important information to help you decide whether the London & Colonial Flexible Life Annuity (FLA) is right for you.

Together with this Key Features document, you will also receive a Personal Illustration which shows how the FLA may work for you and the effect of various deductions. This is for illustrative purposes only and is not intended as a forecast, projection or warranty of investment performance by LCA.

You should carefully read these Key Features, the Personal Illustration and the Key Information Document that will also be sent to you so that you understand the product, its benefits, and risks. We recommend that you seek professional advice before you make any decisions about this Annuity. Please keep these documents in a safe place for future reference.

Aims

- The aim of the FLA is to provide you with an income, from the date you decide, for the remainder of your life or until the assets in your Annuity have been exhausted.

Your Commitment

- You agree to purchase the FLA.

Risks

- The underlying performance of the assets within the funds may not perform as well as assumed in the initial projections and consequently the value of the Portfolio may go to zero. This will cause the regular payments to cease.
- If income payments are increased, the end result may be that, should investment returns not meet expectations, there is insufficient value remaining in the Portfolio to make the regular payments for the remainder of your lifetime.
- The value of the payments could be reduced by inflation.
- The value of the investments can fall as well as rise, consequently the regular payments may cease earlier than anticipated. The assets for the Portfolio are chosen by the Investment Adviser that is appointed to the Portfolio. LCA has no responsibility for the investment decisions made by the appointed Investment Adviser.
- Normally the investments in the Portfolio will be denominated in Sterling. Where an asset allocated to the Portfolio is denominated in a currency other than Sterling, changes in the rate may affect the value of the investment. Your income and/or benefits may also be affected by fluctuations in any currency exchange.
- A decision to purchase an Annuity is final. Once purchased and after the expiry of the Cancellation Notice period, you will then be unable to:
 - change your mind; or
 - cancel the Annuity.

Questions and Answers

1. WHAT IS THE LONDON & COLONIAL FLEXIBLE LIFE ANNUITY?

The London & Colonial Flexible Life Annuity ('FLA') is a unit-linked purchased life annuity issued by LCA, designed to start paying you income from the date you request payment to commence.

2. HOW MUCH CAN I INVEST?

The minimum investment is £100,000 and there is no maximum limit.

3. CAN I ADD ADDITIONAL PREMIUM?

You can add further Premiums to the FLA at any time. LCA will then recalculate the new Annuity payments based on your age and the latest value of your Annuity Portfolio and issue a new FLA Schedule.

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Questions and Answers (continued)

4. HOW IS THE LEVEL OF THE REGULAR PAYMENTS CALCULATED?

LCA will calculate the annual amount of regular payments that may be made from the Portfolio, which will depend entirely on the final Illustration you receive when LCA has all the relevant documentation to start your Annuity contract. This will be based on the initial amount invested, the frequency that you require the regular payments and your age.

Your income can be paid monthly, quarterly, half-yearly or annually.

If there are insufficient funds left in the Portfolio to make the regular payments, the FLA will terminate.

5. HOW IS MY MONEY INVESTED?

100% of all premium amounts received will be applied to the FLA prior to deduction of any charges. Sufficient funds to cover the first year's regular payments and the first year's charges must remain in cash. The remaining amount will be available to invest into suitable assets.

The initial investment will be placed within a separate legally recognised Cell within the Company, in order to segregate and protect the assets which comprise your Annuity Portfolio. Assets within the Portfolio may be bought and sold throughout the duration of the contract.

LCA reserves the right to dispose of any asset which has become valueless or becomes, directly or indirectly, contrary to its normal investment philosophy or becomes an investment, directly or indirectly, in a company whose activities are regarded by LCA as being illegal, unethical or of a nature that may be detrimental to Gibraltar's reputation. The costs of selling such assets will be charged to your Portfolio. LCA will not incur liability to you as a result of exercising this right.

6. WHAT HAPPENS IF YOU DIE?

In the event of your death, no further income payments will be made. The contract with you ceases.

Any residual value left in the Portfolio upon your death remains within the Cell to which the Policy was originally allocated and is an asset of the Cell preference shareholder. Unless purchased by you at the outset of the FLA, the owner of the Cell preference share will be LCA.

7. WHAT ARE THE CHARGES AND WHAT ARE THEY FOR?

The charges comprise an Establishment Charge and an Annual Management Charge payable to LCA as well as any fees charged by the Independent Financial Adviser and /or the Investment Adviser. These fees are set out on the Illustration that you will receive.

- **Establishment Charge**

An Establishment Charge will be levied on the Premium value transferred into the Portfolio at outset.

- **Annual Management Charge**

An Annual Management Charge will be levied on the total value of the Policy which will take into account the assets held in the Portfolio as determined at the last valuation, if applicable. This charge will be deducted on the commencement date and annually on each anniversary of the commencement date thereafter.

- **Investment Adviser (IA) Fees**

Any Investment Adviser fees are subject to an agreement between LCA, the Investment Adviser and you. Such fees will be paid by LCA directly to the Investment Adviser and the corresponding deduction will be taken from the Portfolio.

- **Independent Financial Adviser (IFA) Fees**

Any Independent Financial Adviser fees shall be agreed between you and the Independent Financial Adviser prior to signing the Application Form.

- **Other Costs**

LCA may debit to the Portfolio an amount which it considers to be appropriate to take account of any expenses, taxes, duties, charges and other liabilities (including the costs of any currency conversion) that may arise in connection with the purchase, management, maintenance, custody, valuation and sale of any assets allocated, or to be allocated, to the Portfolio (including any costs incurred in contemplation of a sale of any assets allocated to the Portfolio, even if the sale fails, for any reason whatsoever) or the receipt of any income attributable to those assets and interest on, and the repayment of, any monies borrowed in connection with the Portfolio.

LCA reserves the right, at its discretion, to change the charging structure, having given 30 days' notice of the intention to do so.

Should there be insufficient liquid assets in the Portfolio to pay such charges then LCA shall sell sufficient units from any asset of our choosing in order to pay the relevant charges.

8. WHAT TAX APPLIES?

Generally, LCA should not be subject to any income tax, capital gains tax or corporation tax in respect of assets allocated to the Portfolio. Exceptions include withholding tax, which is tax withheld by some countries on certain types of income. The actual tax position will depend upon a number of factors including your circumstances and LCA always recommends that you take advice from your professional advisers.

LCA does not give tax advice and it is recommended that you take independent tax advice to ensure the product is appropriate.

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Questions and Answers (continued)

9. CAPITAL AND INCOME

Every year, LCA shall provide you with a schedule which will detail the capital and income element of each Annuity payment.

10. CAN I CHANGE THE ANNUITY PAYMENTS?

Annuity payments are calculated to start within 1 year of the commencement of the Policy. The Annuity payments can be altered at your request with 60 working days' notice. The amount of the payments can increase or decrease.

11. CAN I ENCASH OR SURRENDER THE ANNUITY CONTRACT?

The Annuity carries no encashment or surrender value although it is possible to increase the Annuity payments to 100% of the outstanding Portfolio with 60 working days' notice.

12. CAN I CHANGE MY MIND?

Should you wish to change your mind and not proceed with the initial investment after you have completed and submitted an Application Form, you will have 30 days to cancel the FLA. If you wish to cancel your FLA, you should complete and return the Cancellation Notice which forms part of the Annuity documentation that you will receive at the commencement of your FLA. Please be aware that if you do cancel within 30 days you may get back less than you invested if the investments that LCA has purchased to provide your FLA have fallen in value or third party fees and charges have been taken before we receive your Cancellation Notice. You will of course, have to repay any amounts already paid to you under the contract.

Further Information

- **About London & Colonial Assurance PCC Plc ('LCA')**

LCA is a company incorporated in Gibraltar under the provisions of the Gibraltar Companies Act and whose registered office is situated in Montagu Pavilion, 8-10 Queensway, Gibraltar, with Company Registration Number 80650.

LCA is licensed to sell various classes of life insurance and annuity business and currently writes such business in the UK and Gibraltar. LCA is part of STM Group Plc (a company incorporated in the Isle of Man with number 114064C).

- **Protected Cell Company**

LCA is structured as a Protected Cell Company ('PCC') subject to the provisions of Gibraltar's Protected Cell Companies Act 2001.

This means that LCA may create legally recognised 'Cells' within the company in order to segregate and protect all the assets that are used to back the Annuity payments. Each Cell has its own designation (the Annuity number) and it is the duty of the Directors to keep the assets and liabilities of each Cell separate and therefore accounted for separately.

The legislation prohibits the assets of a Cell to be used to satisfy any liability not attributable to that Cell. In the event that the liabilities of a Cell exceed the value of its assets, the shortfall will be payable from the solvency capital of LCA.

LCA is licensed under Gibraltar's Insurance Companies legislation which incorporates the provisions of the EU's Third Life Insurance Directive (Gibraltar is within the EU). LCA meets the capital and solvency rules laid down by the directive. The company is subject to continuous regulation by the Gibraltar Financial Services Commission.

- **Notification of Risks and PCC Legislation**

The added protection offered by the PCC Legislation would undoubtedly be effective in any legal proceedings brought in Gibraltar. However, the Directors of LCA know of no legal challenges to the PCC concept in any other jurisdiction. They are therefore unable to give Policyholders an assurance that the courts of another country would grant the level of protection for cellular assets intended under Gibraltar's Protected Cell Companies Act.

- **Solvency and Financial Condition Report**

Every year, LCA publishes a Solvency and Financial Condition Report which provides information about our performance, governance, risk profile, solvency and capital management. The report is available to read on our website at www.londoncolonial.com

- **Client classification**

There are various categories of client set out in the UK financial regulations. We will treat you as a "retail client" which gives you the greatest level of protection and means that you get full information about any products you buy.

- **Compensation**

As a Gibraltar insurer, authorised to write business in the UK, all UK policyholders are covered by the UK Financial Services Compensation Scheme. For further information see www.fscs.org.uk

- **Law**

Your FLA is construed in accordance with the law of Gibraltar.

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Queries, Complaints and Contact Details

For further information, or if you wish to complain about any aspect of the service you have received, please contact:

Managing Director

London & Colonial Assurance PCC Plc
Montagu Pavilion, 8–10 Queensway, Gibraltar.

Email Address: Gibraltar@londoncolonial.com

If you feel that your complaint is not being resolved satisfactorily, you can contact the Office of Fair Trading's Consumer Protection division at:

Office of Fair Trading

Suite 975
Europort
Gibraltar, GX11 1AA

Telephone: +350 20071700

Email Address: oft@gibraltar.gov.gi

Making a complaint will not prejudice your right to take legal proceedings.

This is a brief guide to the features of the FLA and should be read in conjunction with the FLA Standard Terms and Conditions and the Key Information Document.

References to legislation and taxation in this leaflet are based on LCA's understanding of current law, which may change without notice.

LCA may be contacted via telephone between the hours of 9.00am to 5.30pm, Central European Time, during normal working days in Gibraltar or via post, email or facsimile as per the details below.

Postal Address:

London & Colonial Assurance PCC Plc
Rockwood House
9–17 Perrymount Road
Haywards Heath
West Sussex, RH16 3TW

Telephone: + 44 (0)203 640 6845

Email Address: Gibraltar@londoncolonial.com



PART OF



GIBRALTAR COMPANY REGISTRATION NUMBER: 80650
LONDON & COLONIAL ASSURANCE PCC PLC IS A GIBRALTAR REGISTERED COMPANY, AND IS INCORPORATED UNDER THE GIBRALTAR
INSURANCE COMPANIES ACT AS A PROTECTED CELL COMPANY. LONDON & COLONIAL ASSURANCE PCC PLC IS LICENSED AND REGULATED
BY THE GIBRALTAR FINANCIAL SERVICES COMMISSION. REGISTERED OFFICE: MONTAGU PAVILION, 8-10 QUEENSWAY, GIBRALTAR, GX11 1AA

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