

LONDON & COLONIAL FLEXIBLE LIFE ANNUITY

STANDARD TERMS AND CONDITIONS



PLEASE READ ALL SECTIONS FULLY

The security and safety of your data is very important to LCA. A copy of LCA's Privacy Notice can be found on our website:

<http://info.stmgroupplc.com/privacy-notice>

LONDON & COLONIAL FLEXIBLE LIFE ANNUITY

STANDARD TERMS AND CONDITIONS

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SECTION 2. Notification of Risk

London & Colonial Assurance PCC Plc ('LCA') is structured as a Protected Cell Company (a '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 each Annuitant's assets. 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.

The added protection offered by the PCC 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 the Annuitant 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.

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 by the Commissioner of Insurance under the Insurance Companies Act to carry on assurance business in Gibraltar.

The London & Colonial Flexible Life Annuity ('FLA') is a unit-linked Annuity product. This document sets out the Terms and Conditions of the Annuity contract with LCA.

Your contract with LCA comprises the following:

- The Application Form for the FLA;
- The FLA Schedule;
- The FLA Standard Terms and Conditions;
- The Key Features;
- The Key Information Document;
- The final Illustration;
- Any Additional Annuity Schedule(s) and any Endorsement(s) to the FLA Schedule(s).

Director:

Annuity Number:

Signed for and on
behalf of London &
Colonial Assurance
PCC Plc:

Date:

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SECTION 3. Glossary

ANNUITANT

the person to whom the regular payments are payable in line with the details contained in the Application Form and the FLA Schedule.

APPLICANT

the person that applies for the FLA as set out in the Application Form.

CELL

the Cell created by LCA for the purpose of segregating and protecting the assets of the Policy in the manner provided by the Gibraltar Protected Cell Companies Act 2001.

COMMENCEMENT DATE

the date on which the FLA commenced as specified in the FLA Schedule.

CUSTODIAN

the organisation appointed to deal with the receipt, delivery and settlement of the cash and non-cash assets of the Portfolio.

DEATH BENEFIT PAYABLE

the amount calculated in accordance with Section 14 of these Terms and Conditions.

ENDORSEMENT

any additional information issued by LCA to amend the existing wording.

ESTABLISHMENT CHARGE

the charge taken by LCA when the FLA is established.

ILLUSTRATION

the documents prepared by LCA for the prospective Annuitant to show the current payments that would be available based on the current Premium and current age of the Annuitant.

INDEPENDENT FINANCIAL ADVISER

any Independent Financial Adviser who advises the Annuitant and assists with the application for the FLA.

INVESTMENT ADVISER

any Investment Adviser appointed by LCA in accordance with Section 6 of these Terms and Conditions.

INVESTMENT ADVISORY AGREEMENT

an agreement entered into by LCA and the Investment Adviser in which the Investment Adviser would be appointed to act on behalf of LCA.

LONG TERM BUSINESS FUND

the segregated fund maintained by LCA for all Annuity assets and liabilities. All Cells will be held within the Long Term Business Fund.

MANAGEMENT CHARGE

the charge taken on the commencement date and annually on each anniversary of the commencement date thereafter as detailed on the FLA Schedule.

PORTFOLIO

a separately identifiable Portfolio of investments, together with any liabilities, which are allocated for the purpose of determining the benefits payable under the FLA but which form part of the assets in the Cell in which the FLA is placed.

PREMIUM

the amount paid (including the value of any assets transferred) to LCA by the Applicant for allocation to the Portfolio.

FLEXIBLE LIFE ANNUITY ('FLA')

a Flexible Life Annuity issued by LCA. The Terms and Conditions of the agreement between the Annuitant and LCA are constituted by and set out in: the Application Form, the FLA Schedule, these Standard Terms and Conditions, the Key Features, the Key Information Document, the final Illustration and any Endorsement(s) therein. The number of this Annuity appears in the FLA Schedule.

FLEXIBLE LIFE ANNUITY SCHEDULE (FLA SCHEDULE)

the Schedule issued by LCA which includes details of the Annuitant and the allocated Annuity number.

VALUATION DATE

means the 31st March, 30th June, 30th September and 31st December.

WORKING DAY

any day that LCA is open for business.

The headings used in this contract are for ease of reference and shall not be deemed to form any part hereof. References to the singular include the plural and references to one gender include every gender. References to any statute or statutory provision include a reference to that statute or statutory provision as from time to time amended extended or re-enacted.

SECTION 4. The London & Colonial Flexible Life Annuity ('FLA')

- 4.1 Upon approval by LCA of a duly completed Application Form for the FLA, LCA shall establish the FLA and allocate a Cell to it. An amount equal to the Premium will be credited to the Cell.
- 4.2 Annuity payments will be paid at regular intervals until the earlier of the death of the Annuitant or the fund being exhausted (see Section 13).
- 4.3 The FLA is a 'lifetime annuity'.
- 4.4 The FLA does not pay a benefit on death and has no surrender value although it can be transferred to another similar annuity product.

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SECTION 5. Assets of the Portfolio

- 5.1 The assets allocated to the Portfolio shall at all times be held within the allocated Cell in the Long Term Business Fund of LCA and accordingly shall be legally and beneficially owned by LCA and shall be held in the name of LCA or as LCA may in its sole discretion decide, in the name of a custodian or nominee appointed by LCA. For the avoidance of doubt the Annuitant shall have no right or interest in or over the assets allocated to the Portfolio.
- 5.2 All income and capital arising from the assets of the Portfolio shall be credited to the Portfolio.

SECTION 6. Investment Adviser

- 6.1 Subject to the following provisions of this Section 6, the terms and conditions of the appointment of any Investment Adviser shall be subject to the detailed provisions of an Investment Advisory Agreement to be entered into by the Annuitant, LCA and the Investment Adviser.
- 6.2 LCA will appoint an Investment Adviser. For this purpose, the Annuitant may at any time request in writing that LCA appoint a named person as Investment Adviser (including to replace an existing Investment Adviser) to advise LCA on the composition of the Portfolio. However, LCA shall not be obliged to act on such request but may, in its absolute discretion, refuse to make any such appointment.
- 6.3 It shall be a condition of the appointment of the Investment Adviser that the Investment Adviser undertakes to maintain such authorisations and licences (if any) as are necessary to enable the Investment Adviser to provide the services referred to in 6.1 above in full compliance with the legislation of the country in which such services are provided.
- 6.4 For the avoidance of doubt, the Annuitant shall not be entitled to give any instructions to LCA or the Investment Adviser with regard to the composition of the Portfolio or to influence them, save that the Annuitant shall be entitled to indicate the overall investment objective of the Portfolio.
- 6.5 For the avoidance of doubt, the Investment Adviser shall at all times act for and on behalf of and owe duties to LCA and not the Annuitant.

SECTION 7. Asset Allocation

- 7.1 The composition of the Portfolio shall be determined by the Investment Adviser by giving instructions to LCA in accordance with 7.2 to 7.5 below, but subject to 7.6 below.
- 7.2 The Investment Adviser may only recommend the purchase of assets for allocation to the Portfolio which are selected from the range of assets specified by LCA or otherwise specifically agreed by LCA from time to time as being eligible to be purchased for allocation to the Portfolio.
- 7.3 Where LCA receives valid advice from the Investment Adviser, LCA will, where reasonably practical, process and implement the advice on the first Working Day on which LCA is open for business following its approval and acceptance of such advice provided there are sufficient cleared funds available to carry out the terms of said advice.
- 7.4 Where LCA receives valid advice from the Investment Adviser to purchase assets to a total value specified by the Investment Adviser for allocation to the Portfolio, it will endeavour to do so by:
- 7.4.1 purchasing the appropriate units, shares or other assets to the total value specified by the Investment Adviser at the prices readily available to LCA at the time of the purchase (and for the avoidance of doubt, any such assets purchased shall be purchased at not more than the open market buying price where the asset is quoted on an exchange or at a fair value agreed by LCA); and then
- 7.4.2 debiting the cash balance on the date LCA pays for settlement of the transaction with the purchase price, together with all expenses, taxes, duties and charges in connection with the purchase.
- 7.5 Where LCA receives valid advice from the Investment Adviser to sell assets to a total value specified by the Investment Adviser allocated to the Portfolio, it will endeavour to do so by:
- 7.5.1 selling the appropriate units, shares or other assets to the total value specified by the Investment Adviser at the prices readily available to LCA at the time of the sale; and then
- 7.5.2 crediting the cash balance on the date LCA receives settlement of the transaction with the sale proceeds, net of all expenses, taxes, duties and charges in connection with the sale.
- 7.6 Notwithstanding the foregoing, LCA has the right at all times:
- 7.6.1 to determine the suitability of assets for allocation to the Portfolio;
- 7.6.2 to refuse a request from the Investment Adviser to sell or realise in any other manner any asset allocated to the Portfolio which LCA considers is not readily realisable;

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SECTION 7. Asset Allocation (continued)

- 7.6.3 to refuse a request from the Investment Adviser to buy any asset which LCA considers to be unsuitable for allocation to the Portfolio; and
- 7.6.4 to sell or realise in any other manner (including liquidation) any asset allocated to the Portfolio which LCA deems, or which has become, unsuitable for allocation to the Portfolio.
- 7.7 In exercising its rights under this Section 7.6, LCA will take into account, inter-alia:
 - 7.7.1 any current or proposed legal, regulatory or other official requirements applicable to LCA, the FLA or the Annuitant.
 - 7.7.2 whether the relevant asset has become valueless or is, directly or indirectly, contrary to LCA's normal investment philosophy or is 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 of detriment to LCA's reputation; and
 - 7.7.3 the need to make the administration of the FLA reasonably practicable and profitable.
- 7.8 LCA will not incur any liability as a result of exercising its rights under Section 7.6, nor will LCA be required to explain the basis on which it has exercised such rights.
- 7.9 All transactions relating to assets allocated, or to be allocated, to the Portfolio will be effected by LCA, its nominee or its custodian.

SECTION 8. Cash held in the Portfolio

- 8.1 There should always be an amount of cash held within the Portfolio to meet future charges and the next Annuity payment. In the event that there is insufficient cash, LCA may, at its discretion, sell a proportion of the assets allocated to the Portfolio for the purpose of ensuring there is sufficient cash available to meet future anticipated charges and Annuity payments. In doing so, LCA may take into account any accrued or prospective fees, expenses and charges payable in connection with the Portfolio. When exercising its rights under this Section, LCA may, in its absolute discretion, sell assets from holdings in the Portfolio which LCA considers are readily realisable.
- 8.2 LCA will credit interest (or debit) interest on any cash balance held at the ruling rate determined by LCA at that time. In the event of the cash balance being overdrawn or interest rates being less than 0, we reserve the right to collect any charges necessary.

SECTION 9. Valuations

- 9.1 On each Valuation Date LCA will calculate the value of the Portfolio in Sterling, unless otherwise agreed. In calculating the value of the Portfolio, the following will be taken into account:
 - 9.1.1 the value of the assets allocated to the Portfolio;
 - 9.1.2 all monies borrowed in connection with the Portfolio;
 - 9.1.3 any income which has accrued on the assets allocated to the Portfolio;
 - 9.1.4 any accrued or prospective fees and charges payable in connection with the Portfolio in accordance with the provisions of this contract; and
 - 9.1.5 any provision for expenses, taxes, duties, charges and other liabilities for which the Portfolio (or, to the extent attributable to the Portfolio) is, or may become liable.
- 9.2 For the purpose of calculating the value of the assets allocated to the Portfolio:
 - 9.2.1 units, shares or other securities which are listed, quoted or traded on a recognised stock exchange will be valued at their most recent closing mid prices available to LCA on the relevant Valuation Date (as quoted by the fund manager of the relevant fund or as quoted in the recognised official list of market dealing prices published by the relevant exchange or by any other relevant medium selected by LCA);
 - 9.2.2 any other assets will be valued at the price at which LCA estimates they might be sold on the relevant Valuation Date (taking into account, where there are any published valuations or prices for such assets, any subsequent changes in the relevant market, any current restrictions or difficulties in trading in such assets and any other circumstances likely to affect such valuations or prices) and LCA shall be entitled to obtain such advice or further advice as it shall in its absolute discretion consider necessary or desirable in order to determine the market values of such assets.
- 9.3 If any of the assets or liabilities allocated to the Portfolio are valued in a currency other than Sterling, their values will be converted into Sterling at an appropriate exchange rate(s) selected by LCA.
- 9.4 LCA will undertake an ad hoc valuation of the Portfolio on a date which is not a Valuation Date on receiving a valid request for such a valuation. LCA reserves the right to deduct any fees or charges for providing an ad hoc valuation.

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SECTION 10. Portfolio Deductions

- 10.1 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.

SECTION 11. LCA's Charges

- 11.1 LCA shall charge an Establishment Charge payable when the FLA commences. The charge shall be deducted from the Portfolio at the commencement date of the FLA.
- 11.2 LCA shall charge a Management Charge based 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. The charge shall be deducted on the commencement date and annually on each anniversary of the commencement date thereafter.
- 11.3 The charges referred to in this Section are calculated by reference to the nature of assets held, and will be agreed in advance by LCA. These will be detailed in the final Illustration and the FLA Schedule.
- 11.4 LCA reserves the right, in its absolute discretion, to change its charging structure. LCA may increase the level of charges payable in connection with the Portfolio on giving not less than 30 days' prior notice of such increase to the Annuitant.
- 11.5 LCA reserves the right, in its absolute discretion, to charge further fees where the Annuitant instructs or necessitates LCA to pay benefits in a way which is different from its normal practice or in a currency other than Sterling or alter the conditions under which the benefits will be payable. Any such further fees will be agreed in advance with the Annuitant. LCA may waive fees at its absolute discretion.
- 11.6 In the event that there is insufficient cash in the Portfolio to cover the charges, LCA shall, in its absolute discretion, sell a proportion of the assets held by the Portfolio in order to liquidate sufficient cash to cover the outstanding charges. LCA shall not be liable for any impact this may have on the assets within the Portfolio and, for the avoidance of doubt, LCA will not be liable for any additional financial costs associated with the redemption of these assets. These additional costs (if any) will be met by the Portfolio.

SECTION 12. Independent Financial Adviser and Investment Adviser Fees

- 12.1 Any Independent Financial Adviser fees shall be agreed between the Annuitant and the Independent Financial Adviser prior to completion of the Application Form. The corresponding fee and bank charges may be deducted from the Annuitant Cash Account at the relevant dates with the fee paid directly to the Independent Financial Adviser by LCA.
- 12.2 Any Investment Adviser fees shall be agreed between the Annuitant, LCA and the Investment Adviser from time to time. The corresponding fee and bank charges may be deducted from the Annuitant's Cash Account at the relevant dates with the fee paid directly to the Investment Adviser by LCA.

SECTION 13. Annuity Payments

- 13.1 The Annuitant has the option to receive regular payments on a monthly, quarterly, half-yearly or annual basis. These regular payments will be initiated by LCA on the date shown on the Application Form.
- 13.2 The payment will be made for the earlier of the rest of the Annuitant's life or the fund being exhausted.
- 13.3 The value of the Portfolio will be used to determine the amount of the regular payments which will be payable to the Annuitant taking into account the frequency of the required payments and the age of the Annuitant.
- 13.4 The amount of the Annuity to be paid shall be determined in accordance with the following Sections 13.4.1 and 13.4.2.
- 13.4.1 At the Commencement Date, the value of the Portfolio is determined. The Portfolio value is used to calculate a level Annuity that the value of the Portfolio would purchase based on the Annuitant's life expectancy as determined by an Actuary.
- 13.4.2 Every three years, LCA will recalculate the new level Annuity amount based on the new age of the Annuitant and the new value of the Portfolio, taking into account the new life expectancy of the Annuitant as determined by an Actuary.
- 13.5 Notwithstanding the contents of Section 13.4 the Annuitant is able to specify what Annuity payment they would like to receive at any time. The amount of the Annuity payment can be anything between zero and 100% of the fund and will be paid gross of income tax.

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SECTION 13. Annuity Payments (continued)

- 13.6 All payments will be made by electronic transfer to the account details provided to LCA for these purposes.
- 13.7 The regular payments will stop on the date of death of the Annuitant. There will be a proportional payment made in respect of any period from the date of the most recent payment to the date of death.
- 13.8 Each Annuity payment comprises a 'Capital' element and an 'Interest' element. The Annuitant will only be subject to tax on the Interest element of each Annuity payment. LCA will send the Annuitant details of the split between Capital and Interest for each Annuity payment.

SECTION 14. Death of the Annuitant

- 14.1 On the death of the Annuitant, the next of kin should produce to LCA:
- 14.1.1 satisfactory proof of the death of the Annuitant, such as a certified copy of the death certificate; and
 - 14.1.2 the return of the FLA Schedule.
- 14.2 When LCA receives notification of the death of the Annuitant and receives the required documentation as outlined in 14.1 above, the Annuity shall terminate immediately and no further payments will be made to the Annuitant. There will be a proportional payment made in respect of the period from the date of the most recent payment to the date of death.
- At that time, any remaining value within the Portfolio will become an asset of the Cell and no further amounts will be owed from LCA to the Annuitant. This fully discharges all of LCA's liabilities under this Annuity contract to the Annuitant.

SECTION 15. Encashment

- 15.1 The FLA cannot be encashed at any time – it has no surrender value at any time.

SECTION 16. General

- 16.1 LCA may employ agents to perform any administrative, management or other ancillary services required to enable it to perform its obligations hereunder.
- 16.2 All requests, advice and instructions received from the Annuitant, Investment Adviser or the Intermediary will be dealt with as soon as is reasonably practical after receipt.
- 16.3 Each request or instruction must be made or given in writing to LCA.
- 16.4 Any notice or other communication in connection with the FLA will be given in writing by email or post to the address of the Annuitant in the FLA Schedule.
- 16.5 LCA shall deduct from every Portfolio any levy or impost where it is required to do so by law and it shall pay such amount across to the applicable government, statutory or other authority.
- 16.6 LCA, acting on actuarial advice, may make such alterations to the terms and provisions hereof as it, in its absolute discretion, considers appropriate.
- 16.7 This document contains all the terms of the contract between the Annuitant and LCA.
- 16.8 LCA shall not be liable for the acts or omissions of the Investment Adviser.
- 16.9 The FLA will not be valid unless the FLA Schedule is signed on behalf of LCA by a duly authorised signatory.
- 16.10 LCA may, from time to time, amend these Terms and Conditions and notify such amendments directly to the Annuitant after which, the amended Terms and Conditions shall be applicable.

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SECTION 17. Governing Law

17.1 This FLA shall be governed by and construed in accordance with the laws of Gibraltar and the parties hereto hereby surrender to the exclusive jurisdiction of the Courts of Gibraltar.

SECTION 18. Force Majeure

18.1 No liability shall arise if LCA is prevented from carrying out its obligations under the FLA by any event beyond its control including, without limit: war; national emergency; fire; flood; strike; or industrial action.

SECTION 19. Legislation

19.1 Notwithstanding anything in this FLA, if the country in which the Annuitant is or becomes resident has any requirements of law or regulation (statutory or otherwise) affecting directly or indirectly this FLA, LCA may make such adjustments to the terms and conditions of this FLA and at such time as LCA considers necessary to prevent infringement of such law or regulation.

SECTION 20. Notification of Change of Personal Circumstances

20.1 Any change in the residence, citizenship or domicile of the Annuitant must be notified to LCA within 3 months of the event.

SECTION 21. Data Protection

21.1 The security and safety of your data is very important to LCA. A copy of LCA's Privacy Notice can be found on our website: <http://info.stmgroupplc.com/privacy-notice>

SECTION 22. Tax Status and the Criminal Finance Act 2017

- 22.1 LCA strongly recommends that you seek tax advice prior to making any decisions regarding your financial arrangements.
22.2 You must advise LCA of any change to your tax residency and/or domicile within a reasonable period.
22.3 You must be and remain tax compliant.

SECTION 23. Contacting LCA

23.1 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 or email as detailed below:

Postal Address:

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

Email Address:

Gibraltar@londoncolonial.com

Telephone Number:

+ 44 (0)2036 406845



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

POSTAL ADDRESS:
LONDON & COLONIAL ASSURANCE PCC PLC
ROCKWOOD HOUSE
9-17 PERRYMOUNT ROAD
HAYWARDS HEATH
WEST SUSSEX, RH16 3TW
T: 0044 (0)2036 406845
WWW.LONDONCOLONIAL.COM
GIBRALTAR@LONDONCOLONIAL.COM