

# Flexible Asset Bond Terms & Conditions

**Pinnacle Insurance plc**

**Flexible Asset Bond**

**Terms and Conditions**

**Pinnacle Insurance plc** (the Company) will pay the benefits described in this Bond subject to the conditions set out below in return for the payment of the Premium specified in the Bond Schedule.

**This Bond** is issued on the basis of an application form and declaration accepted by the Company. All requests or notices to the Company, including requests to exercise any options available under the Bond, must be sent in writing to the Company.

**The Benefits** will be paid on production of the Bond Schedule and such other documents as the Company may require, at the Company's Head Office. All sums payable by or to the Company shall be payable in sterling.



# Flexible Asset Bond Terms & Conditions

## 1. Definitions

In this Bond, unless the context otherwise requires:

**“Annual Management Charge”** Shall mean the charges that the Company retains from the Bond’s gross proceeds in order to cover the following elements:

- i. The expenses of managing, maintaining and valuing the investments of the Fund,
- ii. Commissions payable to Financial Advisers,
- iii. Any actual and prospective levy, tax or other charge on the investments or income on the Fund,
- iv. A minimum profitability requirement defined by the Company;

**“Bond”** shall mean the Bond Owner’s investment which is contracted under the terms and conditions set out in this document, the application and the Bond Schedule and any written amendments to those terms and conditions endorsed by the Company;

**“Bond Owner”** shall mean the person or persons named as the bond owner or bond owners on the Bond Schedule or where a trust over the Bond is created, the Trustees of such trust shall be the Bond Owner;

**“Bond Schedule”** shall mean the document headed Bond Schedule that shows the details of the Life Assured(s) / Bond Owner and the investment made;

**“Business Day”** shall mean a day other than a Saturday, Sunday or bank holiday in England;

**“Commencement Date”** Shall mean the date the initial investment is made as shown in the Bond Schedule;

**“Flexible Asset Bond Variable Rate Fund”** means a Fund with a variable rate;

**“Fund”** means a fund to which the Company has linked benefits under the Bond;

**“Fund Expenses”** shall mean all of the associated costs of managing the Fund (including, for example, stamp duty tax, other charges and any dilution levies) which are reflected in the unit price;

**“Investment Percentage”** shall mean the percentage division of the Premium where more than one Fund is chosen;

**“Life Assured”** shall be the person or persons named as the life assured or lives assured on the Bond Schedule;

**“Market Disruption Event”** shall mean the occurrence of an event on a Valuation Date that, in the reasonable determination of the Company, significantly disrupts the calculation of the Unit Price;

**“Notice Funds”** shall mean a Fund(s) with a variable rate that requires the appropriate notice to be given to effect a switch or withdrawal;

**“Premium”** shall mean the premium shown in the Bond Schedule;

**“Surrender Charge”** means the administration charge made by the Company for carrying out a surrender request. Current charges are shown in the Key Features document and will be regularly reviewed by the Company and may change in line with salary inflation;

**“Switch Fee”** means the administration charge made by the Company for carrying out a switch request. Current charges are shown in the Key Features document and will be regularly reviewed by the Company and may change in line with salary inflation;

**“Trust”** shall (where applicable) mean the trust over the bond as named on the Bond Schedule;

**“Trustees”** shall (where applicable) mean the trustees of the Trust.

**“Unit”** shall mean a notional subdivision of a Fund;

**“Unit Price”** shall mean the value of a unit when it is valued by the Company.

**“Valuation Date”** shall mean a day on which Unit Prices are determined. If there is a Market Disruption Event, then it shall be the next business day on which there is no Market Disruption Event. If there is a Market Disruption Event on each of the four succeeding business days, the fifth succeeding business day shall be deemed to be the Valuation Date, and the Company shall determine the Value of Units in accordance with its standard formula and method of calculation;

**“Value of Units”** shall mean the number of units multiplied by the Unit Price;

**“Withdrawal Charge”** means the administration charge made by the Company for carrying out a partial withdrawal request. Current charges are shown in the Key Features document and will be regularly reviewed by the Company and may change in line with salary inflation;



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## 2. Description

The Flexible Asset Bond is a single premium life assurance plan which offers a range of unit linked funds which aims to provide capital growth on the original investment. The Bond has no fixed investment period. The security of the investment and any returns are dependent on the assets purchased by the Fund. The value of the investment can go down as well as up and the amount returned may be less than the original investment.

## 3. Eligibility

The Bond Owner must be:

- Aged 18 or over and under 80;
- A UK resident.

Joint Applicants: Where there is more than one Bond Owner the Bond Owners must have an insurable interest between them. This may include:

- Being married or registered as civil partners;
- Living together for more than 6 months;
- Having a joint financial liability.

Where Joint Applications are made the Company reserves the right to require proof of the insurable interest.

## 4. How the Bond works

The investment is used to purchase units within the chosen investment Fund(s). The units are valued and the value is directly linked to the value of the underlying assets within the Fund(s). For the purposes of tax efficiency the Bond is subdivided into 200 identical policies.

## 5. The Funds

The Company maintains a number of funds to which the Company may from time to time allow benefits under the Bond to be linked. Each Fund represents a group of investments held by the Company and is divided into units of such class or classes as the Company may from time to time determine to represent shares in the investments of each Fund. The Unit Class(es) allocated to this Bond is shown in the Bond Schedule. All units of one class in the Fund are equal in value to all other units of the same class in the Fund. The Company will normally value units on each Business Day.

The Company may create new Funds or close existing Funds from time to time. If an existing Fund is closed, the Company may convert units of the existing Fund(s) to units of the Flexible Asset Bond Variable Rate Fund.

In calculating the unit price the Company shall deduct from the Fund:

- the expenses of managing, maintaining and valuing the investments of the Fund (including commissions payable); and
- any actual or prospective levy, tax or other charge on the investments or income of the Fund.
- An annual management charge

## 6. Unit Allocation

For each Fund shown in the Bond Schedule, the Premium will be divided by the Unit Price of the relevant class of units in the Fund as at the Commencement Date and multiplied by the relevant Investment Percentage shown in the Bond Schedule in order to calculate the number of units to be allocated. The allocation of units under this Bond is notional only and is solely for calculating the benefits under bonds issued by the Company. The persons entitled to such benefits have no legal or beneficial interest in the units or underlying investments.

### 6.1 Unit Price

The unit price shall be the total of:

- The value of the investments of the Fund with reference to the amounts for which the investment might then be purchased (including allowance for the cost of acquiring such investments) if the Fund is a net purchaser of assets, or with reference to the amounts at which the investments might then be sold (deducting an allowance for the cost of selling such investments) if the Fund is a net seller of assets,
- Plus an allowance for income accrued but not yet added to the Fund,
- Minus an allowance for any actual or prospective liabilities in respect of the investments that has not yet been paid and an Annual Management Charge and any other costs:

Divided by the total number of units in the Fund and rounding the published unit price to four decimal places;

The Company will value units on each Business day. However, if due to a Market Disruption Event, this is not possible the units will be valued on the next appropriate business day.



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## 7. Death Benefit

A Death Benefit is payable if the Life Assured dies before the bond has been fully surrendered. If there is more than one Life Assured, the Death Benefit shall only be payable on the death of the last surviving Life Assured.

The amount payable will be 100.1% of the Value of Units calculated at the next Valuation Date following receipt of notification of death by the Company.

Written notice of death must be sent to the Company's Head Office along with an original death certificate, or copy of such certified by a Solicitor. If the death certificate is not in English a translation must be supplied. The Company may, at any time request further proof to validate the claim. The Death Benefit will be payable to the Bond Owner or the estate of the Life Assured if the Bond Owner is also the Life Assured.

## 8. Surrender or Withdrawal

### 8.1 Full Surrender

The Bond may be surrendered on receipt at the Company's Head Office of a written request to surrender from the Bond Owner together with the Bond Schedule and such other documentation, as the Company deems necessary.

A Surrender Charge shall be deducted from the value of units to be cancelled before surrender. The Surrender Value will be the Value of Units calculated at the next Valuation Date following receipt of the surrender notification and documentation required by the Company.

Where surrender is from a fund requiring notice, the surrender will take place at the next Valuation Date following expiry of the longest notice period of the funds. The Company reserves the right to defer a surrender for any reasonable period not exceeding two weeks from the date of receipt where, in the Company's reasonable opinion, it is in the interest of the Bond Owner (or Bond Owners in general) to do so. Where the Company exercises such right it shall, as soon as reasonably practicable, notify the Bond Holder of the fact of and reason for the delay and the estimated period for which the surrender will be delayed.

### 8.2 Partial Withdrawal

Units may be withdrawn from the Bond at any time upon receipt at the Company's Head Office of a written request to withdraw from the Bond Owner and subject to the following conditions:

1. That the value of the withdrawal exceeds the minimum withdrawal as published in the Key Features Document and on the Company's website;
2. That the Value of the Units remaining in the Bond exceeds the minimum balance as published in the Key Features Document and on the Company's website.

A Withdrawal Charge shall be deducted from the Value of units to be cancelled before withdrawal. Withdrawal will usually take place at the next Valuation Date following receipt by the Company of a written request from the Bond owner.

### 8.3 Automatic Withdrawals

Whilst the Bond remains in force the Bond Owner may, by notice in writing, request that partial withdrawals be effected at monthly or annual intervals or such other period as the Company may allow, without further endorsement to the Bond, the first payment being due on the Valuation Date next following the date of receipt of the request by the Company. Subsequent payments will be made on the next monthly or annual anniversary of the first payment for the monthly and annual payment options respectively. If the anniversary is a non-calendar date (e.g. where the first payment is made on the 31<sup>st</sup> of the month or 29<sup>th</sup> February) or is not a Business Day, then the payment will be made on the next Business Day.

The automatic withdrawal may not be exercised if the amounts of partial withdrawal or the Value of Units remaining would fall below the limits laid down by the Company from time to time.

Each automatic partial withdrawal will reduce the number of units allocated to the Bond. All such reductions shall be made without further endorsement to the Bond.



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## 9. Switch Options

Subject to the Company's then terms and conditions, the Bond Owner may convert units of any Fund at their Unit Price into units of the same class of any other Fund at their Unit Price. A Switch Fee shall be deducted from the Value of Units to be cancelled before the switch. A switch will usually take place at the next Valuation Date following receipt by the Company of a written request from the Bond Owner. Where a switch is from a Fund requiring notice, the switch will take place at the next Valuation Date following expiry of the notice period. The Company reserves the right to defer a switch for any reasonable period not exceeding two weeks from the date of receipt where, in the Company's reasonable opinion, it is in the interest of the Bond Owner (or Bond Owners in general) to do so. Where the Company exercises such right it shall, as soon as reasonably practicable, notify the Bond Holder of the fact of and reason for the delay and the estimated period for which the switch will be delayed.

## 10. Additional Premiums (Top-Ups)

Additional premiums may be paid to increase the value of the Bond at any time, provided that the Bond is open to new business, subject to the Company's minimum and maximum premium requirements at that time to the Bond including top-ups. Units will be allocated to the Unit Class then applicable to the size of the total premium paid.

## 11. Termination Date

The Bond will terminate on payment by the Company to the Bond Owner of either of the following:

- i. The Death Benefit; or
- ii. The Full Surrender value.

## 12. Mis-statement of Information

If deliberate false or misleading information was provided when you applied for this Bond and this information affected the legality of the contract, the Bond will be deemed void and the Company will refund the percentage of the premium that the Company thinks is reasonable.

## 13. Assignment

Assignment of the Bond will be permitted to:

- a) A spouse or civil partner.
- b) Common-law partner.
- c) Any person(s) (maximum of 2),  
Providing the individuals are aged 18 years or over and are registered as UK Taxpayers, or;
- d) By way of mortgage or charge

The Bond Owner must apply, in writing, to the Company requesting the assignment and enclose with their letter:

- i. The Deed of Assignment (either an original or a certified copy\*) which must be completed and include the signatures of the assignor(s) and the assignee(s);
- ii. Originals or certified copies\* of two of the following documents to evidence the Assignees/Gift receivers identity and proof of address:
  - a) Current Full Signed Passport;
  - b) UK Driving Licence (photo card or old style);
  - c) State Pension or Benefits book/notification letter;
  - d) Most recent Inland Revenue tax notification (P45/P60/Notice of Coding).

One document cannot be used to verify both identity AND address. To discuss further options for evidence of identification and address, please contact Cardiff Pinnacle Investments Department; 0844 543 1007.

- iii. A recent original or certified copy\* of a Bank or Building Society statement detailing the Assignee(s)/Gift receiver(s) account number for future Bond payments. (Definition of recent: received in the last 6 months or most recent annual statement).
- iv. Any other evidence the Company may request.

**Please note:** Payment upon Maturity, Surrender or Death may only be made to one Bank Account. Part payments are not permitted.

In the case of an assignment by way of mortgage or charge, (ii) and (iii) will not be required. An assignment will only be permitted at the Company's discretion.

\* A certified copy must be made by a Solicitor or Bank official.



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## 14. Complaints

It is always our intention to provide a first class standard of service, however if you do have any concerns about any aspect of the service received, these should be addressed in writing to:

Customer Relations Department, Cardiff Pinnacle\*, Pinnacle House, A1 Barnet Way, Borehamwood, Herts WD6 2XX.

Should the Bond Owner remain dissatisfied with the outcome of any internal enquiries they have the right to refer their complaint to: The Financial Ombudsman Service (FOS), South Quay Plaza, 183 Marsh Wall, London E14 9SR.

This procedure will not prejudice your right to take legal proceedings. However, please note that there are some instances where the FOS cannot consider complaints.

A leaflet detailing our full complaints/appeals process is available from the Company on request.

## 15. General

- (i) The Company reserves the right to make such amendments to the terms and conditions of this Bond as it deems necessary or appropriate to maintain the financial and administrative viability of this bond. In the event of such amendments, the Company will give you no less than 7 days notice in writing.
- (ii) The Company may adjust or make deductions from the benefits payable under this Bond to take account of any levy imposed under the terms of the Financial Services Compensation Scheme, as amended from time to time, or under the terms of any other legislation, rules of any statutory body or self regulatory organisation which affect the Bond from time to time.
- (iii) In this Bond, unless the context indicates otherwise, the singular is deemed to include the plural and vice versa.
- (iv) The Company is covered by the Financial Services Compensation Scheme (the Scheme). You may be entitled to compensation from the Scheme if the Company cannot meet its obligations. This depends on the type of business. Most types of insurance business are covered for 100% of the first £2000 of a valid claim and 90% of the remaining amount of the loss. Further information about compensation arrangements is available from the Financial Services Compensation Scheme, telephone 020 7892 7300 or [www.fscs.org.uk](http://www.fscs.org.uk).
- (v) The Bond shall be governed by English law. The parties to this Bond agree to irrevocably submit to the jurisdiction of the courts of England and Wales.
- (vi) The Bond is underwritten by the Company.

**The Bond is underwritten by the Company**



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