



TECHNICAL GUIDE

Premier



FRIENDS PROVIDENT
INTERNATIONAL

TYPE OF POLICY

Premier is a unit-linked, whole of life, offshore life assurance policy.

INITIAL AND ACCUMULATION UNITS

Units within your funds are allocated either as Initial Units or Accumulation Units. The first 18 months' premiums, and the first 18 months of any increased premiums, are allocated to Initial Units. These are subject to an additional quarterly charge levied by deduction of units.

Additional single premium payments are allocated to Accumulation Units.

You cannot take withdrawals from Initial Units; they can however be surrendered, subject to a Surrender Fee (see the **Summary of Charges**). Accumulation Units can be surrendered without penalty.

MINIMUM INVESTMENT / PREMIUM FREQUENCY / ALLOCATION RATES

The minimum investment in Premier is as follows:

MINIMUM INVESTMENT	
Frequency	Premium
Monthly	US\$150 (or currency equivalent)
Quarterly	US\$450 (or currency equivalent)
Half-yearly	US\$900 (or currency equivalent)

Single premium payments can be made to an existing Plan (whether premium-paying or paid up). The minimum single premium payment is US\$3,000 (or currency equivalent). Single premium payments cannot be accepted for stand-alone plans.

Payment frequency is as above – monthly, quarterly or half-yearly.

Units will be allocated to the Plan according to a tiered structure, as follows:

ALLOCATION RATES	
Monthly Premium	Percentage
US\$150 - US\$249	95%
US\$250 - US\$499	100%
US\$500 - US\$999	105% *
US\$1,000 plus	110% *

* *Initial Unit allocation; Accumulation Unit allocation = 100%. See section on **Initial and Accumulation Units**.*

Quarterly and half-yearly allocation rates will be calculated on a pro-rata basis, as follows: quarterly (3 x monthly); half-yearly (6 x monthly).

Single premium payments will have a unit allocation rate of 93%.

PREMIUM INCREASE / PREMIUM REDUCTION

Premium increases may be made at any premium due date. The first 18 months of any increased premiums will be allocated to Initial Units. Premium increase minimum levels are as follows:

MINIMUM LEVELS	
Frequency	Premium
Monthly	US\$50 (or currency equivalent)
Quarterly	US\$150 (or currency equivalent)
Half-yearly	US\$300 (or currency equivalent)

Premium reductions can also be made at any premium due date without charge, after the Initial Unit Period is completed. Premiums can be reduced to any level as long as it is above the minimum outlined in the **Minimum Investment / Premium Frequency / Allocation Rates** section of this Guide.

CURRENCY

Premiums may be paid in US Dollars, Sterling, Euro or Hong Kong Dollars.

The following rates of exchange apply to all currency payments, for premium payments and premium increases:

CURRENCY CONVERSION	
Currency	Exchange Rate
US Dollars	1.00
Sterling	0.67
Euro	1.00
Hong Kong Dollars	8.00

These rates are not guaranteed, but they will not be amended by Friends Provident International Limited unless currency rate deviations of more than 20% from the above rates occur.

You should note that the currency in which you pay your premiums will be the currency in which your Plan is valued.

We reserve the right to amend these rates to reflect the current market exchange rates, subject to a minimum of three months' notice in writing.

POLICIES

Premier will be issued as a single policy. The Plan can be issued as 10 identical policies if specially requested.

MINIMUM/MAXIMUM AGE

The Plan owner must be at least 18 years of age to effect the Plan. There is no maximum.

The Life Assured or Lives Assured have no minimum age restriction. However, at least one of the Lives Assured must be 75 years of age or under on the Plan Option Date (see below).

OPTION DATE

The Option Date is the date the savings term comes to an end and will be selected at the commencement of the Plan. On the Option Date you will have the following choice of actions:

- Make the Plan "paid up"
- Surrender the Plan without penalty and take the unit value in cash.

PLAN TERM

This means the length of the savings term.

- Minimum: 5 years
- Maximum: 25 years

(The new term of a regular premium increase must match the original Option Date. Any premium increases within five years of the Option Date will not be allowed.)

FUNDS

Premier can invest in a selection of any of the funds within the Friends Provident International Limited mirror fund range.

The maximum number of funds that can be linked to the Plan is 10 at any one time.

There is currently no charge for switching between any of the funds within the mirror fund range.

In exceptional circumstances borrowings may be incurred in a Friends Provident International fund provided that such borrowings will not exceed 25% of the bid value of that fund, inclusive of short term borrowings to cover withdrawals or other special situations.

UNITS

Each of our funds is divided into 'units' and the amount of premium allocated will determine the number of units within your Plan. The net value of the underlying assets (allowing for any charges) and the accumulated income is reflected in the price of the units. By multiplying the relevant bid price by the number of units you can readily calculate the progress of your investments at any given time. Premiums will be used to buy units in your selected fund(s) on the next dealing day after your payment has been received and cleared.

FUND PRICES

The prices of some of the funds managed by Friends Provident International are available on our website – www.fpinternational.com – and in the Hong Kong Economic Times. For each fund managed by other investment managers, Friends Provident International Limited has set up its own fund which invests exclusively in the external fund, apart from a proportionately small amount maintained as a cash balance. This means that the price of the Friends Provident International Limited fund will be different from the corresponding fund but will mainly move in line with it.

Performance details and prices of the available funds are given in our Fund Prices leaflet, published monthly.

SUM ASSURED/LIVES ASSURED

The sum assured is 101% of the bid value of the units.

The maximum number of Lives Assured is four. If there is more than one Life Assured, then the death benefit will be paid on a "last survivor" basis.

ADDITIONAL LIFE COVER

This is an optional benefit in Premier. It is available on either one or two separate lives. If two, then the cover will be made available on a "joint life, first death basis".

The minimum amount of Additional Life Cover is US\$30,000 (or currency equivalent). The maximum amount of life cover will be determined on a case-by-case basis after obtaining underwriting advice on age, health etc.

Additional Life Cover can be increased at any time, subject to underwriting agreement. The minimum increase is US\$30,000 (or currency equivalent).

You may reduce or stop Additional Life Cover at any time.

The minimum age for Additional Life Cover is 18; the maximum is 75.

Full details of Additional Life Cover are available from Friends Provident International Limited at the address shown.

PREMIUM PROTECTION COVER

With Premium Protection Cover you can choose to cover one or two people who, if they were unable to work because of disability, would affect your ability to pay your Premier premiums. If there are two Protected Persons the benefit will be on a joint life, first event basis. The minimum age for this benefit is 18; the maximum is 60. Premium Protection Cover can be added to the Plan at any time, subject to underwriting, and can be stopped at any time too.

Premium Protection Cover ensures that premiums will be paid to the policy by us in the event that the Protected Person is unable to work, or perform a job to which they are suited, because of disablement.

Premium Protection Cover payments will start six months after the Protected Person has become incapacitated. They will continue until the Protected Person is able to return to work or reaches his 65th birthday; the plan reaches its Option Date or is surrendered or made Paid Up; or the Life Assured dies.

If during the six month period after incapacity the Protected Person has tried to return to work, but this attempt was unsuccessful, we will still recognise the original date of the incapacity within a continuous period of nine months. In other words, you will not have to start another six month period before we pay your premiums.

After a Premium Protection Cover claim has ended because the Protected Person has been able to work, if within six months, a similar disablement again prevents the Protected Person from working for more than four weeks, we will pay your premiums again. In other words you will not have to wait six months before a claim for the same reason.

Claims may be disallowed if they result from certain excluded events (e.g. criminal acts or hazardous sports). A full list of current excluded events is available from Friends Provident International Limited on request.

Full details of Premium Protection Cover are available from Friends Provident International Limited at the address shown.

WITHDRAWALS

Withdrawals can be made on an ad hoc or regular basis. Regular withdrawals may be taken monthly, quarterly, half-yearly or annually. They can also be taken termly, to accommodate those using them to pay school fees. Withdrawals can only be taken from Accumulation Units (see section on **Initial and Accumulation Units**) and no charge is imposed.

The minimum withdrawal (per withdrawal, per Plan) is US\$1,500 (or currency equivalent).

If there are insufficient appropriate funds within the Plan to make a payment on the selected date for a regular withdrawal then the withdrawal will not be made and regular withdrawals on the Plan will cease.

Withdrawals can be taken whilst premiums are still being paid into the Plan.

PAID UP PLANS/SURRENDERS

Plans can be made paid up (the contract remains in force although no premiums are received) at any time after the initial unit payment period (see section on **Initial and Accumulation Units**).

If the value of a Paid Up Plan becomes insufficient to meet three months' projected charges, including the Surrender Fee (see the **Summary of Charges**), the Plan will be surrendered.

Plans that cease to pay premiums, in whole or in part, during the initial unit payment period will be surrendered (the Plan will no longer remain in force and all appropriate benefits will be paid out, minus any Surrender Fee).

If you wish to surrender your Plan, written notice should be sent to Friends Provident International Limited along with the Policy Documents and all other relevant documentation.

PAYMENT OF PROCEEDS

We expect to make the proceeds of any Plan available normally within 10 working days following receipt of all necessary documentation, except where the circumstances are beyond our control. We must reserve the right to delay payment of a surrender where this would result in the need to sell assets which may not be readily realisable. However we would invoke this restriction only in the most extreme circumstances. No interest will be payable in respect of any delay in payment of the death benefit, surrender value or withdrawal sum under any circumstances.

BID/OFFER SPREAD

Premier has no bid/offer spread (a difference in the price at which units are bought and sold).

CHARGES

For the Charges applicable to Premier please see the **Summary of Charges** overleaf.

TAX TREATMENT

Friends Provident International Limited is not liable to income tax, capital gains tax or corporation tax on its policyholders' funds. Some dividends may be received net of withholding tax, deducted at source in the country of origin, but once inside your Plan they can accumulate free of tax.

The personal tax consequences of investing in the Plan will depend on many factors. You may have a personal tax liability in respect of the proceeds of the Plan. This will largely depend on your country of residence. It is therefore important that professional guidance is sought before proceeding with an investment.

Important note for proposed policyholders who are, or who are planning to become, resident in the UK

Friends Provident International Limited is under a statutory obligation to report to the UK Inland Revenue certain events where benefits are received from the Plan by a UK resident individual, company or trust. For further information, please contact us or your usual Independent Financial Adviser.

TERMS AND CONDITIONS

A copy of the policy document and provisions for Premier can be obtained from Friends Provident International on request.

TRANSFER OF INVESTMENTS

We retain the right at our absolute discretion to transfer investments to any of our internal funds, subject to a minimum of three months' notice in writing.

HOW TO APPLY

Premier is available to anyone (as the owner of the Plan) aged 18 or over, who is eligible to invest offshore, with the exception of residents of the United Kingdom and the United States of America.

However, please satisfy yourself that, under any taxation, exchange control or insurance legislation which exists in your current country of residence, you are able to effect the Plan. It is also wise to consult your usual Independent Financial Adviser before entering into an investment of this nature.

Simply complete the application form and return it to your Independent Financial Adviser together with full details of the proposed investment selection for the Plan. If you are applying for Additional Life Cover and/or Premium Protection Cover, please also complete the relevant supplementary form.

You should also include any other relevant supplementary forms as well as documentary proof of identity and address such as a certified copy of a current valid passport and a utilities bill.

Your policy documents will be sent to you as soon as your Plan has been established. Then, at least once a year, we will send you a statement confirming your current investment holding.

SUMMARY OF CHARGES

INITIAL CHARGE	Quarterly charge of 1.5% of the then value of the Initial Unit holding, taken by cancelling Initial Units on the quarterly anniversary of the Plan commencement. The Initial Unit Period is 18 months on all Premier Plans. The Initial Charge will continue until the Option Date.
PLAN FEE	Taken monthly by cancellation of Accumulation Units. The Plan Fee is US\$6.00 per month. During periods where there may be no Accumulation Units the Plan Fee will be accrued. When Accumulation Units become available any accrued Plan Fees will be systematically cleared.
PREMIUM CHARGE	Regular monthly premiums between US\$150 and US\$249 (and the equivalent quarterly and half-yearly premiums) will be subject to a charge of 5% of the premium. Additional single premiums will be subject to a charge of 7% of the premium.
OPTIONAL BENEFITS	Charges for Additional Life Cover or Premium Protection Cover (if selected) will be taken by deduction of Accumulation Units in the same way as Plan Fees.
FUND ADMINISTRATION CHARGE	A charge for the management of the funds linked to Premier is taken from the funds and is not deducted from the Plan. This is 0.1% per month and is taken each time the fund is priced.
PAID UP/SURRENDER	The Plan can be made paid-up without charge. If the Plan is surrendered before the Option Date, a Surrender Fee will be taken as a percentage of the Initial Units allocated to the policy. During the first 12 months of the contract this will be 100%. Thereafter the Fee will depend upon the outstanding term as outlined in the table below (part years will be rounded up to the next whole year).

Term (years)	Fee Percentage	Term (years)	Fee Percentage	Term (years)	Fee Percentage
24	87%	16	63%	8	39%
23	84%	15	60%	7	36%
22	81%	14	57%	6	33%
21	78%	13	54%	5	30%
20	75%	12	51%	4	24%
19	72%	11	48%	3	18%
18	69%	10	45%	2	12%
17	66%	9	42%	1	6%

EXTERNAL FUND CHARGES Between 0.1% and 3.35% each year, dependent upon the fund chosen.

OTHER CHARGES A charge of US\$100 will be levied in the following circumstances:

- changing premium frequency
- setting up a regular withdrawal (other than at outset of the Plan)
- Valuation statements requested from Friends Provident International (an annual statement is provided free of charge)
- changing valuation and premium currency

There is no charge for payments or receipts made through the AutoPay service. Any fees or transmission charges otherwise incurred as a result of the payment of either premiums, the death benefit, surrender value or withdrawal amount will be deducted from the Plan value by cancellation of Accumulation Units. Where premiums are paid by credit card, we will make a charge of 1% of each premium to cover charges imposed by the issuing company.

Friends Provident International Limited reserves the right to change its charges at any time at its discretion upon three months' written notice to you.

IMPORTANT INFORMATION

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The information given in this document is based on the understanding of Friends Provident International Limited of current law and Isle of Man taxation practice, which may change in the future. No liability can be accepted for any personal tax consequences of this scheme or for the effect of future tax or legislative changes.

Past performance should not be viewed as an indication of future performance, fund prices may go up and down depending upon investment performance and are not guaranteed. You may get back less than you paid in. All fund performance quoted is net of annual charges. Please note that securities held within a fund may not be denominated in the currency of that fund and, as a result, fund prices may rise and fall purely on account of exchange rate fluctuations.

The rules and regulations made by the Financial Services Authority for the protection of investors will not normally apply to persons resident outside the United Kingdom

All policyholders will receive the protection of the Life Assurance (Compensation of Policyholders) Regulations 1991 of the Isle of Man, wherever their place of residence.

Complaints we cannot settle can be referred to the Financial Services Ombudsman Scheme for the Isle of Man or the Financial Ombudsman Scheme in the UK, depending on the parties involved.

Some telephone communications with the Company are recorded and may be randomly monitored or intruded into.

Legal Interpretation

Each policy is governed by and shall be construed in accordance with the law of the Isle of Man.

Important Notice for Residents of the United Arab Emirates

If you effect a policy whilst resident in the United Arab Emirates, all disputes regarding the policy shall be subject to the non-exclusive jurisdiction of the courts of the United Arab Emirates.

Friends Provident International Limited
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Incorporated company limited by shares.
Registered in the Isle of Man No. 11494.
Authorised by the Isle of Man Insurance & Pensions Authority and regulated by the Financial Services Authority for the conduct of investment business in the UK.
Provider of life assurance and investment products.

Hong Kong

The appointed representative of the Company in Hong Kong is Friends Provident International Limited's branch office:
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United Arab Emirates

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Registered in the United Arab Emirates as an insurance company (Registration No.76) and as a foreign company (Registration No. 2013).
Authorised by the United Arab Emirates Ministry of Economy to conduct life insurance and savings business.



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