Policy Document

Eagle Star International Investment Plan

EAGLE STAR

EAGLE STAR EUROPEAN LIFE ASSURANCE COMPANY LIMITED

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This contract is based on the application form you have signed, together with all declarations and statements you have made.

In this insurance policy, Eagle Star European Life Assurance Company Limited (hereinafter called 'Eagle Star European') provides the insurance described in your Policy Details Section. Eagle Star European will pay the insurance benefits to you or your legal representative or *assignee* of your policy when the insured event happens, subject to the conditions contained in this policy and providing:

(a) the premiums are paid as stated in this policy,
(b) all declarations and statements you have made are true.

Signed on behalf of the Company

Authorised Official

Michael Brennan

Managing Director

INTRODUCTION

This document explains in detail the workings of your Eagle Star European policy. It is important that you read each section of the document carefully to ensure that you understand what insurance you are covered for, what events may affect this cover and what your options are under the policy.

This is a unit-linked savings product and its aim is the accumulation of a lump sum. There is also a minimal amount of life cover attached to the policy.

So how does your policy work?

You will pay premiums to Eagle Star European, which will buy units on your behalf. These units, referred to as your Unit Account, will allow your policy to share in the investment performance of your chosen Eagle Star European Unit-linked Fund(s). Eagle Star European will deduct all charges from your Unit Account.

You may encash your policy at any time and you will be entitled to receive the value of your Unit Account.

This policy is divided into Sections which contain the detailed description of your policy operation and conditions.

Section One	-	Policy Details
Section Two	-	Payment of Premiums
Section Three	-	Unit-linked Funds
Section Four	-	Unit Account
Section Five	-	Charges
Section Six	-	Payment of Benefits
Section Seven	-	Annual Policy Increases
Section Eight	-	Policy Alterations and Options
Section Nine	-	General Conditions
Appendix	-	Glossary of Technical Terms

In this document we have assigned certain meanings to words. Any reference to 'you' or the second person, applies to the owner of the policy. Any reference to 'he' or the third person should be interpreted in the feminine where appropriate. Any reference to 'you' should be interpreted in the plural where appropriate. Any reference to'policyholder' or 'policy owner' should be interpreted in the plural where appropriate.

Any reference to the age of the Life Insured refers to the age next birthday. Any reference to 'Life Insured' should be interpreted as 'Lives Insured' where appropriate. Any reference to the 'Unit Fund' refers to one of Eagle Star European's Unit-linked Funds.

At the end of this document there is a glossary of technical terms. Any terms in the glossary are printed in *italics* when they arise in this document.

If you have any queries you should contact your Insurance Broker/Advisor or Eagle Star European Customer Services Department at tel. +353 1 283 1301. If you prefer, you can write to Eagle Star European at Eagle Star House, Frascati Road, Blackrock, Co. Dublin, Ireland.

SECTION TWO

Payment of Premiums

This section explains when your premiums must be paid and what happens if payment stops.

Methods of Payment

1. Your chosen method of paying premiums is specified in your Policy Details Section.

It is your responsibility to ensure premiums are received by Eagle Star European. If your chosen method of paying premiums is no longer in operation you must contact Eagle Star European to arrange payment by an acceptable alternative method.

2. A receipt for any premiums paid will not be valid unless it is on Eagle Star European's printed form.

Days of Grace

3. Your first premium is due on the Date of Commencement of your policy. Unless this premium is received, your policy will be deemed never to have commenced and Eagle Star European will have no liability.

4. You are allowed thirty *days of grace* for the payment of each of your subsequent premiums. If your Premium Due is not received within these *days of grace,* your policy will be made paid-up as described in Section Eight 'Policy Alterations and Options'.

5. If a claim occurs during the *days of grace,* Eagle Star European will deduct any unpaid premiums from the amount payable on settlement of that claim.

***Reinstatement* of your Policy**

6. If you or your legal representative or *assignee(s)* of your policy pay the unpaid premiums due on your policy within three months from the date your first unpaid premium was due, your policy will be *reinstated.* In these circumstances paragraph 4 above does not apply and Eagle Star European is entitled to charge you a late payment fee. The late payment fee will be at a rate of 1% of the unpaid premium per month.

Your policy can be *reinstated* even if one of the Lives Insured has died during this reinstatement period, and you do not have to provide Eagle Star European with any medical evidence.

Your policy cannot be *reinstated* if Eagle Star European receives a written request from you to cancel your policy.

Ceasing Premium Payment

7. If you cease paying premiums, your policy will lapse and will be made paid-up as described in Section Eight 'Policy Alterations and Options'.

SECTION THREE
Unit-linked Funds

This section describes the operation of Eagle Star European's Unit-linked Funds.

Eagle Star European's Unit-linked Funds

1. Eagle Star European maintains Unit-linked Funds which are divided into units of equal value. Each unit of each Fund has a Bid Price and an Offer Price. The Offer Price is the price at which Eagle Star European buys units of a Unit Fund on your behalf and the Bid Price is the price at which Eagle Star European cancels your units.

Each Unit Fund invests in assets with the aim of increasing the value of the Unit Fund and therefore its Bid and Offer Prices. Eagle Star European takes all of the decisions relating to the investments of each Unit Fund and can invest in any assets permitted by insurance and tax law.

Each Unit Fund will be credited with the *investment earnings* of the assets of that Fund and the value of the Unit Fund and its unit prices will also reflect changes in the market value of the assets. References to a Unit Fund and units are made only for the purpose of calculating the value of your policy. The units are notional shares in each Unit Fund, as the assets of each Unit Fund belong to Eagle Star European.

Calculation of Bid and Offer Prices

2. Eagle Star European will calculate the Bid and Offer Prices of each Unit Fund at least once a month.

The Bid and Offer Prices are determined by *the Actuary,* who will take into account the following factors separately for each Unit Fund:

(i) maintaining fairness between the different unit holders,
(ii) the value of the assets in the Unit Fund,
(iii) the total number of units in the Unit Fund,
(iv) the number of units created and cancelled since the Unit Fund was last valued,
(v) expected future creations and cancellations of units in that Unit Fund,
(vi) the cost of buying or selling assets of the Unit Fund,
(vii) the *Bid/Offer Spread.*

The *Bid/Offer Spread* is a charge made by Eagle Star European and is described fully in Section Five 'Charges'.

Deductions from Unit Funds

3. Eagle Star European will deduct from each Unit Fund appropriate amounts in respect of the following:

(i) all expenses, taxes, duties and other charges incurred in the purchase, sale, management, valuation and maintenance of the assets of the Unit Fund including in the case of land or buildings the expenses of management, repair, maintenance, valuation and insurance,
(ii) interest on money borrowed for the account of the Unit Fund,
(iii) any liabilities, expenses, taxes, duties, levies or other charges which Eagle Star European may pay on behalf of the Unit Fund,
(iv) Eagle Star European charges as described in Section Five 'Charges'.

Number and Nature of the Unit Funds

4. Eagle Star European may from time to time create new Unit Funds or change the nature of existing Unit Funds. Eagle Star European may also close existing Unit Funds and switch any units in the closing fund to one that is open.

SECTION FOUR

Unit Account

This section describes the operation of your Unit Account.

Your Unit Account

1. Units bought on your behalf are referred to as your Unit Account. Your Unit Account will determine the value of your policy.

Operation of your Unit Account

2. Units are bought at the Offer Prices on the date each premium is due. If any premium is not received in full on the date due, Eagle Star European may buy units on the first working day after you pay that full premium.

The percentage of any premium which buys units is the Allocation Percentage. During the first year of your policy your premium is multiplied by the First Year Allocation Percentage to calculate the *allocated premium.*

After the first year of your policy, your premium is multiplied by the Subsequent Years Allocation Percentage to calculate the *allocated premium.*

The amount of your First and Subsequent Years Allocation Percentages are specified in your Policy Details Section.

Your Policy Details Section also shows the Unit Fund(s) in which you have chosen to invest the premiums you pay and your *Fund Investment Percentage(s).* The number of units bought in each Unit Fund is calculated by multiplying your *allocated premium* by your *Fund Investment Percentage* for that Unit Fund and dividing by the Offer Price of that Unit Fund on the date the units are bought.

3. Charges on your policy will be deducted from your Unit Account by cancelling units at the Bid Price, or alternatively by deducting them directly from the Fund(s). If your Unit Account is insufficient to meet the charges, those charges not met by the cancellation of units will be carried forward until the Unit Account is sufficient to meet them. These unpaid charges are known as *accrued charges.*

SECTION FIVE

Charges

This section sets out the different types of charges Eagle Star European deducts from your policy.

Initial Charge

1. An Initial Charge is deducted from your Unit Account at the Date of Commencement of your policy. The amount of the Initial Charge is specified in your Policy Details Section.

Management Charges

2. Eagle Star European will deduct a management charge of 0.125% per month of your units in the International Dynamic Fund and/or the International Balanced Fund. Eagle Star European will deduct a management charge of 0.05% per month of your units in the Sterling Stable Fund and/or the US Dollar Stable Fund.

Eagle Star European will deduct the management charge either directly from the Unit Fund(s) or by cancelling your units or by a combination of both.

Eagle Star European may increase the management charge to allow for the consequence of inflation on expenses, as measured by the *Consumer Price Index* or some other suitable index of inflation on expenses.

Eagle Star European may also increase the management charge if there is a significant difference between the costs of maintaining existing policies and the charges that Eagle Star European is recovering from these policies. Eagle Star European will inform you in writing before any change in the management charge is made.

3. If the assets of a Unit Fund are invested in a *collective investment vehicle,* these assets will also be subject to the normal charges of the *collective investment vehicle.* Any rebates negotiated with the *collective investment vehicle* will be credited to the Unit Fund.

Bid/Offer Spread

4. The *Bid/Offer Spread* is the difference between the Bid and Offer Prices of the Fund and is 5% for your policy.

Policy Fee

5. The Policy Fee is deducted from your Unit Account each month (irrespective of frequency of premium payment). The Policy Fee is specified in your Policy Details Section.

SECTION SIX

Payment of Benefits

This section details the benefits payable and the events which may affect this payment.

Value of your Unit Account

1. The value of your Unit Account is the number of units in your Unit Account multiplied by the Bid Price of the units less *accrued charges.* The value of your Unit Account will be that calculated using the Bid Price of the units calculated for the date Eagle Star European has received satisfactory written notification that a benefit is payable.

Amount Payable on Death

2. Eagle Star European will pay the death benefit on proof that both the First Life Insured and the Second Life Insured have died. If there is no Second Life Insured specified in your Policy Details Section, Eagle Star European will pay the death benefit on proof of the death of the First Life Insured.

3. On the death of either Policyholder (where there is more than one Policyholder) the policy *vests in* the name of the surviving Policyholder, unless the policy has previously been assigned.

4. The death benefit payable on your policy will be the Life Sum Insured or the value of your Unit Account if it is greater.

Amount Payable on Encashment

5. You are entitled to fully encash your policy at any time. Eagle Star European will pay the value of your Unit Account on encashment.

Payment of Benefit

6. If a benefit on your policy is not paid within thirty days of Eagle Star European receiving written notification that a benefit is payable, the amount payable will be increased in respect of the period between the date of notification and the date of payment.

7. Your policy will cease on payment of any benefit under this section.

SECTION SEVEN

Annual Policy Increases

This section explains the operation of annual policy increases.

Annual Policy Increases

1. At each policy anniversary date your Premium Due will be increased by your chosen Annual Premium Increase Percentage. Your chosen Annual Premium Increase Percentage is specified in your Policy Details Section.

2. You may choose not to take the increase in your Premium Due or to take a higher or lower increase in your Premium Due, otherwise Eagle Star European will increase your Premium Due automatically. If you are not accepting the increase automatically, you must inform Eagle Star European of your choice within three months of the increase being offered.

3. You may change the Annual Premium Increase Percentage on your policy.

No Further Increases

4. Eagle Star European will not offer any further annual increases as stated in this section if you have turned down two successive increases.

SECTION EIGHT

Policy Alterations and Options

This section explains the following: **A. Policy Alterations you can make to your policy** **B. Policy Options available on your policy**

A. Policy Alterations

Premium Redirection

1. A premium redirection is where you change the *Fund Investment Percentage(s)* for your future premiums. Your existing holdings of units will be unaltered except for the deduction of the *alteration charge.* The premium redirection will take place when Eagle Star European receives written confirmation of your instructions.

   You may redirect your future premiums into any of the range of Unit Funds then available to your class of policy as determined by *the Actuary.*

Unit Fund Switch

2. A Unit Fund switch is where you move some or all of your existing units to a different Unit Fund(s). A Unit Fund switch will take place at the Bid Price(s) of the Unit Fund(s) calculated for the date Eagle Star European has received written confirmation of your instructions. The *alteration charge* will be deducted from your Unit Account.

   You may switch your units into any of the range of Unit Funds then available to your class of policy as determined by *the Actuary.*

Partial Encashment

3. Eagle Star European will allow you to encash part of your policy at any time provided the partial encashment is greater than GBP£250, US$500 or EUR500 and subject to the residual value of your policy, after the partial encashment, being greater than GBP£500, US$1,000 or EUR1,000.

   The partial encashment plus an *alteration charge* will be deducted from your Unit Account. Units will be cancelled at the Bid Price of the Fund calculated for the date Eagle Star European has received written confirmation of your instructions.

Alteration Charge

4. Eagle Star European will charge for the alterations to your policy above unless otherwise specified. On 1.7.'98 the *alteration charge* was GBP£15, US$25 or EUR25. This charge is guaranteed not to increase by more than the increase in the *Consumer Price Index* since the amount of the charge was last set. The *alteration charge* will be met by cancelling units at their Bid Price.

B. Policy Options

Paid-up Policy

5. If you stop paying premiums your policy will be made paid-up. Your Life Sum Insured will be set to zero and your Unit Account will operate as before except that no further premiums will be added. The charges described in Section Five 'Charges' will continue to be deducted from your policy. In the event that your Unit Account is insufficient to meet charges, your policy will be cancelled and no benefits will be payable.

SECTION NINE

General Conditions

This section sets out general conditions and rights that apply to your policy.

Rights of Cancellation

1. You may cancel your policy by returning your policy document and a signed cancellation request to Eagle Star European. This must be done after receipt of your policy document, within the agreed period applicable at that time. On receipt of the above, Eagle Star European will refund all the premiums paid on your policy and Eagle Star European's liability for any benefits will cease.

Notice to Eagle Star European

2. You may notify Eagle Star European of any fact relating to your policy in writing, by fax or, subject to satisfactory identification, by telephone. For certain facts given by fax or telephone, Eagle Star European may require confirmation in writing.

3. Eagle Star European will not be bound by any changes in the terms of your policy unless there is written confirmation from Eagle Star European.

Notice from Eagle Star European

4. Eagle Star European will assume that any correspondence sent has been received by you, when it would have arrived at your last notified address. You should notify Eagle Star European immediately if you change your address.

Currency

5. All monies payable by or to Eagle Star European will be payable in the same currency as your premium, as specified in your Policy Details Section. All amounts payable by Eagle Star European under this policy shall be payable at Eagle Star European's Head Office in Ireland.

Laws and Interpretation

6. Your policy shall be subject to the Laws of the Republic of Ireland.

Subsequent Legislation

7. If at any future time as a result of current or subsequent legislation, any of the following occur.

(i) the investment rights of Eagle Star European are restricted or removed,

(ii) it becomes impossible or impractical to carry out any or all of the procedures laid down in your policy,

(iii) a premium or additional tax, stamp duty or levy is imposed,

Eagle Star European will have the right to make such adjustment in the premiums or the basis of calculating the benefits under the policy as *the Actuary* will determine, as in accordance with your *reasonable expectations.*

Residency Requirements

8. This policy has been designed only for people who at the Date of Commencement are not residing in the Republic of Ireland. This policy cannot commence if you are residing in the Republic of Ireland.

You must notify Eagle Star European in writing immediately on returning to reside in the Republic of Ireland. Your policy will be subject to the tax legislation and conditions laid down by the Irish government at that time.

Eagle Star European is required by the Department of Finance to cancel your policy if any information or declaration given by you is false, including any failure to notify Eagle Star European of taking up Irish residence. The amount paid on cancellation will be the lower of the encashment value and the total of premiums paid. Eagle Star European will reduce the amount paid on cancellation by any tax imposed on Eagle Star European by the Irish tax authorities in respect of your policy.

Taxation

9. Where a sum is payable to you (other than on death) while you are resident in the Republic of Ireland, Eagle Star European will be entitled to deduct any applicable taxes out of the sum.

Policy of Assurance

10. If the policy is encashed before your 60th birthday or after your 70th birthday it will become a 'policy of assurance' within the meaning of Section 67, Finance Act, 1997.

APPENDIX
Glossary of Technical Terms

An explanation of technical terms found in this document follows. These terms have been printed in *italics* during the course of this document:

Accrued Charges - if your units are insufficient to cover charges, these charges will be carried forward (accrued) until there are sufficient units to meet them.

Allocated Premium - this is the premium you pay, multiplied by the Allocation Percentage for your premium.

Alteration Charge - this is a charge for certain policy alterations. On 1.7.'98 it was GBP£15, US$25 or EUR25 and is guaranteed not to increase by more than the increase in the *Consumer Price Index,* since the amount of the charge was first set. This charge will be met by cancelling units at their Bid Price.

Assignee - this is an individual or company to whom ownership of your policy is transferred.

Bid/Offer Spread - this is a charge deducted by Eagle Star European and is the difference between the published Bid and Offer Prices.

Collective Investment Vehicle - covers a variety of legal entities which pool investors' money in a common fund of investments and which operate on the principle of risk-spreading. The investors can redeem units from the common fund on request. Examples include unit trusts, investment trusts, UCITS and SICAV's.

Consumer Price Index - this is the official index of price inflation published by the Central Statistics Office of Ireland. It is an index of the relative prices of a standard 'basket of goods' over a period. If the index ceases to be published or suitable, Eagle Star European will use an alternative equivalent index.

Days of Grace - these are extra days after the date on which your premium is due, within which Eagle Star European will accept your premium and your benefits will be maintained.

Fund Investment Percentage - this is the percentage of your *allocated premium* which will be invested in a particular Unit Fund.

Investment Earnings - all income and capital gains from an asset.

Reasonable Expectations - this is a term used by the actuarial profession implying fair treatment of policyholders from an informed actuarial point of view.

Reinstatement - this is where a policy had been lapsed or made paid-up because premiums due were not paid within their *Days of Grace* and Eagle Star European has agreed to restore the policy.

The Actuary - every Life Insurance Company is required by Irish Law to appoint an Actuary. The Actuary has statutory and professional duties in respect of Eagle Star European and its policyholders. Reference to the Actuary includes suitable persons acting on the instructions of the Actuary.

Vests in - this is a legal term for giving title or rights of ownership.

If you have any queries outstanding regarding the above terms or any other terms in this document, please contact the Eagle Star European Customer Services Department.