

Terms of Business

Phoenix Life Limited

1. General

- 1.1 These Terms of Business set out the conditions upon which Phoenix Life Limited and any of its subsidiaries (hereinafter individually and collectively referred to as the "Company") accepts Business from an Independent Intermediary. "Business" means all Long Term Insurance Contracts including Pension and Protection Contracts and Designated Investments (as defined by the Financial Services Authority ("FSA") pursuant to the Financial Services and Markets Act 2000 as amended or replaced from time to time, and where applicable the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001) or any other applicable legislation. "Independent Intermediary" means any person, firm or company authorised as an Independent Intermediary by the FSA (hereinafter referred to as the "Intermediary"). "Client" means the proposer or prospective proposer in regard to the policy sought from the Company.
- 1.2 The Company reserves the right at its discretion not to accept Business from an Intermediary or via any of its Appointed Representatives (as defined in section 39 (2) of the Financial Services and Markets Act 2000). The Company will not accept Business from an Intermediary who ceases to be authorised.
- 1.3 The Intermediary shall be the agent of the Client in regard to all aspects of the Business except insofar as is necessary to give effect to the personal responsibilities of the Intermediary to the Company as set out in these Terms of Business. The Intermediary may also act as a principal if so authorised pursuant to the Financial Services and Markets Act 2000 as amended or replaced from time to time.
- 1.4 The Intermediary warrants that it has full authority from the Client and all necessary official, regulatory and other authorisations from the FSA and under the Financial Services and Markets Act 2000 as amended or replaced from time to time, the Data Protection Act ("DPA") 1998 and/or other relevant legislation governing the Business sold and otherwise for the placing of the Business on behalf of the Client with the Company and all incidental and consequential acts, operations and events.
- 1.5 In connection with all transactions with the Company the Intermediary hereby undertakes that:
- (a) evidence of the identity of all proposers introduced by the Intermediary shall be obtained and recorded (prior to the placing of Business with the Company) under procedures maintained by the Intermediary in accordance with the provisions of the European Council Directive 91/308/EEC, the UK Money Laundering Regulations 2003 (2003 SI No.3075), the Joint Money Laundering Guidance Notes for the Financial Sector 2003 (and all Directives, Regulations, Rules and Guidance Notes issued in substitution thereof or in amendment or addition thereto) and any requirements of the Company from time to time notified to the Intermediary;
 - (b) the Intermediary shall identify third parties and shall without detracting from the obligations in (a) above forward to the Company with the documents for the transaction such duly completed forms relating to verification of third party identity as the Company may require from time to time. The Company shall not be liable for any errors or omissions of the Intermediary in the provision of this information;
 - (c) business submitted by the Intermediary shall be lawfully sold or procured under the legislation applicable in the country in which it will be sold.
- 1.6 The Intermediary shall indemnify the Company against any loss sustained by the Company arising from the introduction of business (including Business) beyond the Intermediary's authorisation or as a consequence of the Intermediary acting outside or in breach of the provisions of any of the Terms of Business or any applicable law or regulation. This indemnity is a continuing obligation.
- 1.7 The Company shall be entitled (without identifying any Client) to disclose and/or use any information or data supplied by the Intermediary to the Company for the purposes of exchanging information, conducting market research, preparing strategic or other marketing plans or gauging product sales or product performance and may for such purpose exchange such information with associated companies, service providers, distributors of the Company's products

or agents who may be located in other countries which the Company has a contractual relationship or otherwise to any party as is consistent with the effecting of the above approved uses of such information.

1.8 To ensure accuracy of instructions the Company may record or monitor any telephone calls.

1.9 Submission of the Business by the Intermediary to the Company or via an Appointed Representative of the Intermediary constitutes agreement by the Intermediary to act in accordance with these Terms of Business.

1.10 In respect of an Intermediary who is the principal of an Appointed Representative, the Intermediary undertakes to ensure that the Appointed Representative introduces Business in accordance with these Terms of Business.

2. Commission

2.1.1 All matters relating to the payment of commission by the Company and all product and commission disclosure made by the Company and/or the Intermediary shall be governed by the principles and rules of the FSA, as amended or replaced from time to time, to the extent that such principles and rules are applicable. The Intermediary accepts and undertakes to comply with those principles and rules as applicable.

2.1.2 The foregoing matters covered in Clause 2.1.1 shall also be regulated by the laws and regulations of any other jurisdiction as applicable, provided that the liabilities of the Company shall not be increased thereby in excess of those liabilities which would apply were such matters solely regulated by the laws of Scotland, England or Northern Ireland depending on the principal place of business of the Intermediary and the principles and rules of the FSA.

2.2.1 The Company shall pay commission (in accordance with these Terms of Business) on all Business submitted to the Company and accepted by it and not cancelled by the proposer during a "cooling off" or "cancellation" period, or prior to the date the Client's money is invested in the underlying investment vehicle (as defined in the product literature) and not cancelled due to any other reason. The Company will also credit or pay commission on Business submitted to the Company by another Intermediary and accepted by the Company where that other Intermediary has relinquished his right to the commission in respect of that business in favour of the Intermediary and no other person has any valid claim to such commission.

2.2.2 On acceptance of the Company's offer of commission, the Intermediary will be entitled to an amount of commission at rates set from time to time by the Company. A note of the rates applicable at any time shall be available on request and for new Business introduced it may be varied by the Company without notice subject to all necessary disclosures required by law and the principles and rules of the FSA. It shall be open to an Intermediary to request of the Company that all or part of his commission entitlement be applied in enhancing benefits under the policy rather than settled directly to the Intermediary where permitted by any relevant regulatory or HM Revenue & Customs rules.

2.2.3 The Company's preferred payment method is via BACS. Intermediaries accepting commission in this way are eligible for access to the internet facilities currently on offer and being developed. This is the subject of a separate agreement.

2.3 On application by the Intermediary (and where the Company agrees), the Company will pay indemnity commission in accordance with this Clause 2 and, subject to this Clause, in accordance with Clause 3 below. The full amount of such commission shall be due and owing to the Intermediary upon the latest of (a) receipt of the first premium, (b) expiry of any "cooling off" or "cancellation" period and (c) the date the Client's money is invested in the underlying investment vehicle (as defined in the product literature).

2.4 The Company reserves the right to pay commission on a non-indemnity basis in respect of own life policies introduced by the Intermediary and in respect of policies introduced by the Intermediary on the life of or for the benefit of the Intermediary's "Family". Family includes, but is not limited to, spouse, co-habitee, parents, children, siblings and grandchildren.

2.5 Where indemnity terms apply, all first premiums must be remitted to the Company without deduction of commission. No commission will be payable until the latest date referred to in Clause 2.3 hereof.

2.6 In the event of the Intermediary ceasing to be authorised as stated in Section 1 above (and becoming unable to provide independent financial advice) and/or where the Client or Intermediary notifies the Company that the Intermediary is no longer the agent of the Client and/or the Intermediary or its Appointed Representative is no longer permitted to act in relation to the Business due to any applicable law or regulation, the Company shall not pay and shall cease to pay commission other than any unpaid initial commission.

- 2.7 The Company's statement of account (which may as agreed with the Intermediary be contained in writing, disk, tape, direct on-line communication to computer terminal or any other method of communication) shall be the prime record of commission due to the Intermediary and of any money due to the Company from the Intermediary, all save in the case of errors or omissions. Such money due to the Company may be exclusive of interest which shall, in such event, be payable to the Company in addition and calculated on the basis set out in Clause 3.3(d) hereof.
- 2.8 Commission shall be paid to the Intermediary monthly in arrears but the Company may defer payment of commission until a total of at least £100, or such other amount as the Company may notify from time to time, is due to the Intermediary.
- 2.9 The Company may from time to time make such relevant searches and checks in respect of the Intermediary and its owners/principals (including in relation to credit worthiness) as it sees fit.
- 2.10 The Company reserves the right to cease paying commission in the event that any of the directors, partners or the principal enters into a voluntary arrangement with creditors, have bankruptcy or liquidation proceedings instituted against them, have a receiver appointed over their assets or have been charged with or convicted of, an offence involving fraud or dishonesty.
- 2.11 If a contract becomes void as a result of default, misrepresentation or non-disclosure by a Client or the life or lives assured under that contract, all commission paid to the Intermediary shall be immediately repayable.

3. Indemnity Commission

- 3.1 The following are the conditions (referred to in Clause 2.3 hereof) applying to the payment of indemnity commission. Payment of such commission and the following provisions of this Clause 3 shall be subject to inter alia the overriding provisions referred to in Clause 2.1.1 hereof and the provisions of Clause 2.3 hereof.
- 3.2 Indemnity commission shall be discounted to reflect the payment of commission in advance of the due date of the relevant premium in respect of which it is paid. The rate of discount will be determined by the Company on actuarial principles.
- 3.3 In the event that indemnity commission is paid, the Company and the Intermediary shall be deemed to have entered into an agreement containing the following specific terms:

- (a) in the event that a contract is terminated or does not commence by reason of a failure to pay a premium, or if the premium payments reduce, vary, terminate or are suspended during the initial earning period, or if a contract is cancelled as a result of an instruction by a regulatory or Government body, the Intermediary shall repay the unearned portion of the initial commission to the Company. The amount to be repaid by the Intermediary shall be calculated by the Company by reference to the rate of discount as was applied to determine the amount of commission actually paid, such discount applying for the period from the date of variation of the contract or from the date of termination, suspension or variation of the payment of the premium, as applicable, to the date on which the premium or other sum in respect of which the commission was paid would, apart from that termination, suspension or variation, have been due;
- (b) such repayment is due following notification by way of inclusion in a statement of the Intermediary's commission account;
- (c) the Company shall give such notice as soon as is reasonably practicable after becoming aware that a full premium has not been paid when due, or that the term of the contract has reduced. Such notice may be by way of inclusion in a statement of the Intermediary's commission account;
- (d) the Intermediary shall pay interest on the commission (until it is repaid) from the date on which the said statement was issued by the Company at a rate approved by the FSA or any replacement regulatory authority (as at the date of repayment), unless the commission is repaid within 3 months of issue of the said statement;
- (e) in the event of a breach of these Terms of Business by the Intermediary, in the event that interest becomes chargeable, and in particular if the Intermediary incurs a debt which is reportable to the FSA or any replacement regulatory organisation, the Company reserves the right to share this information with other financial institutions and the appropriate regulatory authorities. For example, we may supply details to the ELIXIR database maintained by Crif Decision Solutions on behalf of insurers.

- 3.4 If the Intermediary is a subsidiary of another company and does not comply with a demand for reimbursement or unearned commission, the Company shall be entitled to seek reimbursement from the parent company.

- 3.5 A contingent liability for repayment in respect of commission paid in advance of its being earned is not transferable without the Company's consent and, if consent is withheld, any such unearned commission as at the date of sale, transfer or other dealing with the account must thereupon be reimbursed to the Company.
- 3.6 Where the Intermediary concerned is a partnership which is dissolved, the Company's consent must be obtained to the continuation of the indemnity commission arrangements with the partnership's successor. If such consent is withheld, unearned commission as at the date of dissolution of the partnership must thereupon be reimbursed to the Company.
- 3.7 The Company may vary or withdraw any rights conferred under an indemnity commission agreement without notice and without any reasons being stated. Any unearned commission as at the date of such variation or withdrawal must be reimbursed by the Intermediary in accordance with this Clause 3.

4. Set-Off

Whenever under these Terms of Business any unearned commission (i.e. that proportion of indemnity commission paid in advance of premiums which subsequently fall due and are not paid) or other sum of money shall be recoverable from or payable by the Intermediary, under any agency account with the Company, regardless of the type of business such account is held for, the same may be deducted from any sum then due or which at any time thereafter may become due to the Intermediary under any other agency account with the Company. If this results in a negative balance, immediate reimbursement shall be required from the Intermediary as in Clause 3.3 above. Exercise by the Company of its rights under this Clause shall be without prejudice to any other rights or remedies available to the Company under these Terms of Business, or otherwise at law or in equity.

5. Repayment of Money to Company

Where money is to be paid, repaid or reimbursed to the Company, it shall be due and payable without any formal demand for payment being issued by the Company unless otherwise stated in these Terms of Business.

6. Documentation

- 6.1 According to all applicable laws and regulations and accepted market practice including the principles and rules of the FSA and DPA (where appropriate), the Intermediary must pass on immediately, without amendment, any documentation which is either supplied by the Company for the benefit of or completion by the Client, or provided by the Client in relation to the contract.
- 6.2 The Intermediary must show the name of the authority or regulatory body by which the Intermediary has been authorised and his authorisation number on each proposal for an insurance or investment contract submitted to the Company.
- 6.3 The Company reserves the right to send communications directly to the Client.
- 6.4 The Intermediary must produce to the Company, on demand, such records, books and accounts and in such manner and form as the Company may reasonably require in connection with Business effected with the Company.
- 6.5 All books and documents, computer hardware and software belonging to the Company and in the possession of the Intermediary must at all times be available to the Company for inspection and be delivered in good condition (fair wear and tear excepted) to the Company by the Intermediary on demand.
- 6.6 Other than standard material supplied by the Company for this purpose, the Intermediary must not publish, circulate, issue or release any advertisement or literature relating to the business of the Company or make use of the Company's name in similar promotional activities without previous written authorisation by an Officer of the Company.
- 6.7 The Intermediary shall not sign or amend any documents or policies on behalf of the Company nor make any statements or promises or representations of any kind whether written or oral which bind or purport to bind the Company and neither shall the Intermediary hold itself out as having authority to make any such representation.

7. Data Protection

Some or all of the information supplied to the Company will be held on computer and paper. This information may be accessible by other administration providers within or associated with the Company or collated and/or provided to third party service providers. If this happens your Client's data will remain confidential and will not be used for any other purpose not covered within these Terms of Business. Your Client may have the right to see certain information held by the Company, such requests should be made in writing to the registered office of Phoenix Life Limited.

8. Use of Electronic Services

8.1 Use of the services available to Intermediaries on the Company's internet websites shall be subject to these Terms of Business and any on-line Terms and Conditions notified to the Intermediary by way of the said services or by any other means.

8.2 Email communications are not necessarily secure and may be intercepted or changed after they are sent. The Company does not accept liability for any such changes.

9. Payment of Premiums through the Intermediary

If the Intermediary undertakes to the Client to pass monies to the Company he must do so promptly and without deduction unless previously agreed in writing with the Company and subject to Clause 2.5 above regarding indemnity terms for the payment of commission. In so doing, the Intermediary is not acting as an agent of the Company.

10. Variation

The Company reserves the right to vary these Terms of Business subject to one month's notice being given to the Intermediary, except in circumstances where changes in the rules of a relevant regulatory organisation or any applicable law are such as to require the changes to these Terms of Business to take effect earlier than that date, in which event such changes shall have effect on such earlier date and notice of variation shall be given as soon as is reasonably practicable. Such variation shall not affect contracts in force or proposals for contracts received by the Company before the variation to these Terms of Business takes effect, except to the extent required by law.

11. Termination

11.1 Without affecting or restricting the general powers of the Company, these Terms of Business may be terminated at any time by either party after one month's written notice to the other party so that no new Business shall be placed with or accepted by the Company.

11.2 These Terms of Business may be terminated by the Company with immediate effect so that no new business shall be placed with or accepted by the Company, and without liability on the Company's part, by written notice to such effect to the Intermediary on the occurrence of any one or more of the following:

- (a) any material breach by the Intermediary or any person or body for which it is responsible of any of the provisions contained within these Terms of Business;
- (b) misconduct on the part of the Intermediary or any person or body for which it is responsible which is or could be prejudicial to the Company's business or reputation;
- (c) revocation or suspension of the Intermediary's authorisation by any relevant regulatory body;
- (d) cessation or suspension or intended cessation or suspension of the Intermediary's operation;
- (e) litigation or reconstruction involving the Intermediary including (without limitation of the foregoing) bankruptcy, dissolution, administration, winding up or seizure of assets.

11.3 Any termination of these Terms of Business by the Company shall be without prejudice to any other remedies that the Company may be able to pursue against the Intermediary including remedies that the Company may be able to pursue against the Intermediary in respect of accrued rights under these Terms of Business.

11.4 The Intermediary shall keep the Company advised in writing of any facts known to it within the scope of 11.2(a) to (e) above.

12. Consequences of Termination

Subject to the Company having given written notice (if any) of termination to the Intermediary in terms of Clause 11 above the Intermediary shall:

- (a) return to the Company forthwith any property belonging to the Company;
- (b) cease any and all promotion of the Company's products;
- (c) repay all sums then and subsequently outstanding to the Company;
- (d) be entitled to any unpaid initial commission and forfeit entitlement to all other commission, including renewal commission, falling due after the date of termination.

13. Applicable Law and Jurisdiction etc

- 13.1 These Terms of Business shall be governed by and construed in accordance with the laws of England, Scotland or Northern Ireland depending on the principal place of business of the Intermediary.
- 13.2 Any failure or delay by the Company or the Intermediary to exercise or enforce any rights under these Terms of Business and/or in law, shall not be deemed to operate as a waiver of any such rights nor prejudice their enforcement in any way.
- 13.3 Neither the rights nor the obligations of the Intermediary may be assigned, transferred, sub-contracted or otherwise disposed, in whole or in part, without the prior written consent of the Company.
- 13.4 These Terms of Business supersedes all other communications, representations or warranties relating to the subject matter hereof which may have been made prior to the date hereof. These Terms of Business sets out the entire agreement between the Company and the Intermediary.
- 13.5 The parties do not intend that any term of these Terms of Business should be enforceable as a result of the Contracts (Right of Third Parties) Act 1999 by any person who is not a party to this agreement.
- 13.6 Any notice under these Terms of Business shall be in writing and signed by or on behalf of the party giving it and may be served by leaving it or sending it by facsimile or first class prepaid post in the case of the Company to Sales Administration Team, 301 St Vincent Street, Glasgow, United Kingdom, G2 5NB and in the case of the Intermediary to the last known address. Any notice so served by facsimile or post shall be deemed to have been received:
- (a) in the case of a facsimile 12 hours after the time of dispatch; and
 - (b) in the case of first class prepaid post 48 hours from the time of posting.
- 13.7 In the event that any provision in these Terms of Business shall be declared to be void, voidable, illegal or otherwise unenforceable by a judicial or other competent authority the parties agree that any such provision shall be amended in such a reasonable manner as achieves the intention of the parties without conflict with the judicial or other competent authority and that the enforceability of the remaining provisions shall not be affected.

- 13.8 The Company and the Intermediary undertake to act in good faith in relation to the other party with regard to the subject matter of these Terms of Business for so long as it remains in force and in particular, but without prejudice to the other terms of these Terms of Business, undertake to discuss any dispute that may arise and to seek an amicable settlement in relation to any such dispute. For the avoidance of doubt this will not prejudice the right of either party to take legal proceedings.
- 13.9 Reference to a clause, schedule or paragraph is referring to a clause, schedule or paragraph of these Terms of Business unless otherwise specified. The headings in these Terms of Business shall not affect its construction or interpretation.
- 13.10 Nothing in these Terms of Business should be construed as indicating or giving rise to a joint venture or partnership.

Treating Customers Fairly

We believe in the principle of Treating Customers Fairly (TCF) and more importantly, putting it into practice and placing customers at the forefront of everything we do. The TCF concept is relevant at all stages of the customer experience and applies equally to product providers and intermediaries.

TCF strategy

Our strategy for Treating Customers Fairly is:

- (a) to offer our customers security and opportunities for growth;
- (b) to drive new standards and behaviours in the management of 'closed book' / 'run-off' businesses;
- (c) to deliver the behaviour which a properly informed and prudent customer is reasonably entitled to expect of us; and to deal with all our customers honestly, openly, competently and with integrity;
- (d) to have an informed understanding of our customers' needs;
- (e) to be committed to helping our customers get the most out of their relationship with us.

To achieve this we will seek buy-in from our intermediaries to ensure they are enabled to deliver our TCF strategy to customers. Where possible, we will endeavour to help enable intermediaries to meet their TCF responsibilities.

For further information please visit our website www.phoenixlifegroup.co.uk.