

Financial Foundations policy document

Notes

1. References in the *conditions* to the male sex include the female sex unless the context clearly indicates otherwise.
2. References to statutes include any amendments, modifications or re-enactment of these statutes.

This is an important document. It will be needed whenever you want to alter or end your policy or make a claim. Please keep it in a safe place.

There are three parts:

1. **The schedule**
Personal information and other details which relate to *your* Financial Foundations *policy*.

Any special *conditions* to *your policy* will be shown in the *schedule* or, if applicable, on the attached endorsement.
2. **The definitions**
Definitions of words or phrases used in the *conditions* which are used in a particular manner.
3. **The conditions**
General and specific *conditions* which apply to all Financial Foundation policies.

The *conditions* are divided into *sections* as follows:

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Definitions

This *policy* is a legal document and in it some words or phrases are used in a specific manner. These are listed below in alphabetical order. Each time a defined word or phrase appears in the text in each *section*, it is printed in *bold italics*.

<i>Additional maternity leave</i>	Additional maternity leave as defined by the Employment Rights Act 1996 as amended by the Maternity and Parental Leave etc Regulations 1999.
<i>Allocated, allocation, allocating</i>	<i>Units</i> of <i>your</i> chosen <i>unit accounts</i> are <i>allocated</i> to <i>your policy</i> in respect of each <i>premium</i> paid. If <i>units</i> are cancelled, they are no longer <i>allocated</i> to <i>your policy</i> . We will calculate the number of <i>units allocated</i> as explained in <i>section B, condition 7</i> .
<i>Amount of death benefit</i>	The amount of life cover shown in the <i>schedule</i> .
<i>Assign, assigned, assignment</i>	The legal transfer of ownership of the <i>policy</i> from <i>you</i> to another person or organisation.
<i>Benefit start date</i>	The <i>start date</i> , or the date on which a particular <i>protection benefit</i> is added to <i>your policy</i> if later.
<i>Buying price</i> (offer price)	The price at which <i>you</i> buy <i>units</i> in the <i>unit accounts</i> . We calculate the <i>buying price</i> of each <i>unit account</i> each working day equal to the <i>selling price</i> multiplied by 100/95.
<i>Cash value</i>	The relevant number of <i>units</i> multiplied by their <i>selling prices</i> .
<i>Child</i>	A child born to or legally adopted by the <i>Life Insured</i> .
<i>Condition</i>	A clause of this <i>policy</i> .
<i>Customer Services Centre</i>	The main administration office of <i>Lincoln</i> to which all communications regarding the <i>policy</i> should be made is: Lincoln Assurance Limited Barnett Way Barnwood Gloucester GL4 3RZ <i>You</i> will be notified in writing if this address changes.
<i>Date of transaction</i>	The date on which the <i>selling prices</i> used in the transaction were applicable. This date will be determined in accordance with <i>our</i> standard procedures at the time, but will not be before <i>we</i> have received the last item of documentation or other information required (in accordance with <i>our</i> standard procedures at the time) to process the transaction.
<i>Due date</i>	The date on which each <i>premium</i> is due. It is shown on the <i>schedule</i> .
<i>Earnings</i>	For the purposes of this <i>policy</i> , <i>earnings</i> will mean: For employed people: Their gross taxable income for PAYE assessment purposes, plus any benefits in kind included on their P11D. For the purposes of <i>section F</i> , only those benefits in kind which would be withdrawn by the employer on or before expiry of the deferred period are included. For self-employed people: Their share of pre-tax profit from their trade, profession or vocation after deduction of trading expenses, as described in Schedule D Case I and II of the Income and Corporation Taxes Act 1988. Income received from savings and investments is not treated as <i>earnings</i> for this purpose.
<i>Expense charge</i>	The monthly charge for the benefits provided by <i>your policy</i> , calculated as explained in <i>section I, conditions 2 and 3</i> .
<i>Geographical limits</i>	Austria, Australia, Belgium, Channel Islands, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Isle of Man, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, New Zealand, North America, Norway, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom.
<i>Life Insured, Lives Insured</i>	The person or persons named in the <i>schedule</i> as the life or lives insured, unless stated otherwise and any person in respect of whom <i>protection benefits</i> are payable as shown in the <i>schedule</i> .
<i>Lincoln, we, us, our</i>	Lincoln Assurance Limited.
<i>Material fact</i>	A material fact is any fact that is likely to affect: <ul style="list-style-type: none">• <i>Lincoln's</i> decision to accept <i>your</i> application;

- the addition of any special terms by *Lincoln* to *your policy*;
- the amount of *premium you* pay; or
- *Lincoln's* assessment of a claim.

If *you* are unsure about whether a fact is material or not, please tell *us*.

<i>Maximum selling price</i>	The <i>maximum selling price</i> of a <i>unit account</i> equals: <ul style="list-style-type: none"> • the amount that <i>we</i> consider equals the amount for which <i>we</i> may readily purchase the assets of the <i>unit account</i> at the time, after making provision for all liabilities, plus the dealing and any other related costs that <i>we</i> would incur on purchasing these assets; • divided by the number of <i>units</i> in that <i>unit account</i> at the time; • rounded up by not more than 1%.
<i>Minimum selling price</i>	The <i>minimum selling price</i> of a <i>unit account</i> equals: <ul style="list-style-type: none"> • the amount that <i>we</i> consider equals the amount for which <i>we</i> may readily sell the assets of the <i>unit account</i> at the time, after making provision for all liabilities, less the dealing and any other related costs that <i>we</i> would incur on selling these assets; • divided by the number of <i>units</i> in that <i>unit account</i> at the time; • rounded down by not more than 1%.
<i>Ordinary maternity leave</i>	Ordinary maternity leave as defined by the Employment Rights Act 1996 as amended by the Maternity and Parental Leave etc Regulations 1999.
<i>Paid employment</i>	Paid work of at least 16 hours per week or an equivalent average over a 12 week period. If the <i>Life Insured</i> is on <i>ordinary maternity leave</i> , the <i>Life Insured</i> will be deemed to be in <i>paid employment</i> provided she worked the above hours immediately before going on <i>ordinary maternity leave</i> .
<i>Permitted unit account</i>	Any <i>unit account</i> into which <i>your premiums</i> may be directed and from which <i>units</i> can be <i>allocated</i> to <i>your policy</i> . <i>Unit accounts</i> which have been closed or terminated will no longer be <i>permitted unit accounts</i> .
<i>Policy</i>	The <i>schedule</i> , definitions and <i>conditions</i> and any endorsements changing the <i>schedule</i> or <i>conditions</i> .
<i>Policy guarantee</i>	A guarantee provided by <i>Lincoln</i> that, subject to certain provisions detailed in <i>section A, condition 10</i> , <i>your policy</i> will be maintained in force even if the <i>expense charge</i> exceeds, for the moment, the <i>cash value</i> of the <i>units allocated</i> to <i>your policy</i> at the time.
<i>Policyholder</i>	The <i>Life Insured</i> or any person entitled to ownership of the <i>policy</i> by <i>assignment</i> or succession.
<i>Policy review</i>	A review of the adequacy of <i>your current premium</i> to maintain the <i>protection benefits</i> which <i>we</i> carry out periodically under the <i>conditions</i> described in <i>section A, condition 11</i> .
<i>Policy year</i>	The 12 months from the <i>start date</i> to its first anniversary and between each subsequent anniversary.
<i>Premium</i>	The <i>premium</i> amount shown in the <i>schedule</i> or as later changed under the <i>conditions</i> .
<i>Protection benefit</i>	The <i>policy</i> benefits shown as <i>protection benefits</i> in the <i>schedule</i> , which may be changed later under the <i>conditions</i> .
<i>Schedule</i>	The part of this <i>policy</i> which provides detailed personal information about <i>your policy</i> . It may need to be amended in the future if <i>your policy</i> changes in any way.
<i>Section</i>	A <i>section</i> of this <i>policy</i> .
<i>Selling price</i> (bid price)	The price at which <i>you</i> cash in <i>units</i> in the <i>unit accounts</i> . <i>We</i> calculate the <i>selling price</i> of each <i>unit account</i> each working day. It will not be less than the <i>minimum selling price</i> and it will not exceed the <i>maximum selling price</i> .
<i>Start date</i>	The date on which <i>your policy</i> started. It is shown on the <i>schedule</i> .
<i>Surrender value</i>	The <i>cash value</i> of the <i>units allocated</i> to the <i>policy</i> , less any outstanding <i>expense charge</i> at the time.
<i>Terminal illness - excluding AIDS</i>	An advanced or rapidly progressing incurable illness where, in the opinions of an attending Consultant and <i>our</i> Chief Medical Officer, the life expectancy is no greater than 12 months. Acquired Immune Deficiency Syndrome (AIDS) is specifically excluded and not covered by this definition.
<i>Unit accounts</i>	<i>Unit accounts</i> are theoretical separate investment accounts within <i>our</i> life fund, maintained for the sole purpose of allowing <i>us</i> to quantify amounts related to the value of <i>units</i> in those <i>unit accounts</i> .
<i>Units</i>	A <i>unit</i> is the name given to the portions into which <i>unit accounts</i> are theoretically divided. These <i>units</i> are valued each working day and <i>buying</i> and <i>selling prices</i> are calculated.
<i>Waive, waiver, waived</i>	A decision by <i>Lincoln</i> to give up a part or whole of the <i>premium</i> payable under the <i>policy</i> , in certain circumstances and on a temporary basis, as described in <i>section G</i> .
<i>You, your</i>	The <i>policyholder</i> .

Section A. General conditions

1. **The contract**
 - a. *Lincoln* has entered into this contract with *you* on the basis of:
 - the information *you* or the *Life Insured* provided in *your* application; and
 - any further information *you* or the *Life Insured* provided in writing; and
 - any information *you* or the *Life Insured* gave to *our* medical examiner;all of which form part of the contract.

If any *material fact* within this information is later found to be incorrect, or if it is later found that *you* or the *Life Insured* failed to disclose a *material fact*, *Lincoln* will be entitled to make this contract void and to reject any claim.
 - b. This *policy* is governed by the law of England and Wales and is subject to the exclusive jurisdiction of the Courts of England and Wales.
2. **Without profits**

This *policy* does not entitle *you* to a share of *Lincoln's* profits.
3. **Written communications**
 - a. All communications about this *policy* must be made to *us* in writing at *our Customer Services Centre*. If *you* do not receive *our* written acknowledgement of any communications within seven days contact *us* on 0845 605 2323.
 - b. Written communications *we* send to *you* will be considered to have been received 48 hours after posting to *your* last known address.
4. **Assignment notices**
 - a. If *you assign* this *policy*, *you* must provide *us* with two copies of the written notice of *assignment* showing:
 - the date of *assignment*; and
 - to whom the *policy* has been *assigned*.
 - b. It is *your* responsibility to obtain independent legal advice on the wording of any *assignment*. *Our* acceptance of a notice of *assignment* does not signify any responsibility on *our* part regarding the validity of, or suitability for its intended purpose, of any *assignment*.
 - c. If there is more than one *policyholder*, any notice of *assignment* must be provided by both *policyholders*.
5. **Claims**
 - a. *We* will pay claims as soon as *we* receive satisfactory written evidence, in accordance with *our* standard procedures at the time, of the claimant's:
 - entitlement to any benefit under the *conditions* (including proof that the relevant claim event occurred); and
 - legal ownership of the *policy*.The claimant must pay any cost of providing this evidence. No interest will be paid in respect of the period while *we* wait for evidence.
 - b. *Our* assessment of any claim will take into account:
 - any information *you* or the *Life Insured* provide in writing; and
 - any information *you* or the *Life Insured* give to medical examiners.If any *material fact* within this information (or within the information referred to in *condition 1* of this *section*) is later found to be incorrect, or if it is later found that *you* or the *Life Insured* failed to disclose a *material fact* within this information (or within the information referred to in *condition 1* of this *section*):
 - *you* will be required to pay back to *Lincoln* any claim payments that *we* would not have paid had all *material facts* been provided correctly; and
 - *we* reserve the right to deduct an amount from *your policy* to cover the expenses that *we* have incurred as a result of paying the claim payments that *we* would not have paid had all *material facts* been provided correctly. Any such amount deducted from *your policy* will be made by cancelling *units allocated* to *your policy*. The number of *units* cancelled will be such that at the date the *units* are cancelled, the *cash value* of the *units* cancelled equals the amount to be deducted. If the amount to be deducted is more than the *cash value* of the *units allocated* to *your policy* at the date the amount is deducted, then *we* will cancel the available *units* and *you* will be required to pay the shortfall to *Lincoln*; and
 - *we* will be entitled to stop the *policy* and to reject any claims.
6. **Understatement of age**
 - a. If the *Life Insured's* age has been understated in the application, instead of cancelling the *policy* *we* may reduce the *protection benefits* to take account of the *Life Insured's* correct age.

- b. Had *we* known the *Life Insured's* correct age, *we* may have asked for additional medical evidence before entering into this contract with *you*. If so, *we* may ask for further medical evidence and make further reductions to, or cancel, any *protection benefits* based on that *Life Insured's* medical history.

7. Legislation

- a. *Lincoln* may adjust the *conditions* as *we* reasonably consider appropriate in the circumstances in the event of:
- any change (including the interpretation or application thereof) in law, regulation or taxation affecting *us* or the *policy*;
 - any request from any regulatory authority;
 - any obvious errors or omissions affecting the *policy*; or
 - any other circumstance which in *our* reasonable opinion make it impracticable or unfair to any category of *policyholders*, not to make the changes.
- b. *Lincoln* may deduct an amount from *your policy* if any levy is made on *us* under Part XV of the Financial Services and Markets Act 2000 or under any other legislation. The amount to be deducted will be no greater than the amount that *we* consider to be this *policy's* fair share of the levy made on *us*.
- c. *Lincoln* may deduct an amount from *your policy* if *we* are legally required to pay any other amount which, in *our* reasonable opinion, has a material effect on any category of *policyholders*, *our* solvency margins, or *our* financial security. The amount to be deducted will be no greater than the amount that *we* consider to be this *policy's* fair share of the amount that *we* are legally required to pay.
- d. Any amount deducted under paragraphs b or c of this *condition* will be made by cancelling *units allocated to your policy*. The number of *units* cancelled will be such that at the date the *units* are cancelled, the *cash value* of the *units* cancelled equals the amount to be deducted. If the amount to be deducted is more than the *cash value* of the *units allocated to your policy* at the date the *units* are cancelled, then *we* will cancel the available *units* and carry forward the shortfall and add it to the *expense charge* for the next month.
- e. *You* will be advised of any adjustment made under this *condition*.

8. Cancelling your policy

You can cancel *your policy* at any time by advising *us* and completing the appropriate form, which *we* will send to *you*. *We* will then pay *you* the *surrender value* (if any) applicable at the *date of transaction*.

9. Cashing in part of your policy

- a. *You* may, with *our* agreement, withdraw part of the *surrender value* at any time. Before agreeing to *your* request *we* may either:
- reduce the *amount of death benefit* and, if applicable, the amounts payable in respect of any Critical Health Options by the amount withdrawn; or
 - recommend that *you* reduce the *protection benefits* to a level such that the regular *premium you* are paying is sufficient, in *our* opinion, to maintain this reduced level of the *protection benefits* until the next *policy review*. If *you* do not follow *our* recommendation, the *policy guarantee* no longer applies.
- b. *We* will provide *your* cash payment by cancelling some of the *units allocated to your policy*. *Your* cash payment will equal the *cash value* of the *units* cancelled at the *date of transaction*.
- c. The minimum amount *you* can withdraw is £100, but *we* may vary this amount at *our* discretion.
- d. After *you* have cashed in part of *your policy*, the *cash value* of the remaining *units allocated to your policy* must be at least £250 in each *unit account* from which *units* are cancelled, but *we* may vary this amount at *our* discretion.
- e. If there are *units* in more than one *unit account allocated to your policy*, *you* can choose which *units we* cancel. If *you* do not make a choice, *we* will decide on *your* behalf.

10. Policy guarantee

- a. Subject to paragraph b of this *condition*, *Lincoln* will guarantee to keep *your policy*, including the *protection benefits*, in force even if the *cash value* of the *units allocated to your policy* is not enough to meet the *expense charge* in any particular month.
- b. The *policy guarantee* will cease to apply if:
- any regular *premium* remains unpaid 31 days after the *due date*; or
 - *you* fail to comply with *our* recommendations under any of the *conditions*.
- c. If the *policy guarantee* has ceased to apply, *we* may agree to reinstate it. *We* will only agree to reinstate the *policy guarantee* if *we* are satisfied that there has been no worsening in the classification of risk for the *Life Insured* under the *policy* since the *start date* – *we* will normally

ask for health evidence to support this. In addition, if the regular *premium you* are paying is not sufficient, in *our* opinion, to maintain the *protection benefits* until the next *policy review*, *we* will only agree to reinstate the *policy guarantee* if *you*:

- increase the amount of *your* regular *premium* and/or pay an additional single *premium* such that the regular *premium* is sufficient; or
- reduce the *protection benefits* to a level such that the regular *premium* is sufficient. This approach can only be taken if the reduced level of the *protection benefits* is not less than the then current minimum levels of the *protection benefits* that *we* allow.

- d. If the *policy guarantee* does not apply, *your policy* will stop when the *cash value* of the *units allocated to your policy* is no longer enough to pay the *expense charge*.

11. Policy review

- a. Subject to paragraph d of this *condition*, *we* will carry out the first *policy review* within 30 days of:
- the end of the tenth *policy year* if the *Life Insured* (or the elder *Life Insured* if there is more than one) is aged less than 65 next birthday at entry; or
 - the end of the fifth *policy year*, or the end of the *policy year* immediately prior to age 75 if later, if the *Life Insured* (or the elder *Life Insured* if there is more than one) is aged 65 next birthday or over at entry.
- b. The periods between subsequent *policy reviews* are not guaranteed but will not be greater than five years.
- c. At each *policy review* *we* will inform *you* of the date of the next *policy review* and, subject to paragraph d of this *condition*, *we* will carry out the next *policy review* within 30 days of this date.
- d. *We* reserve the right to carry out a *policy review* in addition to or instead of a *policy review* referred to in paragraphs a and b of this *condition* if:
- *you* increase the amount of any *protection benefit* (other than in accordance with *section C, condition 1*);
 - *you* reduce *your* regular *premium*;
 - *you* cash in part of *your policy*; or
 - *your policy guarantee* is reinstated.
- e. At each *policy review* *we* will assess whether or not the regular *premium you* are paying is sufficient, in *our* opinion, to maintain the *protection benefits* until the next *policy review*.
- f. The *policy review* will consider:
- the *surrender value* applicable at the date of the *policy review*; and
 - the regular *premium* being paid; and
 - the effect of the Index-linked Benefit, if applicable; and
 - the anticipated future level of *expense charges* that *we*, acting on actuarial advice, consider appropriate; and
 - the anticipated rate of growth in the *selling prices* of *units* that *we*, acting on actuarial advice, consider appropriate; and
 - any other factors that *we* consider appropriate at the time.
- g. If the regular *premium you* are paying is not sufficient, in *our* opinion, to maintain the *protection benefits* until the next *policy review*, *we* will recommend that *you*:
- increase the amount of *your* regular *premium* and/or pay an additional single *premium* such that the regular *premium* is sufficient; or
 - reduce the *protection benefits* to a level such that the regular *premium* is sufficient. This approach can only be taken if the reduced level of the *protection benefits* is not less than the then current minimum levels of the *protection benefits* that *we* allow.
- h. *You* do not have to accept *our* recommendations but if *you* do not, the *policy guarantee* no longer applies.

12. Force majeure

Lincoln does not accept any responsibility for any total or partial failure of any duty and obligation under the *conditions* occasioned by any act of God, fire, act of government or state, war, civil commotion, act of terrorism, insurrection, embargo and any other reason beyond *Lincoln's* control.

13. Severability

If any provision of the *conditions* is found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the other provisions of the *conditions* and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect.

Section B. Payments of premiums

1. **Type of premium**
The *schedule* shows the frequency at which *premiums* are payable.
2. **Single premium**
 - a. The *premium* for a single *premium policy* must be paid to *Lincoln* before the *policy* starts.
 - b. *You* may add additional lump sum *premiums* whenever *you* wish, provided each additional lump sum *premium* is at least equal to *our* minimum level at the time.
 - c. If the *policy guarantee* does not apply, *our* approval to any payment of an additional single *premium* must be obtained, and *we* will normally ask for health evidence before doing so. *We* may decline to allow the payment of an additional single *premium*, or do so only on special terms.
3. **Regular premiums**
Each *premium* for a regular *premium policy* must be paid to *Lincoln* on the *due date*, shown in the *schedule*. The *policy* will not be issued until the first *premium* has been paid.
4. **Non payment of regular premiums**
If any regular *premium* is not paid within 31 days of the *due date*, the *policy guarantee* no longer applies.
5. **Changes to regular premiums**
 - a. *You* can change the amount of *your* regular *premium* that is due on any *due date* by giving *us* written notice.
You cannot:
 - reduce the amount of *your* regular *premium* in the first 24 months;
 - reduce the amount of *your* regular *premium* below *our* minimum level at the time; or
 - make any changes while *your* regular *premiums* are being *waived*.
 - b. If *you* reduce *your* regular *premium* and this reduced regular *premium* is not sufficient, in *our* opinion, to maintain the *protection benefits* until the next *policy review*, *we* will recommend that *you* reduce the *protection benefits* to a level such that the reduced regular *premium* is sufficient. If *you* do not follow *our* recommendation, the *policy guarantee* no longer applies.
 - c. If the *policy guarantee* does not apply or if Waiver of Premium Benefit applies, *our* approval to any increase in the amount of *your* regular *premium* (other than increases under *condition 6* of this *section* or under *section C, condition 1*) must be obtained, and *we* will normally ask for health evidence before doing so. *We* may decline to allow the increase in the amount of *your* regular *premium*, or do so only on special terms.
6. **Premium escalation**
This condition applies only if the policy is set up on the basis that the regular premium will increase each year at a fixed rate
 - a. If each regular *premium* has been paid when due, *we* will increase *your* regular *premium* at the end of each *policy year* by the fixed rate specified. The minimum increase in *your* regular *premium* is £1 monthly or £10 annually, but *we* may vary these amounts at *our* discretion.
 - b. This *condition* will not apply if:
 - *you* have informed *us* that *you* no longer want this *condition* to apply; or
 - no increase has been made under this *condition* at the end of the two previous *policy years*.
7. **Allocations to unit accounts**
 - a. 102.50% of each regular *premium* and 97% of each single *premium*, or such percentage applicable at the time the single *premium* is paid, will be credited to *your* chosen *permitted unit accounts*, to a maximum of four accounts, in the proportions *you* select.
 - b. *You* can vary the selected proportions to apply to future *premiums* by giving *us* written notice.
 - c. The amount credited to each *unit account* will be divided by the appropriate *buying price* at the time and the resulting number of *units* will be *allocated* to *your policy*.
 - d. If a *unit* is cancelled under any of the *conditions*, an amount equal to *the cash value* of that *unit* will be deducted from the *unit account*.

**Section C.
Miscellaneous
benefits and options**

1. **Index-linked Benefit**
This benefit applies only if specified in the schedule.
 - a. If each regular *premium* has been paid when due, *we* will increase the *protection benefits* at the end of each *policy year*. *We* will also increase the amount of *your* regular *premium* at the same time.
 - b. The *protection benefits* and *your* regular *premium* will both increase by the percentage (if any), up to a maximum of 12% in any year, by which the Retail Prices Index increased during the last 12 complete months before the increase. The minimum increase in *your* regular *premium* is £1 monthly or £10 annually, but *we* may vary these amounts at *our* discretion.
 - c. If for any reason the Retail Prices Index is not published, or if the basis of calculating it is changed, *we* may select or compile another index to measure inflation for the purposes of this *condition*.
 - d. This *condition* will not apply if:
 - *you* have informed *us* that *you* no longer want this *condition* to apply; or
 - no increase has been made under this *condition* at the end of the two previous *policy years*.
 - e. If *you* have informed *us* that *you* do not wish this *condition* to apply *you* may, not more than 12 months later, ask *us* to reinstate it, provided that no *Life Insured* has attained his 65th birthday. The reinstatement will start at the end of the *policy year* in which *we* receive *your* request.

2. **Changing the benefits**
 - a. *You* can apply to change the amount of any *protection benefit*, by asking *us* in writing, whenever *you* wish, except while *premiums* are being *waived*.
 - b. *You* can only apply to increase the amount of any *protection benefit* provided that no *Life Insured* has attained his:
 - 80th birthday for increases to the *amount of death benefit*;
 - 65th birthday for increases to the amount of Critical Health Benefit or Critical Health Prepayment; or
 - birthday five years before the age shown in the *schedule* under benefit period, for increases to the amount of Income Protection Benefit.*We* may vary these ages at *our* discretion.
 - c. *Our* approval to any increase in the amount of any *protection benefit* (other than increases under *conditions* 1 or 3 of this *section*) must be obtained, and *we* will normally ask for health evidence before doing so. *We* may decline to allow the increase, or do so only on special terms.
 - d. If *you* increase the amount of any *protection benefit* and the regular *premium* *you* are paying is not sufficient, in *our* opinion, to maintain these increased amounts of the *protection benefits* until the next *policy review*, *we* will recommend that *you* increase the amount of *your* regular *premium* and/or pay an additional single *premium* such that the regular *premium* is sufficient. If *you* do not follow *our* recommendation, the *policy guarantee* no longer applies.
 - e. *You* can not reduce the level of the *protection benefits* below the then current minimum levels of the *protection benefits* that *we* allow.

3. **Guaranteed Increase Option**
This option applies only if specified in the *schedule*.
 - a. **Family protection**
 - i. *Lincoln* will, subject to a number of *conditions*, allow *you* to increase the *amount of death benefit* and, if applicable, the amounts payable under any Critical Health Options, without further evidence of health if:

Mortgage increase

- The *policy* is being used as security for a mortgage, and *you* take out a larger or additional loan with an authorised lender to buy a residential property in the United Kingdom to be used as the *Life Insured's* main residence; or
- *you* take out an additional loan of at least £2,500 from an authorised lender to pay for improvements to the *Life Insured's* main residence.

You may increase the *amount of death benefit* and, if applicable, the amounts payable under any Critical Health Options by up to the amount of the increase in the loan, subject to the limits specified below and in *condition* 3c of this *section*.

You are able to exercise this option in respect of this event on any number of occasions provided that the total of all increases to the *amount of death benefit* plus, if applicable, all increases to the amount payable under the Critical Health Benefit, for this event does not exceed the lower of:

- 50% of the total of the *amount of death benefit* plus any Critical Health Benefit then in force, less the amount of such benefits that are affected under options in any other *policy* with *Lincoln*; or
- £100,000.

Marriage or civil partnership

The *Life Insured* marries or enters into a civil partnership.

You may increase the *amount of death benefit* and, if applicable, the amounts payable under any Critical Health Options subject to the limits specified below and in *condition* 3c of this *section*.

You are able to exercise this option in respect of this event on any number of occasions provided that the total of all increases to the *amount of death benefit* plus, if applicable, all increases to the amount payable under the Critical Health Benefit, for this event does not exceed the lower of:

- 50% of the total of the *amount of death benefit* plus any Critical Health Benefit then in force, less the amount of such benefits that are affected under options in any other *policy* with *Lincoln*; or
- £100,000.

Birth or adoption

A *child* is born to or legally adopted by the *Life Insured*.

You may increase the *amount of death benefit* and, if applicable, the amounts payable under any Critical Health Options subject to the limits specified below and in *condition* 3c of this *section*.

You are able to exercise this option in respect of this event on any number of occasions provided that the total of all increases to the *amount of death benefit* plus, if applicable, all increases to the amount payable under the Critical Health Benefit, for this event do not exceed the lower of:

- 25% of the total of the *amount of death benefit* plus any Critical Health Benefit then in force, less the amount of such benefits that are affected under options in any other *policy* with *Lincoln*; or
- £50,000.

Salary increase

The *Life Insured's* annual *earnings* increase.

You may increase the *amount of death benefit* and, if applicable, the amounts payable under any Critical Health Options by up to five times the amount of the increase in annual *earnings*, subject to the limits specified below and in *condition* 3c of this *section*.

You are able to exercise this option in respect of this event on any number of occasions provided that the total of all increases to the *amount of death benefit* plus, if applicable, all increases to the amount payable under the Critical Health Benefit, for this event does not exceed the lower of:

- 25% of the total of the *amount of death benefit* plus any Critical Health Benefit then in force, less the amount of such benefits that are affected under options in any other *policy* with *Lincoln*; or
- £100,000.

ii. The conditions which must apply before this option can be put into effect in respect of the family protection events are:

- The *Life Insured* (or both *Lives Insured* if there is more than one) is less than 55 years of age at the time *you* exercise the option.
- *You* exercise the option within the following timescales of the date of the relevant event:
 - 31 days for the mortgage increase, and salary increase events; or
 - 90 days for the marriage or civil partnership, and birth or adoption events.
- Each *premium* has been paid when due.
- The amount of any increase is at least £2,500, but *we* may vary this amount at *our* discretion.
- In respect of an increase to the amount payable under any Critical Health Options, if applicable, the *Life Insured* has never been diagnosed with and has never suffered from one of the conditions covered.
- If *we* request him to do so, the *Life Insured* provides *us* with any evidence *we* require to confirm that the relevant event took place.

- iii. If the regular *premium you* are paying is not sufficient, in *our* opinion, to maintain the increased amounts of the *protection benefits* until the next *policy review*, *we* will recommend that *you* increase the amount of *your* regular *premium* and/or pay an additional single *premium* such that the regular *premium* is sufficient.
If *you* do not follow *our* recommendation, the *policy guarantee* no longer applies.
- b. **Inheritance tax liability increase**
- i. *Lincoln* will, subject to a number of *conditions*, allow *you* to increase the *amount of death benefit* without further evidence of health if the *policy* is being used to cover a prospective inheritance tax (IHT) liability on *your* estate and:
- there is an increase in the value of *your* estate which causes an increase in the prospective IHT liability; or
 - there is change in legislation affecting the rate or rate bands of IHT, or exemptions or relief from IHT which causes an increase in the prospective IHT liability.
- You* may increase the *amount of death benefit* and, if applicable, the amounts payable under any Critical Health Options by up to the proportionate increase in the IHT liability on *your* estate covered by this *policy*, subject to the limits specified below and in *condition 3c* of this *section*.
- You* are able to exercise this option in respect of this event on any number of occasions provided that the total of all increases to the *amount of death benefit* for this event does not exceed the lower of:
- 25% of the total of the *amount of death benefit* less the amount of such benefits that are affected under options in any other *policy* with *Lincoln*; or
 - £100,000.
- ii. The conditions which must apply before this option can be put into effect in respect of the inheritance tax liability increase are:
- If there are two *Lives Insured*, the Death Benefit is payable on the second death (or diagnosis of *terminal illness*, if applicable).
 - *You* exercise the option within 90 days of the relevant event.
 - Each *premium* has been paid when due.
 - The amount of any increase is at least £2,500, but *we* may vary this amount at *our* discretion.
 - If *we* request him to do so, the *Life Insured* provides *us* with any evidence *we* require to confirm that the relevant event took place.
 - If *we* request him to do so, the *Life Insured* provides *us* with any evidence *we* require to confirm that the *policy* is being used to cover a prospective IHT liability on *your* estate, and to confirm that the IHT would have been payable if the *Life Insured* had died immediately before the event.
- iii. If the regular *premium you* are paying is not sufficient, in *our* opinion, to maintain the increased amounts of the *protection benefits* until the next *policy review*, *we* will recommend that *you* increase the amount of *your* regular *premium* and/or pay an additional single *premium* such that the regular *premium* is sufficient.
If *you* do not follow *our* recommendation, the *policy guarantee* no longer applies.
- c. The total of all increases to the *amount of death benefit* plus, if applicable, all increases to the amount payable under the Critical Health Benefit, under this *section* for all events must not exceed the lower of:
- the total of the *amount of death benefit* plus any Critical Health Benefit in force at the date this option is exercised, less the amount of any previous increases under this option; or
 - £150,000.
- d. All risk factor charges in respect of increases will be based on the same classification of risk as the one which applied to the *Life Insured* immediately before the exercise of this option.
- e. *We* may, at *our* discretion, choose to effect any increase under this option by issuing a new *policy*, instead of amending this *policy*. If *we* do so:
- The new *policy* will be issued:
 - in *our* then standard form (including product terms and charges); and
 - for amounts of benefit for each *Life Insured* equal to the amount increased under this option; and
 - at the same classification of risk for each *Life Insured* as applies under this *policy*.
 - The *premium* charged for the new *policy* will be at *our* rate appropriate to the age of each *Life Insured* at the time the new *policy* is issued.
 - The *amount of death benefit* and Critical Illness Benefit under both *policies* will be added together for the purpose of *condition 3c* of this *section* and the new *policy* will not include a Guaranteed Increase Option.

4. Divorce/Dissolution Option

- a. This option applies where there are two *Lives Insured* who are married to each other or have entered into a civil partnership.
- b. If they divorce each other or if there is a formal dissolution of the civil partnership, *you* may apply for a new *policy* on each *Life Insured* without further evidence of health.
- c. The conditions which must apply before this option can be put into effect are:
 - Both *Lives Insured* are less than 65 years of age at the time *you* exercise the option.
 - *You* exercise the option within the six months of the Decree Absolute or equivalent documentation for civil partnerships.
 - Each *premium* has been paid when due.
 - The application for the new *policies* must:
 - meet *our* then normal requirements for an application for a new *policy* (other than for medical evidence); and
 - be for amounts of *protection benefits* no greater than the corresponding amounts for the relevant *Life Insured* that existed under this *policy* at the time this option is exercised.
 - If *we* request them to do so, the *Lives Insured* provide *us* with any evidence *we* require to confirm that the divorce or dissolution of the civil partnership took place.
- d. The new *policies* will be issued:
 - in *our* then standard form (including product terms and charges); and
 - at the same classification of risk for each *Life Insured* as applies under this *policy*.
- e. The *premium* charged for each new *policy* will be at *our* rate appropriate to the age of each *Life Insured* at the time the new *policies* are issued.
- f. If any *Life Insured* is receiving payments under Income Protection Benefit and/or Waiver of Premium Benefit, a new *policy* for that *Life Insured* will not be issued until these payments have finished.
- g. On payment of the first *premium* for both new *policies*, this *policy* will be cancelled and *we* will pay *you* the *surrender value* (if any) applicable at the time.

5. Cover Continuation Option

- a. This option applies where there are two *Lives Insured* and the Death Benefit is payable on the first death (or diagnosis of *terminal illness*, if applicable).
- b. Following acceptance by *us* of a valid claim for the Death Benefit or, if applicable, Critical Health Prepayment (other than in respect of angioplasty), *you* may apply for a new *policy* for the *Life Insured* who is not the subject of the claim without further evidence of health.
- c. The conditions which must apply before this option can be put into effect are:
 - The *Life Insured* who is not the subject of the claim is less than 65 years of age at the time *you* exercise the option.
 - *You* exercise the option within 90 days of the date that *we* accept that the claim is valid.
 - Each *premium* has been paid when due.
 - The application for the new *policy* must:
 - meet *our* then normal requirements for an application for a new *policy* (other than for medical evidence); and
 - be for an *amount of death benefit* and, if applicable, amount payable under any Critical Health Prepayment options no greater than the corresponding amounts that existed under this *policy* at the date *we* accept that the claim is valid.
- d. The new *policy* will be issued:
 - in *our* then standard form (including product terms and charges); and
 - at the same classification of risk for the *Life Insured* as applies under this *policy*.
- e. The *premium* charged for the new *policy* will be at *our* rate appropriate to the age of the *Life Insured* at the time the new *policy* is issued.

**Section D.
Death Benefit**

Terminal Illness Benefit applies only if specified in the schedule.

1. **Benefit amount**
The amount of Death Benefit payable will be the greater of:
 - the *amount of death benefit*, and
 - 101% of the *surrender value* on the day that *we* admit the validity of the claim.
2. **Entitlement to benefit**
 - a. If *your policy* is in force *we* will pay the Death Benefit on proof of entitlement if:
 - the *Life Insured* dies; or
 - if Terminal Illness Benefit applies, the *Life Insured* is diagnosed as suffering from a *terminal illness - excluding AIDS*.
 - b. Where there are two *Lives Insured*, the Death Benefit will be paid on the first or second death (or diagnosis of *terminal illness - excluding AIDS*, if applicable) as specified in the *schedule*.
3. **Action following payment of a claim**
 - a. If there are two *Lives Insured*, and the Death Benefit is payable on the first death (or diagnosis of *terminal illness - excluding AIDS*, if applicable), and there is Critical Health Benefit and/or Income Protection Benefit specified in the *schedule* for the *Life Insured* who has not been the subject of a claim under this *section*:
 - the *policy* continues, but just in respect of the Critical Health Benefit and/or Income Protection Benefit (and Waiver of Premium Benefit, if applicable) specified in the *schedule* for the *Life Insured* who has not been the subject of a claim under this *section*; and
 - all of the *units* will be cancelled; and
 - a revised level of *premium* may apply.
 - b. Otherwise, the *policy* stops and has no further value once *we* have paid a Death Benefit claim.
 - c. Where the *policy* continues in accordance with *condition* 3a of this *section*, *we* reserve the right to convert to a new *policy* the benefits that continue.
 - The new *policy* will be issued:
 - in *our* then standard form (including product terms and charges); and
 - for the same amount of benefits for the relevant *Life Insured* as those that continue under this *policy*; and
 - at the same classification of risk for the relevant *Life Insured* as applies under this *policy*.
 - The *premium* charged for the new *policy* will be at *our* rate appropriate to the age of the relevant *Life Insured* at the time the new *policy* is issued.
 - The first *premium* has to be paid on conversion.
 - If the *Life Insured* who has not been the subject of a claim under this *section* is receiving payments under Income Protection Benefit and/or Waiver of Premium Benefit, the benefits that continue under this *policy* will not be converted to a new *policy* until these payments have finished.

**Section E.
Critical Health Options
(Critical Health Benefit
and Critical Health
Prepayment)**

These benefits only apply if stated in the schedule.

In this *section*, *Life Insured* means only the person named in the *schedule* in respect of these benefits.

1. **General**
 - a. The amount of Critical Health Benefit or Critical Health Prepayment payable will be the amount stated in the *schedule*, except for a claim in respect of angioplasty where the amount payable is the lesser of:
 - 10% of the amount stated in the *schedule*; or
 - £10,000.
 - b. Payment of a claim under Critical Health Benefit does not affect the *amount of death benefit* (if any) payable under the *policy*.
Payment of a claim under Critical Health Prepayment reduces the amount payable on a subsequent death claim (see *conditions* 5b and 5c of this *section*).
 - c. In the case of Critical Health Benefit payable in respect of a critical illness defined below, the amount of benefit will only be payable if the *Life Insured* is still alive 15 days after diagnosis of one of the illnesses or conditions.
 - d. *You* may have cover under one or more of the following Critical Health Options:
 - critical illness;
 - permanent disability;
 - elderly care;which are described below. The options covered by *your policy* are listed in the *schedule*.
 - e. Except as described in paragraph f of this *condition*, under this *section*:
 - Where there is only one *Life Insured*, only one claim will be paid under Critical Health Benefit, and only one claim will be paid under Critical Health Prepayment.
 - Where there are two *Lives Insured*:
 - under Critical Health Benefit, only one claim will be paid in respect of each *Life Insured*; and
 - under Critical Health Prepayment, a claim will only be paid in respect of the first *Life Insured* to suffer one of the insured conditions.
 - f. Where a claim is paid in respect of angioplasty the amount of benefit will be reduced by the amount payable, and a further claim under this *section* may be paid in respect of any other Critical Health Benefits and/or Critical Health Prepayments stated in the *schedule* except that no further claim will be paid in respect of further angioplasty operations undergone by the same *Life Insured*.

2. Critical Health Options

- a. **Critical Illness Benefit and Critical Illness Prepayment**
Critical Illness ceases at age 75 where there is only one Life Insured or at age 75 of the elder life where there are two lives insured.
The critical illnesses which may be covered by the *policy* are:

Angioplasty before age 75 - for coronary artery disease of a specified severity

The undergoing, to treat severe coronary artery disease, of any of the following

- balloon angioplasty
- atherectomy
- rotablation
- laser treatment
- and/or insertion of stents

to treat the narrowing or blockage in 2 or more main Coronary Arteries. This procedure must have been carried out on the advice of a Consultant Cardiologist.

The intervention must be to treat at least 70% diameter narrowing in each vessel and must be carried out as a single procedure.

For the purposes of this definition main Coronary Arteries are defined as being:

Right Coronary Artery
Left Main Stem
Left Anterior Descending
Circumflex

Two or more procedures in the same artery or procedures to any branches of the above arteries are specifically excluded.

Aorta graft surgery before age 75 – for disease

The undergoing of surgery for disease to the aorta with excision and surgical replacement of a portion of the diseased aorta with a graft.

The term aorta includes the thoracic and abdominal aorta but not its branches.

For the above definition, the following are not covered:

- any other surgical procedure, for example the insertion of stents or endovascular repair.
- surgery following traumatic injury to the aorta.

Aplastic anaemia before age 75 – of specified severity

Confirmation by a Consultant Haematologist of a definite diagnosis of complete bone marrow failure which results in anaemia, neutropenia and thrombocytopenia and requires as a minimum one of the following treatments:

- Blood transfusion;
- Bone-marrow transplantation;
- Immunosuppressive agents;
- Marrow stimulating agents.

All other forms of anaemia are specifically excluded.

Bacterial Meningitis before age 75 – resulting in permanent symptoms

Bacterial Meningitis causing inflammation of the membranes of the brain or spinal cord resulting in permanent neurological deficit with persisting clinical symptoms. The diagnosis must be confirmed by a Consultant Neurologist.

All other forms of meningitis including viral meningitis are not covered.

Benign brain tumour before age 75 – resulting in permanent symptoms

A non-malignant tumour or cyst in the brain, cranial nerves or meninges within the skull, resulting in permanent neurological deficit with persisting clinical symptoms.

For the above definition, the following are not covered:

- Tumours in the pituitary gland
- Angiomas

Cancer before age 75 – excluding less advanced cases

Any malignant tumour positively diagnosed with histological confirmation and characterised by the uncontrolled growth of malignant cells and invasion of tissue.

The term malignant tumour includes leukaemia, lymphoma and sarcoma.

For the above definition, the following are not covered:

- All cancers which are histologically classified as any of the following:
 - pre-malignant;
 - non-invasive;
 - cancer in situ;
 - having either borderline malignancy; or
 - having a low malignant potential.
- All tumours of the prostate unless histologically classified as having a Gleason score of greater than 6 or having progressed to at least clinical TNM classification T2N0M0.
- Chronic lymphocytic leukaemia unless histologically classified as having progressed to at least Binet Stage A.
- Any skin cancer other than malignant melanoma that has been histologically classified as having caused invasion beyond the epidermis (outer layer of skin).

Cardiomyopathy before age 75 – of specified severity

The definite diagnosis by a Consultant Cardiologist of cardiomyopathy resulting in impaired ventricular function and marked limitation of physical activity with the *Life Insured* unable to progress

- beyond stage 2 of a treadmill exercise test using the standard Bruce protocol; or is
- classified as Stage III under the New York Heart Association Functional Classification.

For the purpose of this definition NYHA Stage III is classified as marked limitation in activity due to symptoms even during less than ordinary activity. Patient is only comfortable at rest.

For the above definition, all other forms of heart disease, heart enlargement and myocarditis are specifically excluded. Cardiomyopathy directly related to alcohol or drug misuse is excluded.

Coma before age 75 – resulting in permanent symptoms

A state of unconsciousness with no reaction to external stimuli or internal needs which:

- requires the use of life support systems for a continuous period of at least 96 hours; and
- results in permanent neurological deficit with persisting clinical symptoms.

For the above definition, the following is not covered:

- Coma secondary to alcohol or drug abuse.

Coronary artery by-pass grafts before age 75 – with surgery to divide the breastbone

The undergoing of surgery requiring median sternotomy (surgery to divide the breastbone) on the advice of a Consultant Cardiologist to correct narrowing or blockage of one or more coronary arteries with by-pass grafts.

Heart attack before age 75 – of specified severity

Death of heart muscle, due to inadequate blood supply, that has resulted in all of the following evidence of acute myocardial infarction:

- typical clinical symptoms (for example, characteristic chest pain).
- new characteristic electrocardiographic changes.
- the characteristic rise of cardiac enzymes or Troponins recorded at the following levels or higher;
 - Troponin T > 1.0 ng/ml
 - AccuTnl > 0.5 ng/ml or equivalent threshold with other Troponin I methods.

The evidence must show a definite acute myocardial infarction.

For the above definition, the following are not covered:

- other acute coronary syndromes including but not limited to angina.

Heart valve replacement or repair before age 75 – with surgery to divide the breastbone

The undergoing of surgery requiring median sternotomy (surgery to divide the breastbone) on the advice of a Consultant Cardiologist to replace or repair one or more heart valves.

HIV infection before age 75 – caught in the UK from a blood transfusion, a physical assault or at work
Infection by Human Immunodeficiency Virus resulting from:

- a blood transfusion given as part of medical treatment;
- a physical assault; or
- an incident occurring during the course of performing normal duties of employment

after the start of the policy and satisfying all of the following:

- the incident must have been reported to appropriate authorities and have been investigated in accordance with the established procedures.
- where HIV infection is caught through a physical assault or as a result of an incident occurring during the course of performing normal duties of employment, the incident must be supported by a negative HIV antibody test taken within 5 days of the incident.
- there must be a further HIV test within 12 months confirming the presence of HIV or antibodies to the virus.
- the incident causing infection must have occurred in the UK.

For the above definition, the following is not covered:

- HIV infection resulting from any other means, including sexual activity or drug abuse.

Kidney Failure before age 75 – requiring dialysis

Chronic and end stage failure of both kidneys to function, as a result of which regular dialysis is necessary.

Liver Failure before age 75 – end stage

Chronic liver disease, being end stage and irreversible liver failure due to cirrhosis and resulting in all of the following:

- permanent jaundice,
- ascites; and
- encephalopathy

Liver disease secondary to alcohol or drug misuse is excluded from this definition.

Major organ transplant before age 75

The undergoing as a recipient of a transplant of bone marrow or of a complete heart, kidney, liver, lung, or pancreas, or inclusion on an official UK waiting list for such a procedure.

For the above definition, the following is not covered:

- transplant of any other organs, parts of organs, tissues or cells.

Multiple Sclerosis before age 75 – with persisting symptoms

A definite diagnosis of Multiple Sclerosis by a Consultant Neurologist. There must be current clinical impairment of motor or sensory function, which must have persisted for a continuous period of at least 6 months.

Pre-senile Dementia before age 65 – resulting in permanent symptoms

A definite diagnosis of Pre-senile Dementia by a Consultant Neurologist, Psychiatrist or Geriatrician. There must be permanent clinical loss of the ability to do all of the following:

- remember;
- reason; and
- perceive, understand, express and give effect to ideas

Stroke before age 75 – resulting in permanent symptoms

Death of brain tissue due to inadequate blood supply or haemorrhage within the skull resulting in permanent neurological deficit with persisting clinical symptoms.

For the above definition, the following are not covered:

- Transient ischaemic attack.
- Traumatic injury to brain tissue or blood vessels

Third degree burns before age 75 – covering 20% of the body’s surface area

Burns that involve damage or destruction of the skin to its full depth through to the underlying tissue and covering at least 20% of the body’s surface area.

Traumatic head injury before age 75 – resulting in permanent symptoms

Death of brain tissue due to traumatic injury resulting in permanent neurological deficit with persisting clinical symptoms.

b. Permanent Disability Benefit and Permanent Disability Prepayment

The permanent disability conditions which may be covered by the *policy* are as follows.

Because it is sometimes difficult to establish whether some of these conditions are total and permanent, *we* reserve the right to delay payment under this *section* in respect of these conditions until the disability has continued for a period not exceeding 12 months.

Blindness – permanent and irreversible

Permanent and irreversible loss of sight to the extent that even when tested with the use of visual aids, vision is measured at 3/60 or worse in the better eye using a Snellen eye chart.

Deafness – permanent and irreversible

Permanent and irreversible loss of hearing to the extent that the loss is greater than 95 decibels across all frequencies in the better ear using a pure tone audiogram.

Loss of hands or feet – permanent physical severance

Permanent physical severance of any combination of 2 or more hands or feet at or above the wrist or ankle joints.

Loss of speech – permanent and irreversible

Total permanent and irreversible loss of the ability to speak as a result of physical injury or disease.

Paralysis of limbs – total and irreversible

Total and irreversible loss of muscle function to the whole of any 2 limbs.

Failure of activities of daily working

If the *Life Insured* has not reached 60 years of age at the date of admission of the claim, the *Life Insured* shall be considered to be disabled for the purposes of this *condition* if the *Life Insured* is, as a direct result of illness or injury sustained after the *benefit start date*, permanently and totally unable to perform at least three of the following six activities of daily working without the physical assistance of another person, even with the use of appropriate assistive aids and appliances.

- **Hearing**
Hearing, with the use of a hearing aid if necessary, well enough to understand someone speaking a common language in a normal voice in a quiet room.
- **Speech**
Being understood in a common language in a quiet room by people with normal hearing.
- **Standing**
Standing, with the aid of a walking stick or other aid if necessary.
- **Use of pen, pencil or keyboard**
Using a pen, pencil or computer keyboard with either hand.
- **Vision**
Seeing, using spectacles, contact lenses or other aids if necessary, well enough to read a large print book (16 point) placed in front of the *Life Insured*.
- **Walking**
Walking, on a level surface with a walking stick or other aid if necessary, more than 200 metres on the flat without having to stop or suffering severe discomfort.

In addition, the *Life Insured* must be under the care and attention of a specialist appropriate to their condition.

For the purposes of this definition, ‘physical assistance’ means the actual physical participation of another person in the activity or activities and not merely their supervision or encouragement.

c. **Elderly Care Benefit and Elderly Care Prepayment**

The elderly care conditions which may be covered by the *policy* are:

Alzheimer’s Disease – resulting in permanent symptoms

A definite diagnosis of Alzheimer’s Disease by a Consultant Neurologist, Psychiatrist or Geriatrician. There must be permanent clinical loss of the ability to do all of the following:

- remember;
- reason; and
- perceive, understand, express and give effect to ideas.

For the above definition, the following are not covered:

- other types of dementia.

Motor Neurone Disease – resulting in permanent symptoms

A definite diagnosis of Motor Neurone Disease by a Consultant Neurologist. There must be permanent clinical impairment of motor function.

Parkinson’s Disease – resulting in permanent symptoms

A definite diagnosis of Parkinson’s Disease by a Consultant Neurologist. There must be permanent clinical impairment of motor function with associated tremor, rigidity of movement and postural instability.

Failure of activities of daily living

The *Life Insured* shall be considered to be disabled for the purposes of this *condition* if the *Life Insured* is, as a direct result of illness or injury sustained after the *benefit start date*, permanently and totally unable to perform at least three of the following five activities of daily living without the physical assistance of another person, even with the use of appropriate assistive aids and appliances.

- **Continence**
Voluntary control of bowel and bladder function, with or without the use of catheters, incontinence pads or other artificial aids, to a level which is sufficient to maintain personal hygiene.
- **Dressing**
Dressing and undressing including the putting on and taking off of medically necessary surgical appliances usually worn.
- **Feeding**
Feeding oneself once food or drink has been prepared and made available.

- **Mobility**
Moving from one side of a room to another, or to an adjacent room, or getting in or out of a chair or bed, with or without the aid of equipment.
- **Using the toilet**
Getting on and off the toilet and cleaning oneself to a level which is sufficient to maintain an adequate level of personal hygiene.

For the purposes of this definition, 'physical assistance' means the actual physical participation of another person in the activity or activities and not merely their supervision or encouragement.

3. Entitlement to benefit

- a. If the *policy* is in force *we* will pay the benefit on proof of entitlement if the *Life Insured* fulfils one or more of the definitions of illness or disability set out in this *section* in respect of the Critical Health Options listed in the *schedule*.
- b. No amount of benefit will be paid under this *section* unless:
 - the illness or disability is diagnosed or confirmed by a Consultant or equivalent at a recognised hospital within the *geographical limits* who is a specialist in an area of medicine appropriate to the cause of claim and who is acceptable to *our* Chief Medical Officer; and
 - *you* send written notice of the claim to *us* within three months of the date of diagnosis of the illness or disability; and
 - *you* provide, at *your* own expense, any reasonable clinical, histological and laboratory evidence *we* require to support payment of the claim, including proof of the *Life Insured's* illness or disability; and
 - if *we* request him to do so, the *Life Insured* who is the subject of the claim signs any consent form necessary for the purpose of undergoing medical examinations and/or tests (including blood and saliva tests) and which enables a medical practitioner to provide the results of the examinations and tests directly to *Lincoln*; and
 - if *we* request him to do so, the *Life Insured* who is the subject of the claim undergoes medical examinations and/or tests, including blood and saliva tests, to be carried out by a medical practitioner of *our* choice
 - the *Life Insured*, who is the subject of the claim, is still alive 15 days after the diagnosis of one of the illnesses or conditions.
- c. The exclusions in *section* J, *condition* 1 apply.

4. Children's Critical Illness Benefit and Critical Illness Prepayment

- a. This benefit only applies to the *child* of a *Life Insured* covered for critical illnesses under *condition* 2a of this *section*.
- b. *We* will pay the lesser of £15,000 or half of the Critical Health Benefit or Critical Health Prepayment stated in the *schedule*, if a *child* suffers any of the illnesses defined in *condition* 2a of this *section* when more than 30 days old and less than 18 years old (or less than 21 years old if still in full-time education).
- c. *We* will not pay a claim under this *condition* if the illness or event in respect of which the claim is made arises directly or indirectly, wholly or partly from a congenital or pre-existing condition. For the purposes of this *condition*, a pre-existing condition is one which existed or from which the *child* suffered before they are 30 days old, or the *benefit start date* if later.
- d. The maximum payable under this *policy* and any other similar policies with *us* in respect of each *child* is £15,000.
- e. Any payment made under this *condition* will not reduce the amount of Critical Health Benefit or Critical Health Prepayment payable in respect of the *Life Insured*.

5. Action following payment of a claim

- a. **For Critical Health Benefit**
 - i. Where the claim is in respect of angioplasty:
 - the amount of Critical Health Benefit in respect of the *Life Insured* who is the subject of a claim under this *section* will be reduced by the amount paid; and
 - if the *amount of death benefit* is zero, a proportion of the *units* will be cancelled; and
 - a revised level of *premium* may apply.
 - ii. Where the claim is not in respect of angioplasty and the *amount of death benefit* is zero or there is no Income Protection Benefit:
 - If there is only one *Life Insured* the *policy* will stop and have no further value.

- If there are two *Lives Insured*, the *policy* will stop and have no further value when a claim has been paid to both. On the first claim:
 - the *policy* continues but just in respect of the Critical Health Benefit specified in the *schedule* for the *Life Insured* who has not been the subject of a claim under this *section*; and
 - a proportion of the *units* will be cancelled; and
 - a revised level of *premium* may apply.
- iii. Where the claim is not in respect of angioplasty and the *amount of death benefit* is greater than zero or there is Income Protection Benefit:
- the *policy* continues but no more Critical Health Benefit payments will be made to the *Life Insured* who has been the subject of a claim under this *section*; and
 - if the *amount of death benefit* is zero and only one *Life Insured*, all of the *units* will be cancelled; and
 - if the *amount of death benefit* is zero and there are two *Lives Insured*, a proportion of the *units* will be cancelled; and
 - a revised level of *premium* may apply.
- iv. Where a proportion of *units* is cancelled, the proportion will represent that *Life Insured's* proportion of the combined costs of the insured risks at the date of admission of the claim. We will calculate this share allowing for the various risk parameters of each *Life Insured*, including the amount of benefit, age and sex.
- b. For a Critical Health Prepayment claim amount less than the amount of death benefit
Once a claim becomes payable under this *section*:
- the *policy* continues; and
 - the *amount of death benefit* will be reduced by the amount paid; and
 - unless the claim was in respect of angioplasty, no more Critical Health Prepayment payments will be made; and
 - a proportion of the *units* will be cancelled. The proportion will be calculated by dividing the amount paid under this *section* by the *amount of death benefit* which was in force before the payment; and
 - a revised level of *premium* may apply.
- c. For a Critical Health Prepayment claim amount equal to the amount of death benefit
- i. If (a) there is Income Protection Benefit specified in the *schedule* for the *Life Insured* who has been the subject of a claim under this *section*, and/or (b) there are two *Lives Insured* and there is Critical Health Benefit and/or Income Protection Benefit specified in the *schedule* for the *Life Insured* who has not been the subject of a claim under this *section*:
- the *policy* continues, but just in respect of the Income Protection Benefit specified in the *schedule* for the *Life Insured* who has been the subject of a claim under this *section*, and/or in respect of the Critical Health Benefit and/or Income Protection Benefit (and Waiver of Premium Benefit, if applicable) specified in the *schedule* for the *Life Insured* who has not been the subject of a claim under this *section*; and
 - all of the *units* will be cancelled; and
 - a revised level of *premium* may apply.
- ii. Otherwise, the *policy* stops and has no further value once we have paid the claim under this *section*.
- iii. Where the *policy* continues in accordance with *condition 5ci* of this *section*, we reserve the right to convert to a new *policy* the benefits that continue.
- The new *policy* will be issued:
 - in *our* then standard form (including product terms and charges); and
 - for the same amount of benefits for each *Life Insured* as those that continue under this *policy*; and
 - at the same classification of risk for each *Life Insured* as applies under this *policy*.
 - The *premium* charged for the new *policy* will be at *our* rate appropriate to the age of each *Life Insured* at the time the new *policy* is issued.
 - The first *premium* has to be paid on conversion.
 - If any *Life Insured* is receiving payments under Income Protection Benefit and/or Waiver of Premium Benefit, the benefits that continue under this *policy* will not be converted to a new *policy* until these payments have finished.

Section F. Income Protection Benefit

This benefit applies only if specified in the schedule and only for the period shown in the schedule.

In this *section*, *Life Insured* means only the person named in the *schedule* in respect of this benefit.

1. Definitions of disability

- a. If the *Life Insured* is in *paid employment* immediately before the start of the disability, he shall be considered disabled for the purposes of this *section* if he fulfils the following definition, depending on his occupation group. The occupation group applicable at the *benefit start date* is shown on the *schedule*. If the *Life Insured* changes occupation between the *benefit start date* and the start of the disability, the definition of disability will be based on the occupation group applicable immediately before the start of the disability.

- Preferred occupation group

The *Life Insured* is, as a direct result of illness or injury sustained during the term of the *policy*, totally unable to continue in the material and substantial duties of the occupation in which he was employed immediately before the event and, subject to *condition 5* of this *section*, he is not engaged in any other work for pay or profit.

- Standard occupation group

- In the first two years of a claim starting from the end of the deferred period, the *Life Insured* is, as a direct result of illness or injury sustained during the term of the *policy*, totally unable to continue in the material and substantial duties of the occupation in which he was employed immediately before the event and, subject to *condition 5* of this *section*, he is not engaged in any other work for pay or profit.

- After the first two years of a claim, the *Life Insured* is, as a direct result of illness or injury sustained during the term of the *policy*, totally unable to carry out the material and substantial duties of any *paid employment* which his training, education and experience would make appropriate, and he is not engaged in any other work for pay or profit.

- b. If the *Life Insured* is not in *paid employment* immediately before the start of the disability, he shall be considered disabled for the purposes of this *section* if he fulfils the following definition. The *Life Insured* is, as a direct result of illness or injury sustained during the term of the *policy*, totally unable to perform at least three of the following five activities without the physical assistance of another person, even with the use of appropriate assistive aids and appliances.

- Climbing stairs

Ascending and descending a flight of stairs consisting of 12 steps.

- Dressing

Dressing and undressing including putting on and taking off medically necessary surgical appliances usually worn.

- Household duties

Performing general household duties such as cleaning, shopping and laundering clothes.

- Preparing food

Preparing food adequately for consumption.

- Washing and bathing

Taking a bath or shower or otherwise maintaining adequate personal cleanliness.

For the purpose of this definition ‘physical assistance’ means the actual physical participation of another person in the activity or activities and not merely their supervision or encouragement.

- c. If the *Life Insured* is on *ordinary maternity leave* or *additional maternity leave* immediately before the start of the disability, the definition of disability that shall apply is that given in paragraph a of this *condition* based on the occupation group applicable immediately before the *Life Insured* went on *ordinary maternity leave*.

2. Benefit amount

- a. If the *Life Insured* is in *paid employment* immediately before the start of the disability, *we* will pay the lower of:

- the amount of Income Protection Benefit shown in the *schedule*; and
- in respect of the first £3,750 of average *earnings* per month: 60% of these average *earnings* per month

plus

in respect of any average *earnings* per month in excess of £3,750: 35% of these average *earnings* per month

less

any amount due to the *Life Insured* from:

- any private sickness, accident or disability policy or scheme, and

- any continuing *earnings* from any source or any pension benefit, without limitation of amount less the amount of state Long-Term Incapacity Benefit (at the basic rate for those under state pension age), or its equivalent, applicable at the time, regardless of whether or not this state benefit is actually received by the *Life Insured*.

For the purposes of this *condition*, average *earnings* means:

- if the *Life Insured* is on *ordinary maternity leave* immediately before the start of the disability, the average of *earnings* in the 12 months immediately before the *Life Insured* went on *ordinary maternity leave* (excluding any time within this period during which the *Life Insured* was not in *paid employment* or during which the *Life Insured* was on *ordinary maternity leave*); or
 - otherwise, the average of *earnings* in the 12 months immediately before the start of the disability (excluding any time within this period during which the *Life Insured* was not in *paid employment* or during which the *Life Insured* was on *ordinary maternity leave*).
- b. If the *Life Insured* is not in *paid employment* immediately before the start of the disability, *we* will pay the lower of:
- the amount of Income Protection Benefit shown in the *schedule*; and
 - £750 per month; but *we* may vary this amount at *our* discretion.
- c. If index-linked benefit applies to this *policy*, any amount being paid under this *section* will increase at the end of each *policy year*, by the percentage (if any), up to a maximum of 12% in any year, by which the Retail Prices Index increased during the last 12 complete months before the increase.

3. Period of payment

- a. For each disability no benefit will be paid during the deferred period shown in the *schedule*. After the expiry of the deferred period, *we* will pay the amount due monthly in arrears while the *Life Insured* remains disabled as defined in this *section*.
- b. If within six months after the end of a claim, a further disability period commences, for the same illness or injury, a further deferred period will not be required.
- c. Payment under this *section* will not start or be continued after:
- the death of the *Life Insured*;
 - the age shown in the *schedule* under the benefit period;
 - age 60, if the *Life Insured* is not in *paid employment* immediately before the start of the disability; or
 - the *Life Insured* returns to work or, in *our* opinion, is considered medically fit for work; whichever event occurs first.

4. Entitlement to benefit

If the *policy* is in force *we* will pay the Income Protection Benefit on proof of entitlement if the *Life Insured* fulfils the *conditions* set out in this *section*.

- b. No amount of benefit will be paid under this *section* unless:
- the disability is diagnosed or confirmed by a registered medical practitioner within the *geographical limits*; and
 - *you* give *us* written notice within:
 - two months of the start of the disability if the deferred period shown in the *schedule* is three months;
 - four months of the start of the disability if the deferred period shown in the *schedule* is six months;
 - six months of the start of the disability if the deferred period shown in the *schedule* is twelve months.
- No benefit will be paid for any period before *we* receive written notice; and
- *you* provide, at *your* own expense, any reasonable clinical, histological, laboratory or other evidence *we* require to support payment or continuation of the claim, including proof of the *Life Insured's* disability and, if relevant, proof of the *Life Insured's earnings*; and
 - the *Life Insured* is under the care of a registered medical practitioner; and
 - if *we* request him to do so, the *Life Insured* who is the subject of the claim signs any consent form necessary for the purpose of undergoing medical examinations and/or tests (including blood and saliva tests) and which enables a medical practitioner to provide the results of the examinations and tests directly to *Lincoln*; and
 - if *we* request him to do so, the *Life Insured* who is the subject of the claim undergoes medical

examinations and/or tests, including blood and saliva tests, to be carried out by a medical practitioner of *our* choice, before *we* accept liability for the claim, or at any reasonable time during a period of disability.

c. The exclusions in *section J, condition 2* apply.

5. Partial disability/rehabilitation benefit

a. This benefit will only be paid if the definition of disability that applies at the time is that applicable:

- for the preferred occupation group; or
- during the first two years of a claim, starting from the end of the deferred period, for the standard occupation group.

b. If the *Life Insured* has been receiving payments under this *section* and immediately afterwards he:

- works in any occupation other than that in which he was employed immediately before the start of the disability and he remains disabled as defined in this *section*; or
- returns to his former occupation but because of his continuing disability he is able to work only in a reduced capacity;

then the amounts paid under this *section* will be reduced and in addition will only be paid for the shorter of:

- the period during which the disability continues; and
- 12 months; and
- if the definition of disability for the standard occupation group applies at the time, the period until the end of two years from the end of the deferred period.

c. The reduced amounts of Income Protection Benefit paid will be the proportion which the *Life Insured's* current monthly *earnings* bears to his monthly average *earnings*, where average *earnings* means the same as for *condition 2a* of this *section*. The limitations in *condition 2* of this *section* will also apply.

6. Residence

If a claim is admitted, any payments which *you* are entitled to under this *section* will be restricted to a maximum of three months during any period that the *Life Insured* is outside the *geographical limits*.

Section G. Waiver of Premium Benefit

This benefit applies only if specified in the schedule.

In this *section*, *Life Insured* means only the person named in the *schedule* in respect of this benefit.

1. **The benefit**
 - a. While the *Life Insured* fulfils the definition of disability given below, *we* will *waive* the regular *premiums* *you* are paying. The amount *waived* will be the regular *premiums* that *you* were paying immediately before the start of the disability.
 - b. Any *waiver* of *premiums* under this *section* will start with the next *premium* due:
 - if Income Protection Benefit is specified in the *schedule* for the *Life Insured*, after expiry of the Income Protection Benefit deferred period; or
 - if Income Protection Benefit is not specified in the *schedule* for the *Life Insured*, six months after the start of the disability.

Premiums due and paid between the start of the disability and the start of *premiums* being *waived* in accordance with the above (or, if Income Protection Benefit is not specified in the *schedule* for the *Life Insured*, age 60 if earlier) will be refunded once *premiums* start being *waived* in accordance with the above.
 - c. Any *waiver* of *premiums* under this *section* will end on the earlier of:
 - the death of the *Life Insured*;
 - the *Life Insured's* 60th birthday or the expiry of an Income Protection Benefit claim, if later; or
 - the *Life Insured* is no longer disabled (as defined in this *section*).
 - d. If index-linked benefit applies to this *policy*, any amount being *waived* under this *section* will increase at the end of each *policy year*, by the percentage (if any), up to a maximum of 12% in any year, by which the Retail Prices Index increased during the last 12 complete months before the increase.
 - e. Each time a *premium* is due, *Lincoln* will credit the *policy* with the portion of *premium* being *waived* under this *section*. *We* will treat each credit as if it was a regular *premium* paid by *you*, but *we* cannot guarantee that the amounts credited will be adequate to maintain the *protection benefits* under the *policy*.
2. **Definitions of disability**
 - a. If Income Protection Benefit is specified in the *schedule* for the *Life Insured*, the *Life Insured* shall be considered disabled for the purposes of this *section* if Income Protection Benefit is being paid.
 - b. If Income Protection Benefit is not specified in the *schedule* for the *Life Insured* and the *Life Insured* is in *paid employment* immediately before the start of the disability, the *Life Insured* shall be considered disabled for the purposes of this *section* if he is, as a direct result of illness or injury sustained during the term of the *policy*, totally unable to continue in the material and substantial duties of the occupation in which he was employed immediately before the event, and totally unable to carry out the material and substantial duties of any *paid employment* which his training, education or experience would make appropriate, and he is not engaged in any other work for pay or profit.
 - c. If Income Protection Benefit is not specified in the *schedule* for the *Life Insured* and the *Life Insured* is not in *paid employment* immediately before the start of the disability, the *Life Insured* shall be considered disabled for the purposes of this *section* if he is, as a direct result of illness or injury sustained during the term of the *policy*, totally unable to perform at least three of the following five activities without the physical assistance of another person, even with the use of appropriate assistive aids and appliances.
 - **Climbing stairs**
Ascending and descending a flight of stairs consisting of 12 steps.
 - **Dressing**
Dressing and undressing including putting on and taking off medically necessary surgical appliances usually worn.
 - **Household duties**
Performing general household duties such as cleaning, shopping and laundering clothes.
 - **Preparing food**
Preparing food adequately for consumption.
 - **Washing and bathing**

Taking a bath or shower or otherwise maintaining adequate personal cleanliness.
For the purpose of this definition 'physical assistance' means the actual physical participation of another person in the activity or activities and not merely their supervision or encouragement.

3. Entitlement to benefit

- a. If the *policy* is in force *we* will pay the Waiver of Premium Benefit on proof of entitlement if the *Life Insured* fulfils the *conditions* set out in this *section*.
- b. No *premiums* will be *waived* under this *section* unless:
 - the disability is diagnosed or confirmed by a registered medical practitioner within the *geographical limits*; and
 - *you* give *us* written notice within:
 - the timescale required for the Income Protection Benefit if Income Protection Benefit is specified in the *schedule* for the *Life Insured*; or
 - four months of the start of the disability if Income Protection Benefit is not specified in the *schedule* for the *Life Insured*.No *premiums* will be *waived* for any period before *we* receive written notice; and
 - *you* provide, at *your* own expense, any reasonable clinical, histological, laboratory or other evidence *we* require to support payment or continuation of the claim, including proof of the *Life Insured's* disability; and
 - if *we* request him to do so, the *Life Insured* who is the subject of the claim signs any consent form necessary for the purpose of undergoing medical examinations and/or tests (including blood and saliva tests) and which enables a medical practitioner to provide the results of the examinations and tests directly to *Lincoln*; and
 - if *we* request him to do so, the *Life Insured* who is the subject of the claim undergoes medical examinations and/or tests, including blood and saliva tests, to be carried out by a medical practitioner of *our* choice, before *we* accept liability of the claim, or at any reasonable time during a period of disability.
- c. The exclusions in *section J*, *condition 3* apply.

Section H. Unit accounts

1. **Transfer of unit accounts**
 - a. *You* may, by asking *us* in writing, cancel *units allocated to your policy* in any *unit account* and replace them with an appropriate number of *units* in any other *permitted unit account*.
 - b. The number of *units allocated* to the new *permitted unit account* will be the number such that the *cash value* of the *units* cancelled from the original *unit account* and the *cash value* of the *units allocated* to the new *permitted unit account* are equal in value at the *date of transaction*.
 - c. After *you* have transferred some *units*, the *cash value* of the remaining *units allocated to your policy* must be at least £250 in each *unit account* from which *units* are cancelled, but *we* may vary this amount at *our* discretion.
 - d. *We* will not charge for *your* first transfer in any *policy year*.
 - e. Second and subsequent transfers in any one *policy year* may each incur a charge equal to the amount that *we* may from time to time stipulate (currently nil).
2. **Fund closing**
 - a. If *we* consider that because of its size or constitution, a *unit account* cannot be run in the best interest of *policyholders we* can, at *our* discretion, close that *unit account* and stop *allocating units* in it to the *policy*.
 - b. *We* will advise *you* in writing of *our* intention to close a *unit account* at least 60 days in advance.
 - c. *You* can then ask *us*, in writing, to make a transfer of *unit accounts* in accordance with *condition 1* of this *section*.
 - d. *We* will not charge for any transfers from a closed *unit account*.
 - e. When the period of notice *we* gave *you* ends, *your* future *premiums* will be *allocated* to the *permitted unit accounts you* selected and advised *us* of. If *you* fail to advise *us* of *your* choice, they will be *allocated* to a *unit account* chosen at *our* discretion.
3. **Fund termination**
 - a. If *we* consider that because of its size or constitution, a *unit account* cannot be run in the best interest of *policyholders we* can, at *our* discretion, terminate that *unit account*, by closing that account (if not already closed) and transferring all of the *units* from that *unit account* to another *permitted unit account*. The number of *units allocated* to the new *permitted unit account* will be determined in accordance with *condition 1b* of this *section*.
 - b. *We* will, if possible, give *you* at least 60 days notice of *our* intention.
 - c. *You* can tell *us*, in writing, which of the *permitted unit accounts you* wish the existing *units* to be transferred to and the future *premiums* to be *allocated* to. If *you* fail to advise *us* of *your* choice, they will be transferred/*allocated* to a *unit account* chosen at *our* discretion.
 - d. *We* will not charge for any transfers from a terminated *unit account*.
4. **Tax**

We may periodically either pay, or accrue, any taxes, duties, rates or other charges or outgoings in respect of any *unit account* or its assets, from the assets of that *unit account*.
5. **Valuation**

We will calculate the *minimum selling price* and *maximum selling price* for each *unit account* at least once each month.
6. **Postponement of payment**

If *you* choose to cancel or transfer *units* of any *unit account* linked directly or indirectly to the value of land or property, *we* may delay the transaction for up to six months if:

 - the *unit account* does not hold enough assets which can be sold quickly enough to pay for the cancellation or transfer of *units* requested by *you* and other *policyholders* making a similar choice; or
 - in *our* opinion, the delay would be in the interests of both *you* and other *policyholders* wishing to cancel or transfer *units* and of other *policyholders* who still have *units* in that account.

Section I. Charges

1. **Management fee**
 - a. *We* will charge each *unit account* a management fee of 1/12th of 1% of the value of that *unit account* each month, but *we* may, acting on actuarial advice, vary this amount. This is in addition to the normal expenses, taxes, duties and other reasonable charges associated with maintaining that *unit account* and acquiring, holding, managing and disposing of its assets. These amounts will vary from time to time.
 - b. Each month *we* will increase the number of *units* in each *unit account* by 1/16th of 1% immediately before the calculation of any *expense charge*, but *we* may, acting on actuarial advice, vary this amount.
2. **Expense charge**
 - a. *We* will calculate the *expense charge* as described below and it will be deducted on the *start date* and once each following month.
 - b. *We* may postpone the deduction of any *expense charge* for up to three months.
 - c. The *expense charge* will be deducted by cancelling *units*. The number of *units* cancelled each month will be such that at the date the *units* are cancelled, the *cash value* of the *units* cancelled equals the *expense charge* for that month.
 - d. If the *expense charge* is more than the *cash value* of the *units allocated* to *your policy* at the time, then:
 - if the *policy guarantee* applies, *we* will cancel the available *units* and carry forward the shortfall and add it to the *expense charge* for the next month; or
 - if the *policy guarantee* does not apply, the available *units* will be cancelled and the *policy* will stop.
 - e. Where there are *units* of more than one *unit account*, *we* will decide which *units* will be cancelled to meet the *expense charge*.
3. **Calculation of the expense charge**
 - a. The *expense charge* in any month will be the total of:
 - any unpaid *expense charge* carried forward from a previous month; and
 - any shortfall of any amount to be deducted under *section A, condition 7b*; and
 - the costs of providing the *protection benefits* in that month; and
 - the initial charge due in that month, if any; and
 - the administrative charge due in that month.
 - b. *We* will determine the costs of providing the *protection benefits* based on:
 - the amount of each *protection benefit* that would be paid on a claim that is in excess of the *cash value* of any *units* that would be cancelled following the claim; and
 - the mortality and morbidity tables that *we* use at the time the charge is deducted. *We* may change these tables from time to time acting on actuarial advice to take into account factors such as:
 - changes in the expected level and cost of future claims; and
 - changes in the cost of reinsurance due to changes in the expected level and cost of future claims; and
 - the various other risk factors that *we* use at the time the charge is deducted including the *Life Insured's* age, sex, smoker status and any special terms applied; and
 - the regulatory and taxation requirements at the time.
 - c. In determining the expected level and cost of future claims, account will be taken of:
 - *our* claims experience for similar policies; and
 - industry claims experience; and
 - trends in claims experience; and
 - current medical practices; and
 - the likely impact of future medical advances and practices; and
 - any anticipated changes in claims experience outside of *Lincoln's* control; and
 - for Income Protection Benefit, expected future interest rates.
 - d. If *you* have informed *us* that the *Life Insured* is a non-smoker, *you* must confirm that he remains a non-smoker at any time *we* ask *you* to. If *you* fail to do so, *we* may assume that the *Life Insured* is no longer entitled to non-smoker rates and the costs of providing the *protection benefits* will increase accordingly. *We* may also increase *your* regular *premium* to allow for this.
 - e. An initial charge will apply in the 24 months immediately following the *start date* and the date of any increase in the regular *premium*. It will equal a percentage of the initial regular *premium* or increase in the regular *premium*, as appropriate, plus for new policies a fixed amount, based on *our* scale of charges applicable at the time. The current scale of charges can be obtained from *our Customer Services Centre*.

- f. We review the administrative charge each year. In this review *we* take into account:
- the period since the administrative charge was last reviewed; and
 - the level of inflation over the period since the administrative charge was last reviewed; and
 - any changes in the level of expenses that *we* incur; and
 - any changes in the rate or incidence of taxation that *we* incur.
- The amount of the current charge can be obtained from *our Customer Services Centre*.
4. **Other charges**
There is a charge of the difference between the *buying price* and *selling price* of the *units allocated* to the *policy*.

Section J. Exclusions

1. Critical Health Benefit and Critical Health Prepayment

No Critical Health Benefit or Critical Health Prepayment will be paid if it is caused directly or indirectly from any of the following:

- **Criminal Acts**
Taking part in a criminal act.
- **Drug or Alcohol Abuse**
Alcohol or solvent abuse, or the taking of drugs except under the direction of a registered medical practitioner.
- **Failure to Follow Medical Advice**
Unreasonable failure to seek or follow medical advice.
- **HIV/AIDS**
Infection with Human Immunodeficiency Virus (HIV) or conditions due to any Acquired Immune Deficiency Syndrome (AIDS).
This exclusion will not apply in respect of:
 - HIV/AIDS cover for assault;
 - HIV/AIDS cover for blood transfusions; or
 - HIV/AIDS cover for occupational duties;
 as described in *section E, condition 2a* provided the criteria for payment of a benefit as described under that *condition* are met in full.
- **Self-inflicted Injury**
Intentional self-inflicted injury.
- **War and Civil Commotion**
War, invasion, hostilities, (whether war is declared or not), civil war, rebellion, revolution or taking part in a riot or civil commotion.

2. Income Protection Benefit

No Income Protection Benefit will be paid if it is caused directly or indirectly from any of the following:

- **Criminal Acts**
Taking part in a criminal act.
- **Drug or Alcohol Abuse**
Alcohol or solvent abuse, or the taking of drugs except under the direction of a registered medical practitioner.
- **Failure to Follow Medical Advice**
Unreasonable failure to seek or follow medical advice.
- **HIV/AIDS**
Infection with Human Immunodeficiency Virus (HIV) or conditions due to any Acquired Immune Deficiency Syndrome (AIDS).
This exclusion will not apply in respect of any claim which would satisfy the definition of illness for:

- HIV/AIDS cover for assault;
 - HIV/AIDS cover for blood transfusions; or
 - HIV/AIDS cover for occupational duties;
- as described in *section E, condition 2a* provided the criteria for payment of a benefit as described under that *condition* are met in full.

- **Living Abroad**

Living outside of the *geographical limits* for more than 13 weeks in any 12 consecutive months.

- **Self-inflicted Injury**

Intentional self-inflicted injury.

- **War and Civil Commotion**

War, invasion, hostilities, (whether war is declared or not), civil war, rebellion, revolution or taking part in a riot or civil commotion.

3. Waiver of Premium Benefit

No Waiver of Premium Benefit will be paid if it is caused directly or indirectly from any of the following:

- **Criminal Acts**

Taking part in a criminal act.

- **Drug or Alcohol Abuse**

Alcohol or solvent abuse, or the taking of drugs except under the direction of a registered medical practitioner.

- **Failure to Follow Medical Advice**

Unreasonable failure to seek or follow medical advice.

- **HIV/AIDS**

Infection with Human Immunodeficiency Virus (HIV) or conditions due to any Acquired Immune Deficiency Syndrome (AIDS).

This exclusion will not apply in respect of any claim which would satisfy the definition of illness for:

- HIV/AIDS cover for assault;
- HIV/AIDS cover for blood transfusions; or
- HIV/AIDS cover for occupational duties;

as described in *section E, condition 2a* provided the criteria for payment of a benefit as described under that *condition* are met in full.

- **Self-inflicted Injury**

Intentional self-inflicted injury.

- **War and Civil Commotion**

War, invasion, hostilities, (whether war is declared or not), civil war, rebellion, revolution or taking part in a riot or civil commotion.