



An tÚdarás Pinsean  
The Pensions Authority

# **SOVEREIGN ANNUITY APPLICATION FORM - CASHFLOW BASIS**

## **APPLICATION FOR CERTIFICATION OF CONTRACT OR POLICY OF ASSURANCE UNDER SECTION 53B OF THE PENSIONS ACT, 1990**



## Introduction

An application to the Pensions Authority (the Authority) for certification of a contract/policy of assurance under section 53B of the Pensions Act, 1990, as amended (the Act) **must include the following documentation and information:**

1. this Application Form duly completed and signed by two directors of the insurer (the Applicant);
2. evidence that the Applicant is an undertaking within the meaning of the Insurance Act 1989;
3. the form of contract or policy of assurance for which certification is sought must be appended to this Application Form;
4. such further information and documentation as the Authority may from time to time specify.

A separate Application Form must be completed in respect of each form of contract/policy of assurance for which Authority certification is sought under section 53B of the Act.

## Submitting an application to the Pensions Authority

The original completed and signed application form and appendices must be scanned and emailed in PDF format to the Authority at [sovereignannuities@pensionsauthority.ie](mailto:sovereignannuities@pensionsauthority.ie). In addition, the original completed and signed application form and appendices in hard copy must be sent (posted or delivered) to the Pensions Authority, Verschoyle House, 28/30 Lower Mount Street, Dublin 2 D02 KX27.



## Part A – Applicant’s Details

<b>Full name of the Applicant:</b>	
<b>Legal status of Applicant:</b>	
<b>Company Registration No:</b>	
<b>Applicant’s Registered Office:</b>	
<b>Contact name:</b>	
<b>Email address:</b>	
<b>Telephone:</b>	
<b>Address of the Applicant’s principal place of business in Ireland if different from registered office above:</b>	
<b>Telephone:</b>	
<b>Email address:</b>	
<b>Contact details of person designated by the undertaking to deal with enquiries about this application</b>	
<b>Contact name:</b>	
<b>Email address:</b>	
<b>Telephone:</b>	
<b>Contact details for services of notices</b>	
<b>Address in Ireland for service of notices (if different from Registered Office above):</b>	



<b>Name of the person to whom such notices should be addressed:</b>	
<b>Title of this person:</b>	
<b>Email address:</b>	
<b>Telephone:</b>	



## Part B - Applicant undertakings

### SECTION A

**The Applicant hereby agrees, confirms and/or undertakes as follows:**

1. The Applicant is an undertaking within the meaning of the Insurance Act 1989.
2. The form of contract or policy of assurance appended to this application (as same may be amended from time to time with the prior consent in writing of the Pensions Authority, the **Specimen Policy**)
  - 2.1 once certified by the Pensions Authority under section 53B of the Act, can only thereafter be amended with the prior written consent of the Pensions Authority and on such terms and conditions as the Pensions Authority may specify, and
  - 2.2 contains the Operative Clause (**Operative Clause**) and Sovereign Annuity Appendix (**Sovereign Annuity Appendix**) set out in the Schedule to this Application Form (and the Operative Clause is contained at ... of the Specimen Policy and the Sovereign Annuity Appendix is contained at ... of the Specimen Policy).
3. Any other provision of the Specimen Policy which might conflict with the Operative Clause and/or Sovereign Annuity Appendix contains a clear statement that such provision is overridden, to the extent of any conflict, by the Operative Clause and/or Sovereign Annuity Appendix (as appropriate) and all such provisions have been highlighted in the Specimen Policy accompanying this Application Form.
4. If the Specimen Policy is certified by the Pensions Authority pursuant to this application, each policy or contract of assurance (**Individual Policy**) issued pursuant to the Specimen Policy:
  - 4.1 shall be in the form of the Specimen Policy (and the Operative Clause and Sovereign Annuity Appendix may only be amended in relation to Individual Policies with the prior written consent of the Pensions Authority),
  - 4.2 shall comply in all respects with the terms of the Specimen Policy and only be issued in the circumstances described in section 53B(1) of the Act,



- 4.3 shall only operate on the Cashflow Basis (as defined in the Sovereign Annuity Appendix), and
- 4.4 shall be provided to the Annuitant (as defined in the Sovereign Annuity Appendix) within 10 business days of the date of the issue of the Individual Policy.
5. The Applicant agrees that an Annuitant can enforce the terms of an Individual Policy even if he or she has not purchased the Individual Policy from his or her own resources.
6. The Applicant shall, on becoming aware of the occurrence of an event of non-performance or an event of recovery (both terms as defined in the Sovereign Annuity Appendix), within one month (but in any event no later than 14 days before the notices referred to in Clauses 4.1.1 and 5.1.2 of Part 1 of the Sovereign Annuity Appendix (as appropriate) are issued) notify the Pensions Authority in writing of the occurrence of that event. That notice shall quote the registration number under which the Specimen Policy has been certified by the Pensions Authority and provide the Pensions Authority with:
- 6.1 a general description of the event,
- 6.2 the number of Individual Policies issued pursuant to the Specimen Policy which may be affected by the event and the aggregate amount of the annual pension payable under those Individual Policies capable of being reduced or restored due to that event,
- 6.3 information on the options which the Applicant is considering in respect of a reduction or restoration in payments under those Individual Policies, and
- 6.4 such other information or documentation as the Pensions Authority may specify from time to time.
- The requirements in this Clause 6 shall be subject to such variation as the Pensions Authority may specify from time to time where the circumstances set out in Clauses 4.6 or 5.2 of Part 1 of the Sovereign Annuity Appendix occur.
7. The Applicant shall, within 28 days of the 1 January which next follows certification of the Specimen Policy by the Pensions Authority and thereafter within 28 days of each subsequent 1 January provide a written report to the Pensions Authority, having as an effective date the 1 January by reference to which the report was prepared, containing the following information:



- 7.1 the registration number of the Specimen Policy,
  - 7.2 the number of Individual Policies issued pursuant to that Specimen Policy since the date the Specimen Policy was certified by the Pensions Authority or, if later, the effective date of the immediately preceding report (if any), the aggregate value of the annual pension payable under those Individual Policies and the maximum amount of that aggregate value which is capable of being reduced due to an event of non-performance, and
  - 7.3 such other information or documentation as the Pensions Authority may specify from time to time.
8. Without prejudice to the generality of the foregoing, the Applicant shall from time to time promptly provide the Pensions Authority with such information and documentation in relation to the Specimen Policy and any Individual Policies as the Pensions Authority may request from time to time.
9. The Applicant shall notify the Pensions Authority in writing:
- 9.1 within seven days of becoming aware that any of the agreements, confirmations and undertakings set out in this Part B are breached,
  - 9.2 within 21 days of any change in the details set out in Part A of this Application Form, and
  - 9.3 immediately if it ceases to be an undertaking within the meaning of the Insurance Act, 1989.
10. The Applicant acknowledges and agrees that the Pensions Authority may, any time in its absolute discretion and without giving any reason, withdraw its certification of the Specimen Policy by notice in writing. The Applicant shall immediately acknowledge receipt of that notification and shall not issue any further policies or contracts of assurance under the Specimen Policy after receipt of that notification. The Applicant shall also not issue any policies or contracts of assurance under the Specimen Policy if it ceases to be an undertaking within the meaning of the Insurance Act, 1989.
11. In the event that any of the agreements, confirmations or undertakings set out in this Part B are breached, the Pensions Authority can take such action and/or measures as it deems fit to remedy that breach and/or to enforce the agreements, confirmations or undertakings set out in this Part B.



12. The Applicant shall

12.1 promptly notify the Pensions Authority of any change in the information provided in the application form (the **Application Form**) in which these agreements, confirmations or undertakings are included and supply any other relevant information or documents which may come to light in the period during which the application is being considered, and

12.2 if either of the directors who complete the Application Form cease to be directors of the Applicant while this application is being considered, the Applicant will notify the Pensions Authority no later than seven days after that person ceases to be a director.





## SECTION B

**We, the undersigned, being two directors of the Applicant, agree and confirm that:**

1. We are duly authorised to complete this Application Form on behalf of the Applicant and to bind the Applicant to the terms and conditions set out in this Form.
2. We have truthfully and fully completed this Application Form and disclosed any other information or documentation which might reasonably be considered relevant for the purpose of the application which is the subject matter of this Application Form.
3. We will promptly notify the Pensions Authority of any change in the information provided in this application and supply any other relevant information or documents which may come to light in the period during which the application is being considered.
4. If either of us cease to be directors of the Applicant while this application is being considered we will notify the Pensions Authority no later than seven days after ceasing to be a director.

The Pensions Authority may prosecute if any false or misleading statements are made in, or false or misleading information is provided in relation to, this application for certification.

<b>First Director</b>	
<b>Name (BLOCK CAPITALS):</b>	
<b>Position:</b>	
<b>Address:</b>	
<b>Email address:</b>	
<b>Telephone:</b>	
<b>Signed:</b>	
<b>Date:</b>	
<b>Second Director</b>	



<b>Name (BLOCK CAPITALS):</b>	
<b>Position:</b>	
<b>Address:</b>	
<b>Email address:</b>	
<b>Telephone:</b>	
<b>Signed:</b>	
<b>Date:</b>	



## SCHEDULE

**ALL POLICIES TO INCLUDE THE FOLLOWING OPERATIVE CLAUSE AT OR NEAR THE START OF THE POLICY AND THE SOVEREIGN ANNUITY APPENDIX BELOW MUST BE APPENDED TO THE POLICY**

### OPERATIVE CLAUSE

#### 1. SOVEREIGN ANNUITY

- 1.1 **“Sovereign Annuity Appendix”**, throughout this policy or contract of assurance, means the Appendix, titled “Sovereign Annuity Appendix”, appended to this policy or contract of assurance.
- 1.2 The provisions contained in the Sovereign Annuity Appendix shall apply to this policy or contract of assurance. In the event of any conflict between any provision of this policy or contract of assurance (including any endorsements to it) and the provisions of the Sovereign Annuity Appendix, the provisions of the Sovereign Annuity Appendix shall prevail notwithstanding anything stated to the contrary elsewhere in this policy or contract of assurance or any endorsement to it. Any power to alter, amend or vary this policy or contract of assurance shall not be effective to amend this provision or the Sovereign Annuity Appendix except to the extent permitted in that Appendix.



## SOVEREIGN ANNUITY APPENDIX

### PART 1

#### 1. Definitions

In this Appendix, the following terms have the meanings set out below:

1.1 **Annuitant** means:

1.1.1 where the Annuity Policy is designed to provide sums payable to a Scheme, the Trustees of that Scheme, and

1.1.2 where the Annuity Policy is designed to discharge the liability of a Scheme for some or all of the benefits payable to or in respect of a person under that Scheme, that person but it shall also include any other person who subsequently becomes entitled to benefit under the Annuity Policy (including without limitation on death or following a pension adjustment order).

1.2 **Annuity Policy** means the policy or contract of assurance to which this Appendix is attached.

1.3 **Pensions Authority** means the Pensions Authority or any successor thereto or replacement thereof.

1.4 **Cashflow Basis** means, where there has been an Event of Non-Performance, the basis of reducing payments under this Annuity Policy where an Expected Payment has not been received or not been received in full by its due date (such due date to be the date provided for under the terms of the Original Reference Security and shall include any grace period provided for in those terms) and such reduction does not exceed the amount required to take account of the payment not so received.

1.5 **Event of Non-Performance** in relation to a Reference Security means where an Expected Payment has not been received or not received in full by its due date (such due date to be the date provided for under the terms of the Original Reference Security and shall include any grace period provided for in those terms).



For the avoidance of doubt, the following events are not Events of Non-Performance:

- 1.5.1 the issuer of the Reference Security declaring or otherwise indicating an intention not to comply fully or partially with the payment obligations under, or other terms and conditions of, the Reference Security,
- 1.5.2 the maturity of the Reference Security in accordance with its terms and conditions,
- 1.5.3 the early redemption of the Reference Security in accordance with its terms and conditions, or
- 1.5.4 any anticipated failure to comply fully or partially with payment obligations under a Reference Security that will or may occur in the future.

An Event of Non-Performance can only be an event which occurs after the issue of the Annuity Policy.

1.6 **Event of Recovery** in relation to a Reference Security means, following an Event of Non-Performance in relation to that Reference Security,

- 1.6.1 the receipt of a payment under that Reference Security on or prior to the maturity date of the Original Reference Security other than an Expected Payment received in full by its due date (such due date to be the date provided for under the terms of the Original Reference Security and shall include any grace period provided for in those terms), or
- 1.6.2 any payments received under the Original Reference Security or a Replacement Reference Security in relation to that Original Reference Security after the maturity date of the Original Reference Security at the time of issue of the Original Reference Security.

1.7 **Expected Payment** means a payment due to be received under the terms of an Original Reference Security at the time of issue of the Original Reference Security but, for the avoidance of doubt, shall not include any payment due after early redemption in accordance with its terms and conditions. An Expected Payment can be paid under the Original Reference Security or a Replacement Reference Security.

- 1.8 **Insurer** means the Undertaking which provides the Annuity Policy;
- 1.9 **Original Reference Security** means a security of the type referred to in section 53B(3)(a) or section 53B(3)(b) of the Pensions Act and to which the Annuity Policy is wholly or partly referenced and set out in Clause 2 of Part 2.
- 1.10 **Pensions Act** means the Pensions Act, 1990, as amended;
- 1.11 **Reference Percentage** means the percentage of the payments under this Annuity Policy which may be reduced due to an Event of Non-Performance or, if there is more than one, all Events of Non-Performance and set out in Clause 2 of Part 2.
- 1.12 **Reference Security** means an Original Reference Security and any Replacement Reference Security.
- 1.13 **Replacement Reference Security** means a security of the type referred to in section 53B(3)(a) or section 53B(3)(b) of the Pensions Act issued following or in relation to an Event of Non-Performance in relation to an Original Reference Security or any such security issued following an Event of Non-Performance in relation to an earlier Replacement Reference Security.
- 1.14 **Risk Disclosure Statement** means the statement set out in Part 3.
- 1.15 **Sovereign Annuity** means a policy or contract of assurance of the type referred to in section 53B(1)(a) or section 53B(1)(b) of the Pensions Act which meets the requirements of this Appendix and payments under which can be reduced following an Event of Non-Performance and increased following an Event of Recovery.
- 1.16 **Specimen Policy** means the form of policy or contract of assurance certified by the Pensions Authority under the registration number set out in Part 2 as same may be amended from time to time with the prior written consent of the Pensions Authority.
- 1.17 **Undertaking** has the meaning given to that term in the Insurance Act, 1989.

Terms used in this Appendix which are not defined but which are used in the Pensions Act shall, for the purpose of this Appendix, have the meanings given to those terms by the Pensions Act.

Except where otherwise stated, references in this Appendix to a Clause means a Clause of the Part of this Appendix in which it appears and references to a Part means a part of this Appendix.

Any reference in this Appendix to a statute, statutory provision or subordinate legislation (together, "legislation") shall, except where the context otherwise requires, be construed as a reference to such legislation operative in Ireland, and as referring to such legislation as amended and in force from time to time and any legislation which re-enacts or consolidates (with or without modification) any such legislation.

## **2. Overriding nature of this Appendix and Governing Law**

- 2.1 The provisions of this Appendix are hereby incorporated into the Annuity Policy and their incorporation is a condition imposed by the Pensions Authority as part of the certification by the Pensions Authority of the Specimen Policy under section 53B of the Pensions Act by reference to which this Annuity Policy is issued. For the avoidance of doubt, withdrawal of certification of the Specimen Policy by the Pensions Authority shall not cause the Annuity Policy to cease to be a Sovereign Annuity.
- 2.2 The provisions of this Appendix shall apply notwithstanding any other terms of the Annuity Policy and shall override any other provisions of the Annuity Policy which are inconsistent with it.
- 2.3 No term of the Annuity Policy shall be effective to exclude or limit in any way the liability of the Insurer for a breach of the provisions of this Appendix.
- 2.4 The terms of this Appendix, notwithstanding any other term of the Annuity Policy, may not be amended, deleted or replaced except where required by law or where the Pensions Authority, in its absolute discretion, so agrees with the Insurer to reflect an amendment to the Specimen Policy.
- 2.5 This Annuity Policy shall be governed and construed in accordance with the laws of Ireland.



### **3. Main purpose of the Annuity Policy and basis of operation**

- 3.1 The main purpose of the Annuity Policy is to be a Sovereign Annuity.
- 3.2 The terms of this Appendix and of the Annuity Policy shall be construed in a manner which is consistent with the main purpose of the Annuity Policy as outlined in Clause 3.1 of this Part 1.
- 3.3 The Insurer acknowledges that, where the Annuitant falls within Clause 1.1.2 of the definition of Annuitant in Clause 1.1, this Annuity Policy has not or may not have been selected by the Annuitant.
- 3.4 The Annuity Policy operates on the Cashflow Basis.

### **4. Event of Non-Performance and Reduction in Payments**

- 4.1 Where an Event of Non-Performance occurs, the Insurer shall:
  - 4.1.1 within one month of becoming aware of the occurrence of the Event of Non-Performance, notify the Annuitant in writing of the occurrence of the Event of Non-Performance and that notice shall explain in a clear and comprehensible manner to the Annuitant what impact the Event of Non-Performance may have on payments under the Annuity Policy, and
  - 4.1.2 not less than one month before payments are reduced, notify the Annuitant in writing of the amount (if any) by, and manner in, which payments under the Annuity Policy will be reduced.
- 4.2 Subject to Clause 4.5, a reduction in payments under the Annuity Policy may only be made if, and only to the extent that, there is an Event of Non-Performance relating to one or more of the Reference Securities. For the avoidance of doubt this provision does not prevent payments from ceasing on the death of an Annuitant falling within the definition in Clause 1.1.2 or being suspended due to the failure of any Annuitant to provide reasonably satisfactory evidence of survival of a person falling within the definition of Annuitant in Clause 1.1.2.
- 4.3 Where an Event of Non-Performance occurs, payments under the Annuity Policy shall be reduced by no more than such amount as the Insurer shall determine to take account of that Event of Non-Performance.





4.4 A reduction in payments under the Annuity Policy shall not be made until at least three months have elapsed since the date of the notice referred to in Clause 4.1.1.

4.5 Clause 4.2 shall not prevent payments under the Annuity Policy from being reduced where so provided elsewhere in this Policy to take account of any change to legislation affecting the tax treatment of the Annuity Policy or the Insurer provided such reduction is calculated and applied in a manner consistent with the manner in which all other policies issued by the Insurer and affected by that change have reductions calculated and applied.

4.6 Where

4.6.1 Clause 4.1 and Clause 4.4 have been complied with in relation to an Event of Non-Performance (**First Event of Non-Performance**), and

4.6.2 the notices provided under Clause 4.1 explain in a clear and comprehensible manner the impact which subsequent Events of Non-Performance reasonably anticipated to occur following the First Event of Non-Performance (**Subsequent Events of Non-Performance**) will have on future payments under the Annuity Policy,

then for so long as the information provided under Clause 4.1 continues to be accurate and complete, the provisions of Clause 4.1 and Clause 4.4 shall not need to be complied with in respect of the Subsequent Events of Non-Performance.

## 5. Event of Recovery and Restoration of Payments

5.1 Any reduction in payments under the Annuity Policy due to an Event of Non-Performance shall be restored (wholly or partly) through an increase in payments under the Annuity Policy by an amount determined by the Insurer if, and to the extent that, there is an Event of Recovery so as to take full account of that Event of Recovery. The Insurer shall:

5.1.1 following an Event of Non-Performance leading to a reduction in payments under the Annuity Policy, monitor any Reference Security in respect of which the Event of Non-Performance has occurred (and exercise all due care and skill in so doing),



- 5.1.2 within one month of becoming aware of the occurrence of an Event of Recovery notify the Annuitant in writing of the occurrence of the Event of Recovery and such notice shall explain in a clear and comprehensible manner what impact the Event of Recovery may have on payments under the Annuity Policy, and
- 5.1.3 within three months of becoming aware of the Event of Recovery make the restoration of payments under the Annuity Policy and notify the Annuitant in writing of the amount by, and manner in, which payments under the Annuity Policy will be increased.

## 5.2 Where

- 5.2.1 Clause 5.1.2 and Clause 5.1.3 have been complied with in relation to an Event of Recovery ("**First Event of Recovery**") and
- 5.2.2 the notices provided under Clause 5.1.2 and Clause 5.1.3 explain in a clear and comprehensible manner the impact which subsequent Events of Recovery reasonably anticipated to occur following the First Event of Recovery ("**Subsequent Events of Recovery**") will have on future payments under the Annuity Policy,

then for so long as the information provided under Clause 5.1.2 and Clause 5.1.3 continues to be accurate and complete, the provisions of Clause 5.1.2 and Clause 5.1.3 shall not need to be complied with in respect of the Subsequent Events of Recovery.

## 6. Calculations under this Appendix

- 6.1 When forming any opinion or carrying out any calculation or making any adjustment to payments under this Appendix, the Insurer:
  - 6.1.1 shall have due regard to the reasonable expectations of the Annuitant and such reasonable expectations shall be determined having regard to the nature of this Annuity Policy,
  - 6.1.2 shall take no account of any charges, expenses or indirect costs incurred by the Insurer arising out of the Event of Non-Performance or Event of Recovery or the forming of the opinion or carrying out any calculation or adjustment,

- 6.1.3 shall comply with any guidance, consistent with the nature of this Annuity Policy as a Sovereign Annuity, issued by the Pensions Authority, and
  - 6.1.4 where there is to be a restoration of payments due to an Event of Recovery, shall calculate and apply that restoration in a manner which is consistent with the manner in which the reduction to which that restoration relates was calculated and applied.
- 6.2 If at any time under this Appendix an opinion has to be formed, calculation carried out or an adjustment made by the Insurer, the Insurer shall take, and have due regard to, actuarial advice when forming that opinion, carrying out that calculation or making that adjustment.

## **7. Treatment of Annuitant**

- 7.1 Without prejudice to any other legal or regulatory requirements, the Insurer shall, in all of its dealings with the Annuitant in relation to its obligations under the Annuity Policy:
- 7.1.1 act honestly, fairly and professionally, and with due skill, care and diligence,
  - 7.1.2 maintain and employ effectively the resources and procedures, systems and control checks that are necessary to meet its obligations under the Annuity Policy or otherwise,
  - 7.1.3 make full disclosure of all relevant material information and present it in a way that seeks to inform the Annuitant in a clear and comprehensible manner, and
  - 7.1.4 correct errors and handle complaints speedily, efficiently and fairly.
- 7.2 The Insurer shall apply the regulatory disclosure statement, terms of business disclosure and errors and complaints resolution requirements of any code of practice in force from time to time which governs dealings between the Insurer and consumers who are resident in Ireland to the Insurer's dealings with the Annuitant notwithstanding that such code may not apply to the Annuitant.



- 7.3 The Insurer agrees that, where the Annuitant falls within Clause 1.1.2 of the definition of Annuitant in Clause 1.1, the Annuitant has the benefit of, and may seek to enforce compliance by the Insurer with the provisions of this Appendix using any legal or regulatory means of redress that would be available to the Annuitant if he had purchased the Annuity Policy for his own benefit out of his own resources.
- 7.4 The documents comprising the Annuity Policy must include a notice to the Annuitant containing the Risk Disclosure Statement contained in Part 3 and that notice must be designed to bring the Risk Disclosure Statement to the obvious attention of the Annuitant.

## **8. Compliance with undertakings given to the Pensions Authority**

The Insurer shall comply with any undertakings given by the Insurer to the Pensions Authority as part of its application to the Pensions Authority for certification of the Specimen Policy and any subsequent undertakings that may be given by the Insurer to the Pensions Authority.



## PART 2

### Template of Details of the Reference Securities and Other Information

#### 1. Name of Insurer and Annuity Policy Approval Number

This Annuity Policy is issued by [name of insurer] and is consistent with the terms of a Specimen Policy, the form of which has been certified by the Pensions Authority under section 53B of the Pensions Act 1990 and which has been given the registered number [ ].

#### 2. Reference Securities

[ %] (Reference Percentage) of the payments under this Annuity Policy is referenced to the following Original Reference Securities:

Issuing State	Title of Security	Maturity Date	Currency	Payments under Reference Security which can give rise to Event of Non-Performance/ Recovery e.g. coupon, capital and coupon etc.
France	A	31.12.2016	Euro	
Germany	B	31.12.2021	Euro	
United Kingdom	C	31.12.2026	Sterling	
Ireland	D	31.12.2031	Euro	

The following provisions shall apply to the Reference Percentage and Original Reference Securities set out above.

- only a maximum of the Reference Percentage of payments under this Annuity Policy can be reduced due to an Event of Non-Performance or, if there is more than one, all such Events of Non-Performance;
- in any time period, only a maximum of the percentage of payments under this Annuity Policy appearing in the table in Clause 3 below applying for



that time period in relation to that Original Reference Security can be reduced due to an Event of Non-Performance in relation to that Original Reference Security or, if there is more than one, all such Events of Non-Performance;

- (c) the identity of the Original Reference Securities cannot be altered;
- (d) the Reference Percentage cannot be increased during the continuance of this Annuity Policy. The part of the Reference Percentage attributable to each Original Reference Security at the commencement of this Annuity Policy must in aggregate be equal to the Reference Percentage and each such part of the Reference Percentage cannot be increased during the continuance of this Annuity Policy except to the extent set out in the table in Clause 3 below.

**Notes to Insurer:**

1. **The details set out in the table above are for illustrative purposes only.**
2. **The Reference Percentage, Original Reference Securities and payments under Original Reference Securities which can give rise to an Event of Non-Performance/Recovery set out above can vary between Individual Policies issued under this Specimen Policy.**

**3. Exposure to Reference Securities by Year**

In each period listed in the table below, payments under the Annuity Policy will be referenced to the Reference Securities set out below and in the manner set out below.

Time period from commencement of Annuity Policy	Percentage of payment due under Annuity Policy and Reference Security to which payment is referenced	Percentage of payment due under Annuity Policy and Reference Security to which payment is referenced	Percentage of payment due under Annuity Policy and Reference Security to which payment is referenced	Percentage of payment due under Annuity Policy and Reference Security to which payment is referenced	Total (cannot be greater than Reference Percentage)
Title of Security	A	B	C	D	
On or after [ ] and prior to [ ]					



On or after [ ] and prior to [ ]					
On or after [ ] and prior to [ ]					
On or after [ ] and prior to [ ]					
On or after [ ] and prior to [ ]	NIL	NIL	NIL	NIL	NIL

The percentage in each of the columns above must be nil no later than 15 months after maturity of the Original Reference Security which relates to that column.

**Notes to Insurer:**

- 1. The details set out in the table above are for illustrative purposes only.**
- 2. The percentages of payments can vary between Individual Policies issued under this Specimen Policy subject always to complying with the other provisions of this Appendix.**
- 3. The time periods in the table above must be in date format.]**

**9. Queries and Complaints**

- If the Annuitant has any queries in relation to this Annuity Policy, these may be addressed to [Title/Position], [Address and telephone number and email] quoting the Individual Policy number.
- If the Annuitant has a complaint about any aspect of the Annuity Policy or its administration or operation, the Annuitant should write in the first instance to [Name of Insurer] at:

[Address and other contact details]

The Individual Policy number should be quoted.



If the response to any complaint is not satisfactory, and without prejudice to the right to take legal proceedings, the Annuitant may refer the complaint to the Financial Services and Pensions Ombudsman at [Address and other contact details]

- (c) The Insurer shall notify the Annuitant of any changes to the information contained in this Clause 4.

**[Note to Insurer: This Clause 4 should include details of any procedure for complaints until that complaint cannot be progressed any further by the Insurer. This Clause 4 can be omitted to the extent that it is covered elsewhere in the annuity policy or accompanying information. If this Clause or any part of it is omitted, the application should clearly state where in the annuity policy or elsewhere the information can be found.]**





## PART 3

### Risk Disclosure Statement

[Some or all] **[See Note 1]** [All] of the payments due under this Annuity Policy are dependent on certain European Member States fulfilling their payment obligations under the terms of bond(s) (referred to as Reference Securities in the Annuity Policy) which they have issued and not varying the terms of the bond(s) such that anticipated payments fall or are delayed. If a Member State does not fulfill any of its payment obligations under such a bond or there is such a variation to the terms of the bond, the Insurer may reduce the payments under the annuity to reflect the loss caused to holders of the bond. The Insurer must notify you within one month of becoming aware such an event has happened. The Insurer cannot reduce payments under the annuity until at least three months have passed since you have been so notified.

**In other words, payments due under this annuity policy are not guaranteed and may, in certain circumstances, be reduced or even cease.**

[The percentage of the payments under this Annuity Policy referenced to such bonds (and therefore capable of being reduced) is set out in Part 2.] **[See Note 1]** Where there is more than one such bond, the percentage attached to each bond is set out. Those percentages may vary depending on the time period in which a failure to fulfill payment obligations occurs. Once such a failure occurs it is the percentage applying to each time period which can be reduced. Following such a reduction, this Annuity Policy also makes provision for a restoration of some or all of the payments if the loss due to the failure subsequently transpires to be less than anticipated.

Please make sure that you read the entire Annuity Policy, and in particular Part 2, carefully and seek guidance from the Insurer or your financial adviser if you are unclear about any aspect of how this Annuity Policy works.

**[Note 1: delete if reference percentage is 100%.]**

**Exhibit**

**Specimen Policy to be attached**