

Vision

Policy Terms and Conditions



GENERALI
INTERNATIONAL

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1. Introduction

Vision is a Regular Premium unit-linked, whole of life Policy without guarantees, issued by Generali International Limited. Single Premiums can also be paid in addition to the Regular Premiums at any time during the life of the Policy.

Individuals, a company or a trust can apply for this product.

2. Interpretation

Any reference in this document to words in the singular shall include words in the plural and vice versa. Any statements that refer to "us", "we", "our", "the Company", "GI" or "Generali International" mean Generali International Limited.

In this document, "you" refers to the Policyholder(s) and legal owner(s) of the Policy. The Policy may provide life cover for you or others on whom you can legally take out an assurance Policy. The person(s) insured by this Policy is/are referred to as the Life/Lives Assured and the amounts insured will be stated on the Policy Schedule.

The headings of these Policy Terms and Conditions are for ease of reference only and do not affect the interpretation of your Policy.

The Application Form, Policy Terms and Conditions, Policy Schedule, any revised Policy Schedule, any endorsements issued by the Company and any written statements made by you and/or the Life/Lives Assured relating to the Policy, form the basis of the contract.

Information in these Policy Terms and Conditions is correct as at September 2006. If any conflict arises between the Policy Details Guide in the Brochure and these Policy Terms and Conditions, these Policy Terms and Conditions take precedence.

3. Definitions

In these Policy Terms and Conditions and in the Policy Schedule, the following expressions have the following meanings and the masculine gender shall include the feminine and the singular shall include the plural and vice versa:

Additional Death Benefit

The optional additional amount paid, over and above the Standard Death Benefit, in the event of the Relevant Death.

Appointed Actuary

The suitably qualified Actuary appointed by Generali International in accordance with the Insurance Business (Bailiwick of Guernsey) Law 2002.

Beneficiary

A nominated individual, company, trust and/or estate that receives, or may become eligible to receive, Death Benefits under the Policy.

Bid Price

This is the price used for switches out of External Funds, switches into and out of Internal Funds, full and partial surrenders, regular income payments, the payment of Death Benefits and where Unit deductions are made to pay Policy charges.

Business Day

Any day on which the clearing banks in Guernsey are open for normal banking business.

Dealing Day

The days, as decided by Generali International, for the allocation of Units to and the de-allocation of Units from the Policy.

Death Benefit

The amount arising from the Policy which is payable following our receipt of proper notice of the Relevant Death.

Discounted Bid/Offer Spread

This is the difference between the Discounted Offer Price and the Bid Price.

Discounted Offer Price

This is the price used for investments into Internal Funds and External Funds. It is also used for switches into External Funds.

External Funds

Other companies (external to Generali International Limited) maintain Funds which are divided into Units.

Fund

A Fund is a collective investment where Policyholders' premiums are pooled with other investments. (Typically, a Fund may invest in equities, fixed income securities, onshore and offshore Funds, unit trusts, investment trusts, open ended investment companies, life Funds, currencies, selected derivatives and other transferable securities).

Fund Manager

The person or institution responsible for making decisions related to any portfolio of investments within a Fund in accordance with the stated goals of the Fund.

Internal Funds

Generali International Limited maintains unit-linked life Funds which are divided into Units.

Initial Period

The original premium and each premium increase has its own Initial Period. These periods are used to determine the Units which will be used to fund the administration fees (see section 4.3).

Investment Value

The total market value, as calculated by us, of all of the Units within the Policy. We calculate this as the total, for each Fund, of the number of Units multiplied by the applicable Bid Price.

Life Assured or Lives Assured

The person, or persons, on whose death the Death Benefit becomes payable. The Policy is available on a single life or joint life basis. If there are two Lives Assured, Policyholders have the option at outset to specify if the Death Benefit is payable on the death of the first or second of the nominated Lives Assured.

Policy

The contract of assurance between the Policyholder and Generali International. The basis of the contract is made up of the following:

- The Application Form as completed by the Policyholder(s) and the Life/Lives Assured.
- The Policy Terms and Conditions, which contain all the standard Policy terms.
- The Policy Schedule first issued with the Policy and any later revised Policy Schedule or endorsements, issued by the Company.
- Any written statements in relation to the Policy, made by the Policyholder(s) and/or the Life/Lives Assured, which may reasonably affect the basis of the contract.
- Notifications of changes and all endorsements to the Policy Terms and Conditions issued by Generali International.

Policy Anniversary

Any anniversary of the Policy Commencement Date.

Policy Commencement Date

The date, shown on the Policy Schedule, upon which Generali International assumes risk in respect of any benefits provided under the Policy.

Policyholder

The legal owner of the Policy.

Policy Schedule

The document issued at Policy commencement, or the latest revised version, and any endorsements, which sets out specific details forming part of the Policy. The original document is enclosed in the Welcome Pack with the Policy Terms and Conditions.

Policy Year

The period of 12 consecutive months, beginning on the Policy Commencement Date or any Policy Anniversary.

Premium Payment Term

The duration for which the Policyholder elects to pay Regular Premiums.

Regular Premium

The premium to be paid by the Policyholder at regular intervals as stated on the Policy Schedule or any revised amount agreed by the Policyholder and Generali International.

Relevant Death

- For a single life Policy: the death of the Life Assured.
- For a joint life first death Policy: the death of the first to die of the Lives Assured.
- For a joint life second death Policy: the death of the surviving Life Assured.

Single Premium

A single amount paid in addition to any Regular Premiums.

Standard Death Benefit

The Standard Death Benefit is 101% of the Investment Value. This amount is payable following our receipt of proper notice of the Relevant Death.

Surrender Value

The Investment Value of the Policy less any: accrued charges; pro rata investment administration charges due; administration fees which would have otherwise been deducted over the remaining Premium Payment Term; applicable Fund exit charges and applicable early discontinuance charges.

Units

Portions, of equal value, into which a Fund is divided.

Welcome Pack

The Policy Schedule, Policy Statement, Policy Terms and Conditions, Welcome Letter and Contact Details which are sent to the Policyholder on commencement of the Policy. A Your Right to Change your Mind leaflet is also sent to Hong Kong Policyholders, while a Cooling Off Notice is sent to all other Policyholders.

4. Premiums

The Policy can be denominated in one of five currencies – US dollar, GB pound, Hong Kong dollar, euro or Japanese yen. Premium payments can be made in the Policy currency only. The Policy currency cannot be changed during the life of the Policy. The underlying Funds into which premiums are allocated can be denominated in different currencies to the Policy currency.

4.1 Regular Premiums

Regular Premiums can be paid on a monthly, quarterly, half-yearly or annual basis. The minimum Regular Premium payments by frequency and currency, for Policies with a Premium Payment Term of at least 10 years, are as follows. There is no maximum premium.

Table 1: Minimum premiums

Currency	Monthly	Quarterly	Half-Yearly	Annually
USD	150 (450)	450 (1,350)	900 (2,700)	1,800 (5,400)
GBP	100 (300)	300 (900)	600 (1,800)	1,200 (3,600)
HKD	1,250 (3,750)	3,750 (11,250)	7,500 (22,500)	15,000 (45,000)
EUR	135 (405)	405 (1,215)	810 (2,430)	1,620 (4,860)
JPY	20,000 (60,000)	60,000 (180,000)	120,000 (360,000)	240,000 (720,000)

Note: The figures in brackets are the corresponding minimums for Policies with a Premium Payment Term of less than ten years. These are three times higher than those for Policies with a term of ten years or more.

Premiums are due as shown in the Policy Schedule and 30 days are allowed for the payment of all premiums for all frequencies.

All payments must be made into a collection account belonging to Generali International. Regular Premiums of all frequencies can be paid by credit card or standing order. In addition, quarterly, half-yearly and annual Regular Premiums can be paid by cheque or electronic transfer. As the Policyholder, you must meet the cost of payment for all payment types except credit card. However, we reserve the right to charge for credit card transactions in the future.

Following confirmation from our bank of payment receipt, the premium is normally credited to the Policy on the next available Business Day. When premiums are paid by credit card they are normally credited to the Policy on the next available Business Day following confirmation of transfer from the credit card clearing centre.

After the deduction of the premium protection cover charge, if applicable, the remaining premium is used to determine the allocation percentage:

Table 2: Allocation Percentages

Premium Band (Annualised Regular Premium less any Premium Protection Cover charge)					Allocation Percentage
USD	GBP	HKD	EUR	JPY	%
1,800 - 3,599	1,200 - 2,399	14,994 - 29,987	1,620 - 3,239	239,994 - 479,987	100%
3,600 - 5,399	2,400 - 3,599	29,988 - 44,981	3,240 - 4,859	479,988 - 719,981	101%
5,400 - 7,199	3,600 - 4,799	44,982 - 59,975	4,860 - 6,479	719,982 - 959,975	102%
7,200 - 9,999	4,800 - 6,666	59,976 - 83,299	6,480 - 8,999	959,976 - 1,333,299	103%
10,000 - 14,999	6,667 - 9,999	83,300 - 124,949	9,000 - 13,499	1,333,300 - 1,999,949	104%
15,000+	10,000+	124,950+	13,500+	1,999,950+	105%

The Regular Premium allocation rates reflect the overall level of Regular Premium paid at the time, so premium increases or decreases may result in a different allocation rate being applied.

The premium is then allocated to the selected Fund(s) at the applicable Discounted Offer Price after the allocation rate has been applied.

4.2 Single Premiums

Single Premiums can be paid in addition to Regular Premiums at any time during the life of the Policy and should be notified to us separately from any Regular Premiums. Single Premiums can be paid by cheque or electronic transfer but cannot be paid by credit card. As the Policyholder, you must meet the cost of payment.

Following confirmation from our bank of payment receipt, any Single Premiums are normally credited to the Policy on the next available Business Day.

100% of the premium is invested in your Policy. The premium is allocated to the selected Fund(s) at the applicable Discounted Offer Price.

The minimum Single Premium payment is USD2,000 / GBP1,334 / HKD16,660 / EUR1,800 / JPY266,660 .

Single Premiums will be allocated to Funds in the same proportions as Regular Premiums, unless specific instructions are received from you. It is your responsibility to indicate whether you are sending multiple Regular Premiums or a Single Premium.

4.3 Initial Periods

The first 100% of Regular Premium Unit allocations during the Initial Period are set aside in order to fund the administration fees due over the duration of the Premium Payment Term. The Initial Period is shown on your Policy Statement and depends on the Premium Payment Term of your Policy. For example:

Table 3: Initial Periods

Premium Payment Term (years)	Initial Period (months)	Premium Payment Term (years)	Initial Period (months)
1	0.3	16	16.2
2	0.8	17	16.8
3	1.5	18	17.4
4	2.4	19	18.1
5	3.6	20	18.8
6	5.1	21	19.6
7	6.8	22	20.4
8	8.7	23	21.2
9	10.8	24	22.1
10	13.2	25	23.0
11	13.6	26	23.9
12	14.1	27	24.9
13	14.5	28	25.9
14	15.0	29	26.9
15	15.6	30	28.0

An increase in Regular Premiums gives rise to an additional Initial Period in relation to the amount of the increase only. Initial Periods do not apply to Single Premiums.

5. **Changing your Regular Premium Frequency or Amount**

You may request in writing to change the frequency of your premium payments. The frequency options available are monthly, quarterly, half-yearly or annually.

At any time you may request in writing to increase the premium. The minimum premium increase is 5% of your current premium and it will take effect on the date that the next premium is due. Premium increases will be applied to all active Fund(s) in the same proportions as premiums before the increase, unless specific instructions are received from you. Any premium increase will give rise to an administration fee on the increased amount and may result in an increased allocation rate.

After payment of the premiums due in the Initial Period you may request to us, in writing, to reduce the premium. This will take effect on the date that the next premium is due.

The minimum premium decrease is 50% of the minimum premium applicable to the Policy at the time of the decrease. Regular Premiums may not fall below the current Policy minimum at the time of request. A reduction in premium will not result in a reduction in the administration fees due.

The Premium Payment Term for any increase/decrease will equal the remaining period to the end of the Premium Payment Term selected at outset of the Policy. In this way, all Regular Premiums will cease to become due on the same day.

In the event of a decrease, any premium protection cover will be reduced by the same proportion. Any Additional Death Benefit will not automatically be altered.

6. Premium Holiday

You can choose to cease paying premiums for a limited period during the Premium Payment Term, subject to the conditions below. This option is known as a premium holiday. You can exercise this option by submitting in advance a written request to us that specifies the period chosen (start and finish dates). During the premium holiday period we will continue to deduct all fees and charges due from the value of the Policy.

The premium holiday option is available at any time after completion of the Initial Period (of the Policy or of any premium increase), provided the Surrender Value of the Policy is at least USD3,000 / GBP2,000 / HKD24,990 / EUR2,700 / JPY399,990 and is able to support charges due in the selected period. If charges cannot be sustained or the Surrender Value falls below USD150 / GBP100 / HKD1,250 / EUR135 / JPY20,000 (whichever happens first), your Policy will lapse and all benefits will cease.

The maximum duration of each premium holiday is 12 months. Multiple holidays can be requested throughout the life of a Policy but are subject to approval on a case-by-case basis.

You have the option to restart paying premiums at any time during the premium holiday period. Generali International reserves the right to refuse a request for a premium holiday and to refuse to reactivate a Policy to premium paying status if a premium holiday has run for over 12 months.

7. Loyalty Bonus

On the 10th Policy Anniversary and every 5th Policy Anniversary thereafter (within the 30 years following Policy commencement or the original Premium Payment Term, whichever is less) a bonus equal to 5% of all Regular Premiums received during the preceding period is added to the Policy. The preceding period is the first ten years for the first bonus and then the five years immediately preceding each subsequent bonus.

The bonus is applied as Units to each Fund in the same proportion as Units are held at the date of the relevant Policy Anniversary, at the last available Bid Price for Internal Funds or the next available Bid Price for External Funds.

This bonus does not apply to any Single Premiums or Policies with an original Premium Payment Term of less than ten years.

8. Death Benefit

Life cover of 101% of the Investment Value of your Policy is provided automatically. This is known as the Standard Death Benefit. You are not normally charged for this benefit although the Company reserves the right to charge and to conduct underwriting procedures.

If the Additional Death Benefit option is selected, the total amount payable on the Relevant Death is the Standard Death Benefit plus the selected Additional Death Benefit (see section 9).

- If you have a single life Policy, the Death Benefit will be paid out on the death of the Life Assured.
- If you have a joint life first death Policy, the Death Benefit will be paid out on the death of the first to die of the Lives Assured.
- If you have a joint life second death Policy, the Death Benefit will be paid out on the death of the surviving Life Assured.

The maximum age at Policy commencement for a Life Assured is 70 next birthday. For joint life first death Policies, this relates to the older life and for joint life second death Policies it relates to the younger life.

The Death Benefit will be paid when the required documentation in support of a valid claim has been received and verified by Generali International and all Units have been sold. The documentation required is the original Policy Schedule, any revised Policy Schedule, any endorsements, the death certificate, evidence of age unless it has already been provided and, if/as necessary, a medical or other official certificate documenting the cause of death and the start/history of the illness that caused death. Any assignments or Beneficiary documentation, including trust deeds, which have not been previously provided to our business address will also be required. In order to verify the claim, Generali International may also require the provision of additional evidence and/or make further enquiries of our own, the cost of which is the responsibility of the claimant.

Interest may be applicable if, for example, there is a delay in the settlement of a death claim (such a delay may be caused by Funds dealing other than daily or a delay in remitting settlement proceeds to Generali International by a Fund Manager). Interest, if applicable, will be applied and added to the Death Benefit from the time we receive the value from the relevant Fund Managers (for each Fund applicable), until the date the claim is finally settled.

A completed Discharge and Request for Payment Form will be required before the payment can be issued.

The Death Benefit will be paid in the currency in which the Policy is denominated and on settlement of the claim the Policy terminates and all liabilities cease.

Notwithstanding anything stated to the contrary in the Policy Schedule or these Policy Terms and Conditions, our liability under the Policy shall not exceed the return of all premiums received less a market value adjustment and any expenses incurred by us in issuing the Policy if the Relevant Death occurs as a result of the following:

- (a) The Life Assured commits suicide (whether sane or insane at the time) within the first Policy Year or within one year of any increase to the Additional Death Benefit.
- (b) The death of the Life Assured results from any injury or condition resulting directly or indirectly from war, hostilities (declared or not), invasion, rebellion, revolution, civil war or active participation in a riot, civil commotion or uprising.

9. Additional Death Benefit

Additional Death Benefit is an optional life assurance benefit. The amount payable on the Relevant Death is the Standard Death Benefit plus the selected Additional Death Benefit. The maximum Additional Death Benefit sum assured will be at the discretion of Generali International but cannot exceed the annualised Regular Premium (after the deduction of the premium protection cover charge, if applicable) multiplied by 40.

The Additional Death Benefit, if selected, cannot extend beyond the Premium Payment Term of the Policy.

Additional Death Benefit can be added and/or altered by you at any time, subject to underwriting and sufficient Surrender Value on your Policy to meet the relevant costs. At the discretion of Generali International the benefit may be unavailable or restricted if the cost exceeds the current Surrender Value.

The cost of this benefit is deducted monthly in advance by cancelling Units at the Bid Price. If there are not enough Units to cover the cost of the benefit at the time, a Policy debt may be created. We reserve the right to amend the rates we charge for the Additional Death Benefit.

It is also possible for you to cancel the Additional Death Benefit at any time.

10. Full Surrender

If, at any time, your Policy has a Surrender Value in excess of USD150 / GBP100 / HKD1,250 / EUR135 / JPY20,000 it can be fully surrendered. The Surrender Value payable is defined in section 3.

Full surrender will normally take place following receipt by Generali International of a written surrender request from you, together with the original Policy Schedule, any revised Policy Schedule and any endorsements at our business address in Guernsey. If the Policy is in trust, Generali International will request the trust document. If the surrender request comes from an assignee, we will require a copy of the deed of assignment or reassignment if it has not already been received by us.

Units will be surrendered using the last available Bid Price for Internal Funds or the next available Bid Price for External Funds, after receipt of the proper written instructions.

In exceptional circumstances, such as extreme stockmarket conditions or in order to protect the interests of other Policyholders, Policy surrenders may be delayed. Funds dealing other than daily or a delay in remitting settlement proceeds to Generali International by a Fund Manager may also cause delays.

Interest is not normally payable on full surrenders unless there is a delay in our ability to settle the claim that exceeds a period of three months from the date of our receipt of properly completed instructions to sell the Units. In this eventuality, interest will be applied and added to the Surrender Value from the time we receive the value from the relevant Fund Managers (for each Fund applicable), until the date the claim is finally settled.

All Policy benefits will cease on full surrender (there is no Surrender Value attaching to any premium protection cover or Additional Death Benefit) and payment will be made in the currency in which the Policy is denominated. Payments can be made by cheque or electronic transfer.

You will have no further rights to benefits or options under the Policy. As the Policyholder, you must meet the cost of payment.

The exact amount of the Surrender Value is not known until all Units are sold.

11. Partial Surrender

Partial surrender can take place at any time following receipt of written instructions from you, once the Policy has acquired a Surrender Value of USD2,250 / GBP1,500 / HKD18,745 / EUR2,025 / JPY300,000 and provided the remaining Surrender Value after any partial surrender will be at least USD1,500 / GBP1,000 / HKD12,495 / EUR1,350 / JPY200,000. The original Policy Schedule is not required.

If a Single Premium has been paid by you, the remaining Surrender Value after any partial surrender must exceed any future establishment charges by USD1,500 / GBP1,000 / HKD12,495 / EUR1,350 / JPY200,000.

No outstanding Policy charges are applied and the minimum amount that can be requested is USD750 / GBP500 / HKD6,250 / EUR675 / JPY100,000.

If the Policy is in trust/assigned, we will require signed authority from the trust/assignee before we can proceed with any partial surrender request.

You can select which Funds are to be surrendered on a partial surrender. If you do not, the amount surrendered will be spread in the same proportion as Units are held across all Funds. Units will be surrendered using the last available Bid Price for Internal Funds or the next available Bid Price for External Funds, after receipt of the written instructions.

Payments are made in the currency in which the Policy is denominated and can be paid by cheque or electronic transfer. As the Policyholder, you must meet the cost of payment.

Interest is not payable on partial surrenders under any circumstances.

12. Regular Income

A regular income can be taken at any time provided the Surrender Value of the Policy does not fall below USD1,500 / GBP1,000 / HKD12,495 / EUR1,350 / JPY200,000.

If a Single Premium has been paid by you, the remaining Surrender Value after any regular income payment must exceed any future establishment charges by USD1,500 / GBP1,000 / HKD12,495 / EUR1,350 / JPY200,000.

Payments will only be made in the currency in which the Policy is denominated and can be paid by cheque or electronic transfer. As the Policyholder, you must meet the cost of payment.

The minimum amount of each regular income payment, irrespective of frequency, is USD75 / GBP50 / HKD625 / EUR68 / JPY10,000 and payments can be made monthly, quarterly, half-yearly or annually. The amount of income can be expressed as either a fixed sum or percentage of the bid value of Units on the date that the payment is processed.

The number of Units to be surrendered to fund each payment is calculated using the last available Bid Price prevailing on the date that the income payment is processed, which is usually the last day of each month. If this is a non-working day, the income payment will be processed on the first working day of the next month.

13. Paid-Up Policy

If premium payments have ceased and you have not chosen the premium holiday option (see section 6) and your Policy has a Surrender Value of at least USD1,500 / GBP1,000 / HKD12,495 / EUR1,350 / JPY200,000, then the Policy will become paid-up. However, we reserve the right to fully surrender your Policy if the Surrender Value falls below USD1,500 / GBP1,000 / HKD12,495 / EUR1,350 / JPY200,000 and the proceeds of any such surrender will be forwarded to you. No further premiums will be due.

If you stop paying premiums at any time, the premium protection cover benefit will no longer be provided. Any Additional Death Benefit will continue for as long as the Policy can sustain the cost of providing the benefit or until the end of the Premium Payment Term, whichever is sooner.

Charges continue to be deducted on a paid-up Policy.

14. Lapsing your Policy

If premium payments have ceased and the Policy has a Surrender Value of less than USD150 / GBP100 / HKD1,250 / EUR135 / JPY20,000 or if, after the Initial Period, mortality deductions or other charges exceed the Surrender Value, the Policy will lapse without value and all benefits will cease.

15. Reinstatement of your Policy

Lapsed Policies can be reinstated up to one year after the due date of the first unpaid premium subject to the payment of all outstanding premiums. Paid-up Policies can be reinstated up to one year after the due date of the first unpaid premium. We reserve the right to refuse to reinstate a Policy after this time has elapsed.

If Additional Death Benefit or premium protection cover is to be reinstated, appropriate medical evidence may be required for underwriting purposes.

16. After the Premium Payment Term

On completion of the Premium Payment Term you have the following options:

16.1 Continuation of Premiums

Your Policy will remain in force if payments continue to be remitted. A further Premium Payment Term is not defined. Payment of premiums must cease no later than when the relevant Life Assured reaches age 75 next birthday. For joint life first death Policies, this relates to the older life and for joint life second death Policies, it relates to the younger life.

If you elect to pay premiums after completion of the original Premium Payment Term, the administration fee (see section 22.1) and loyalty bonus (see section 7) will no longer be applied. All other Policy features remain the same.

16.2 Paid-Up/Cessation of Premiums

If instructions have not been received from you by the date the Premium Payment Term ends and no further payments are received, the Policy will automatically be converted to paid-up status. No further premium payments are due.

16.3 Full Surrender

You can elect to surrender your Policy for the Surrender Value (see section 3). This will be paid in the currency in which the Policy is denominated.

16.4 Partial Surrender

See section 11.

16.5 Regular Income

See section 12.

17. Funds

Vision provides access to two types of Fund:

- Internal Funds which are managed by Generali International Limited;
- External Funds which are managed by independent Fund Managers.

The maximum number of Funds that can be selected at outset is ten, provided the amount invested in each is at least the minimum as follows:

Table 4: Minimum premium amounts per Fund

Currency	Regular Premium Frequency				Single Premium
	Monthly	Quarterly	Half-Yearly	Annually	
USD	30	90	180	360	400
GBP	20	60	120	240	267
HKD	250	750	1,500	3,000	3,332
EUR	27	81	162	324	360
JPY	4,000	2,000	24,000	48,000	53,333

Thereafter, by utilising the redirection and/or switch facilities, the maximum number of Funds in which Units can be held is 20. Only ten of these Funds can receive Regular or Single Premiums at any one time.

For allocation to Units, where a premium is denominated in a currency that differs from that of the selected Fund, the relevant proportion of the premium will be converted at a commercial rate of exchange on the processing date.

The amount allocated to purchase Units is the premium, less any premium protection cover charge and a policy fee. Single Premiums do not attract a charge for premium protection cover or a policy fee.

The number of Units allocated to your Policy is calculated by multiplying the amount allocated to purchase Units by the appropriate allocation percentage (see section 4.1 – Table 2) and dividing by the applicable Discounted Offer Price for the Fund.

If a dividend payment is received for assets held within an Internal Fund, it is reinvested in the Fund and reflected as an increase in the relevant Unit prices.

If a dividend is declared and paid for an External Fund, it is processed by the addition of extra Units in the relevant Fund using the price specified in the dividend notification to Generali International. If the Unit holding in the External Fund which gives rise to the entitlement to the dividend relates to Units which were credited to the Policy during the Initial Period by virtue of the first 100% of Regular Premium allocation, then the additional Units credited as a result of the dividend are also deemed to have been credited during the Initial Period irrespective of when the dividend is declared and paid.

Dividends are paid net of any withholding taxes. Any dividends will normally be applied to the relevant Funds within two weeks of declaration of the dividend amount.

If you initiate a Fund switch between the dividend declaration and payment dates, the value of the dividend will be applied in the form of additional Units allocated to the new Fund(s).

In the event of full surrender or a death claim between the dividend declaration and payment dates, only dividends payments of more than USD100 / GBP67 / HKD835 / EUR90 / JPY13,340 will be forwarded to the Policyholder/Beneficiary.

Further technical information on Units and Funds is available in Technical Appendix 2.

18. Switching Funds

You may at any time notify us in writing to exchange some or all Units of any Fund allocated to your Policy for Units in any other Fund permitted by us at that time, subject to the maximum number of Funds (see section 17). The switch will take effect on the next available Dealing Day.

Following a switch, future premiums will continue to be allocated to the original Funds.

Switches in and out of Internal Funds are processed using the last available Bid Price. Please note that we reserve the right to allow the next price to be used under exceptional circumstances (see Technical Appendix 2).

Switches out of External Funds are processed using the next available Bid Price, whereas switches in use the next available Discounted Offer Price.

Where we have to convert any amount into another currency, we do so at a commercial exchange rate.

We reserve the right to delay the purchase of Units in the newly selected Fund until such time as we have received the Investment Value of the Units in the existing Fund allocated to your Policy.

All switches throughout the life of the Policy are free of a Policy switch fee although Generali International reserves the right to review this in the future.

19. Redirection

You may notify us at any time to fully or partially redirect your future premiums. The redirection will take effect at the next premium allocation date.

Future premiums can be redirected to another Fund or Funds, without the need to switch existing holdings. Existing Unit holdings can remain in that/those Fund(s).

All premium redirections throughout the life of the Policy are free of charge although Generali International reserves the right to review this in the future.

20. Automatic Fund Switching (AFS)

Automatic Fund Switching (AFS) is designed to facilitate you as you approach your investment goal, in particular, retirement. The AFS facility may be used to help safeguard your investment against market fluctuations by gradually switching your existing Units into a low risk Fund over a five year period.

There are four low risk Funds available, one denominated in each of the following currencies – US dollar, GB pound, HK dollar and euro. Where possible, the AFS Fund selected by you should be denominated in the same currency as the Policy. AFS can commence any time after the policy has been in force for five years.

AFS operates every quarter over a period of five years. It will apply to all Funds held in the Policy at the time of switching. The maximum number of Funds permitted still applies (see section 17).

On the AFS commencement date, Generali International will begin the AFS process by switching 5% of each of your Funds into the AFS Fund. Following this, we will switch an increasing proportion of each Fund every quarter to ensure that 100% of the Funds have been switched into the AFS Fund on the final switch.

The actual percentage switched per quarter will be as follows:

Table 5: Fund Switch Percentages for AFS

AFS Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
1	5.00	5.26	5.56	5.88
2	6.25	6.67	7.14	7.69
3	8.33	9.09	10.00	11.11
4	12.50	14.29	16.67	20.00
5	25.00	33.33	50.00	100.00

Regular and Single Premium payments will continue to be invested in the same Funds as before AFS commenced (unless alternative redirection instructions are received). If you continue to pay premiums into your original Funds, these will not be switched into the AFS Fund after the final AFS switch.

AFS switches are treated the same as ordinary Fund switches and all AFS switches are free of a Policy switch fee although Generali International reserves the right to review this in the future.

You may, at any time, notify us in writing to cancel AFS.

You are free to initiate switches to and from existing and new Funds but switches from the AFS Fund after the AFS process has commenced are not permitted unless AFS is cancelled.

21. Closure of a Fund

Generali International reserves the right, under exceptional circumstances, to close any of its Internal or External Fund links at our absolute discretion. Closure may either be to future Unit holdings only or future and existing Unit holdings.

In the event of such a closure, Generali International will aim to give the Policyholder three months' written notice. Where this is not possible, this period of notice will be approved for Hong Kong Residents by the Hong Kong Securities and Futures Commission. Generali International will also provide details of an alternative Fund(s) into which future premiums can be redirected and into which existing Units can be switched if the Fund is closed to existing holdings.

You have the option to send us alternative instructions. If instructions have not been received from you within the deadlines outlined in the notification from us, Generali International will automatically redirect future premiums and, if the Fund is also closed to existing holdings, we will switch existing Units into the alternative Fund(s).

22. Charges

22.1 Administration Fee

This fee relates to Regular Premium payments and is deducted on each Policy Anniversary. Each administration fee will continue for 30 years or until the end of the Premium Payment Term, whichever is earlier.

The administration fee on the original premium is equal to 2% per annum of the total premiums due (from the outset to the relevant Policy Anniversary), reducing to 0.3% per annum of the total premiums due after year ten.

The administration fee applicable to any increase in premium is equal to 2% per annum of the total increase due (from the outset of the increase to the relevant Policy Anniversary), reducing to 0.3% per annum of the total increase due after year ten of the increase, for each year completed. A full year's charge will be taken in arrears on the Policy Anniversary following the increase.

This fee is taken from Units credited during the Initial Period by virtue of the first 100% of premium allocation including associated dividend Units. The fee is applied using the average offer price at which Units were calculated in the Initial Period. In subsequent years the price is recalculated to take account of fees already paid and Units cancelled.

If premiums are increased, the administration fees are calculated separately for each additional amount. If premiums are reduced, the administration fees will continue to be based on the highest premium level chosen to date.

In the event of surrender before the end of the Premium Payment Term, Generali International will deduct, from the Surrender Value, any administration fees which would have otherwise been deducted had the policy not been surrendered.

22.2 Policy Fee

This charge applies to Regular Premium payments only and varies by premium payment frequency. It is the first charge processed (after the deduction of the premium protection cover charge, if applicable) and is deducted before the premium is split between the relevant Funds.

Table 6: Policy Fees

Premium Payment Frequency	USD	GBP	HKD	EUR	JPY	Policy Fee Frequency
Monthly	4.50	3	37.50	4.05	600	Monthly
Quarterly	12	8	100	10.80	1,600	Quarterly
Half-Yearly	24	16	200	21.60	3,200	Half-yearly
Annually	45	30	375	40.50	6,000	Annually

22.3 Investment Administration Charge

We make an annual investment administration charge, currently at a rate of 1.5% p.a., of the Units allocated to the Policy.

Where the Policy ends other than on a Policy Anniversary, we deduct a proportion of the charge calculated on a daily basis since the last Policy Anniversary.

Internal Funds

0.75% p.a. is deducted on a pro rata basis directly from the Funds on each Dealing Day prior to the calculation of the Bid and Discounted Offer Prices. The remaining 0.75%* p.a. is deducted from the Units annually in arrears on the Policy Anniversary.

External Funds

For External funds, the entire 1.5%* p.a. charge is deducted from the Units annually in arrears on the Policy Anniversary.

* This charge is calculated as a percentage of all Units of the Policy. It is deducted from Regular Premium Unit allocations greater than 100% during the Initial Period, Regular Premium Unit allocations after the Initial Period has been completed and Single Premium Unit allocations.

22.4 Establishment Charge (Single Premiums only)

An establishment charge is deducted for each Single Premium paid, annually in arrears on the Policy Anniversary. The duration and rate of this Unit deduction varies depending on when the Single Premium is paid.

If a Single Premium is allocated to the Policy on the Policy Commencement Date (or any Policy Anniversary), an establishment charge of 1.5% p.a., of the Single Premium amount, will be deducted on the five Policy Anniversaries following the payment of the Single Premium. Thereafter, the establishment charge relating to that Single Premium will be zero.

If a Single Premium is not allocated to the Policy on a Policy Anniversary, the establishment charge is deducted over six Policy Anniversaries. The establishment charge is less than 1.5% at the first Policy Anniversary following allocation to the Policy. The charge that applies in this case will be a proportion of 1.5% reflecting the duration between the allocation of the Single Premium to the Policy and the next Policy Anniversary.

At each subsequent Policy Anniversary, the establishment charge is 1.5% of the Single Premium, except at the Policy Anniversary following the fifth anniversary of the receipt of the Single Premium. At this Policy Anniversary, the establishment charge is a proportion of 1.5% reflecting the duration between the previous Policy Anniversary and the fifth anniversary of the receipt of the Single Premium. Thereafter, the establishment charge relating to that Single Premium will be zero.

22.5 Early Discontinuance Charge (Single Premiums only)

The early discontinuance charge will be equal to any establishment charges that would have been deducted had you not fully surrendered your Policy.

The charge is calculated separately for each Single Premium received and is taken by Unit deduction before the Surrender Value is calculated. Where there are multiple Funds within the Policy, this charge is applied to each Fund on a pro rata basis.

22.6 Charges within the Fund

22.6.1 Discounted Bid/Offer Spread

This is the difference between the Discounted Offer Price and Bid Price. The Discounted Bid/Offer Spread will reflect any discounts Generali International has negotiated with the relevant Fund Managers.

The Discounted Bid/Offer Spread for Internal Funds is between 0% and 1% and for External Funds it is between 0% and 2%.

22.6.2 Annual Management Charge

This currently does not apply to any Internal Funds but Fund overheads and advisory service fees are deducted and reflected in relevant Unit prices.

For External Funds, this charge is deducted by the Fund Manager directly from the Fund and is reflected in the relevant Unit prices. The annual management charge for External Funds will vary from one Fund to the next but will normally be in the range of 0.5% to 3%.