

Accidental death benefit on offshore bonds

Q Why are we adding accidental death benefit to our offshore bonds?

We regularly review all of our products and, where we see opportunities to improve them to ensure that they are competitive and give your clients better value for money, we will. Adding accidental death benefit to the CMI Global Investor and CMI Corporate Investor was just such an opportunity.

Q Which bonds is it being added to?

We're adding accidental death benefit to all new and existing CMI Global Investor and CMI Corporate Investor bonds.

Q Is it really free?

Yes. There's absolutely no cost to your clients, new or existing.

Q What's the definition of 'accident' and 'accidental death benefit'?

Broadly speaking –

- 'accident' means that the life assured has suffered an injury as a result of some violent and accidental cause.
- 'accidental death' means that the life assured has died as a direct result of that injury.

You'll find details of the full terms and conditions in the policy provisions.

Q How is this different to the existing death benefit?

We currently pay out 100% of the value of the bond less any outstanding charges if the relevant life assured dies. From 30 June 2008, if the death is as a direct result of an accident (as defined in the provisions) and the bond value is equal to or less than £10 million, we will pay out 110% of the value of the bond less any outstanding charges. If the value of the bond is more than £10 million, we will pay out 110% of the first £10 million and 100% of the remainder, less any outstanding charges. In all cases we calculate the value when written notification of death is received.

There may be special conditions if – the life assured was age 64 or over at outset; one or more of the lives assured was not in good health at outset; and/or the planholder resides outside the UK.

Q Does it replace the existing death benefit?

If it is an 'accidental death', then it replaces the current death benefit. For all other causes of death, the current benefit will still apply.

Q Is there any underwriting required when the benefit is added?

No. We're automatically adding accidental death benefit for new and existing customers on 30 June 2008. There's no application and no medical questions to answer. There may be some underwriting required at claim stage to decide whether the claim qualifies for the benefit.

Q Are there any exclusions?

Yes. We won't pay out if, for example, death is caused by hazardous sports or pastimes, drug abuse, dangerous occupations. You'll find full details in the policy provisions.

Q Is there an end date to the accidental death benefit?

No. It will apply until the bond ends.

Q Are there any transitional arrangements for clients currently applying for a CMI Global Investor or CMI Corporate Investor?

No. There's no cut off point for getting applications to us. We'll be adding the benefit automatically to all new and existing CMI Global Investor and CMI Corporate Investor bond business from 30 June 2008 onwards.

If you would like more information, please speak to your usual Clerical Medical contact.

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