



## **THE CAPITAL CONTROL BOND**

**Issued by  
Isle of Man Assurance Limited**

This brochure is available only from a financial intermediary who is authorised under the Financial Services and Markets Act 2000 to conduct investment business. If you receive this brochure from any other source, you must consult an authorised independent financial adviser about the suitability of the bond for you. Isle of Man Assurance Limited *is not* authorised to provide you with this advice.

## **POLICY CONTRACT**

The Capital Control Bond (the “Bond”) is an offshore unit linked single premium insurance policy.

The Bond can be written on your life (in which case the proceeds on death will be payable to your estate) or on your life and on additional lives (in which case the Bond will continue until the last life assured dies when the proceeds will be paid into your estate).

The value of your Bond at all times prior to maturity is calculated by reference to the value of those units in funds, managed by Isle of Man Assurance Limited or by external managers, which are allocated to the Bond. For the avoidance of doubt, the assets within each fund form part of the long term business fund of Isle of Man Assurance Limited.

Regular withdrawals of capital are permitted from the Bond. These are limited, in the case of the original policyholder, to 10% per annum of all premiums paid and in the case of any owners of the Bond, other than the original policyholder, withdrawals are limited to 0.25% per annum of premiums paid.

**No other access to the Bond is permitted since the contract is non-surrenderable.**

You may name single, joint or multiple lives assured for your Bond. Your Bond will terminate on the death of the last life assured.

## **INVESTMENTS**

You may invest in IOMA’s internal unit linked Funds. The base currency of these Funds is either Sterling or United States Dollars.

Alternatively, you can appoint an Investment Manager to select externally managed funds for allocation to your Bond on your behalf. Such funds may be denominated in any currency.

The investment performance of your Bond prior to maturity is dependent upon the performance of the investments chosen and is outside the control of IOMA. You should remember that the value of investments can fall as well as rise and is not guaranteed. Similarly, movements in exchange rates may have an unfavourable as well as a favourable affect on the performance of your investment. Although the investments allocated to your Bond will be used to determine its value, you should note that they will at all times remain the property of IOMA.

Dealing instructions will be accepted either by fax, e-mail or post. Instructions will be actioned on the first available dealing day (of the relevant unit-linked fund) after receipt of a valid instruction and, if appropriate, confirmation of receipt of funds.

## **THE CHARGES**

### **Initial Charge**

There will be a minimum initial charge of 3.5% and a maximum charge of 6%, which will be deducted from the premium prior to its investment in funds for allocation to the Bond. IOMA may pay your IFA commission which will form part of the initial charge. Your IFA can give you details of any commission to be paid to them.

### **Annual Management Charge**

An Annual Management Charge of 0.75% of the value of the Bond, calculated as at the end of each calendar quarter, will be payable. This charge will be deducted proportionately, quarterly in arrears. IOMA may pay your IFA annual commission. The amount of the commission will be added to the Annual Management Charge. Your IFA can give you details of any commission to be paid to them.

### **Other charges**

The funds which are allocated to your Bond may also levy charges in addition to the Initial Charge and the Annual Management Charge. Details of the charges can be obtained from your IFA.

### **Exit Charge**

IOMA reserves the right to levy an Exit Charge of a maximum of 1% of any proceeds payable from the Bond. This will be levied where IOMA incurs administration costs in respect of such payments over and above those covered by the charges levied under the Bond.

## **HOW TO APPLY FOR CAPITAL CONTROL BOND**

Any individual aged 18 or over can apply for Capital Control Bond. Only one person can initially own the Capital Control Bond. The minimum investment is £500,000, unless otherwise agreed, and there is no maximum. You may invest by cheque, banker's draft or electronic transfer.

## **ABOUT THE ISLE OF MAN**

The Isle of Man has established itself as the pre-eminent international financial centre as a result of its stable and independent legal, political and regulatory framework. Its benefits are as follows:

- It has an AAA credit rating by S&P and Moody's.
- It is completely independent on matters of direct taxation.
- It is not a member of the European Union, but enjoys a special relationship through protocol 3 of the United Kingdom's Treaty of Accession of 1972.
- It affords policyholders of Isle of Man life assurance companies the security provided by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991.

- It enacts its own legislation, generally based on English Law, applied by its own judiciary.
- Its Parliament, Tynwald, is the oldest continuous democratic government in the World.

## **FURTHER INFORMATION**

The information contained in this document is based on IOMA's understanding of law and taxation practice in the Isle of Man and the UK as 1 May 2005. Whilst this interpretation is believed to be correct, IOMA cannot guarantee that tax reliefs and the tax treatment of investment funds will remain unchanged in the future.

This brochure should be read in conjunction with the Key Features of Capital Control Bond and the appropriate application form. The Policy Provisions and Policy Schedules contain the full terms of the contract, a copy of which can be obtained from IOMA upon request.

IOMA is authorised by the Isle of Man Government Insurance and Pensions Authority and it is regulated by the UK Financial Services Authority under the terms of the Financial Services and Markets Act 2000 for UK business.

Isle of Man Assurance Limited is not subject to the same regulatory system as that applicable in the United Kingdom. Holders of policies issued by Isle of Man Assurance will not be protected by the United Kingdom Financial Services Compensation Scheme if the company should become unable to meet its liabilities to them. However, the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 will apply.

On the death of the last life assured the Bond will pay a Death Benefit equal to the net policy value plus £100 less any Exit Charge. The Bond provides no guarantee as to the amount of the Death Benefit payable and this amount may be less than the total premiums paid. The value of investments and the income arising from them can fall as well as rise.

The Bond is non-surrenderable which means you may only take regular withdrawals of capital or partial encashments. The amount you may take in regular withdrawals of capital or partial encashments is limited.

Past investment performance is not necessarily a guide to future performance.

IOMA reserves the right, from time to time, to vary the charges outlined in this brochure by giving you 30 days written notice to your last known address should its administration costs have risen above the levels applying at the commencement of the Bond.

IOMA does not give investment advice, legal advice or tax advice and can accept no responsibility for the suitability or tax implications for any Bond owner.

The UK Finance Act 1998 ("the Act") contains provisions relating to personal portfolio bonds. Whilst every effort has been made to ensure that Bond does not constitute a

personal portfolio bond, IOMA does guarantee the tax status of the Bond in any jurisdiction nor provide any advice as to the tax implications of investing in the Bond.

The UK Finance Act 1998 further requires that, in certain circumstances, Isle of Man Assurance Limited must disclose information concerning UK resident policyholders to HMRC in the UK. This disclosure may be required when an event occurs which results in a gain being realised. Disclosure will be dependent upon the amount of any gain and whether or not we are aware or believe that the policyholder was resident in the UK at the time the event occurred.

Your tax position will depend on a number of factors including your personal circumstances and you must obtain advice from your own financial adviser, both at outset, and throughout the life of your Bond. In particular you should ensure that you are able to satisfy any local tax, exchange control or insurance legislation or regulations applicable.

For further information on Capital Control Bond please contact your financial adviser, or IOMA:

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CCB1 05/06