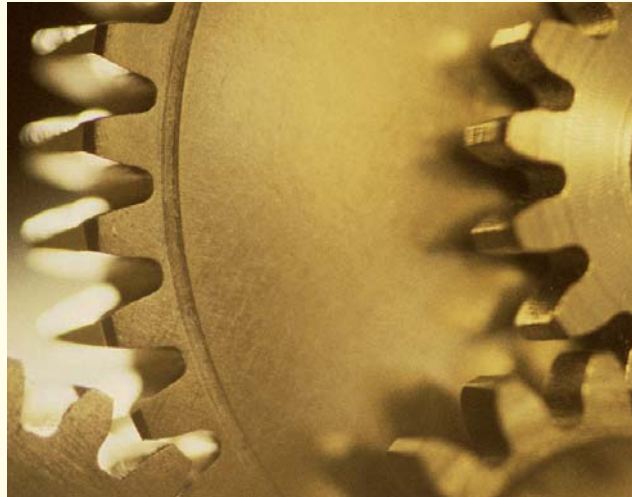




Estate Control Bond

CORPORATE VALUES



The IOMA Group aspires to a number of core corporate values. These are:

- Client Focus
- Open Communications
- Corporate Integrity
- Continued Improvement
- Innovation
- Teamwork
- Commitment

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INTRODUCTION

One thing that many people do not want is for their beneficiaries to be faced with a large Inheritance Tax (IHT) bill.

You may consider you don't have enough wealth for this to be an issue but once the value of any property, cars, life assurance and other assets have been considered, the value may well exceed the Inheritance Tax threshold termed the Nil Rate Band*. Any assets in excess of the Nil Rate Band may be liable to a tax charge of 40%.

One of the ways, and possibly the simplest way, to mitigate this potential tax is to give assets away by way of a Potentially Exempt Transfer (PET). This is a gift that, provided it is not compromised by a gift with reservation, 'falls outside' of your estate after seven years.

However, following legislation changes the rules altered so that making a PET has become much more difficult. This is particularly the case where you want to control who receives your legacy and when you want them to benefit from it. Furthermore, very few people are in the position where they are able to make a PET and afford to lose all the potential income that those monies may provide.

With this and the change in legislation in mind Isle of Man Assurance (IOMA) has designed the Estate Control Bond.



INTRODUCTION TO THE ESTATE CONTROL BOND

The Estate Control Bond (the "Bond") is a life assurance bond which has a variety of benefits that may be payable to you during your lifetime, as well as benefits payable to your heirs after your death. The Bond is assigned into a special Trust that controls the benefits of the Bond.

The Bond allows you to:

- potentially reduce your IHT liability;
- retain some access to your money for your own purposes; and
- distribute the inheritance you intend for your beneficiaries in a controlled manner via Trustees of your choosing.

*Nil Rate Band threshold changes each year. Please speak to your adviser to confirm the current value of the Nil Rate Band.

KEY BENEFITS OF THE ESTATE CONTROL BOND

Due to the way the Bond and Trust are structured they bring a variety of key benefits.

The Bond and Trust:

- facilitate a gift of the death benefit of the Bond to your nominated beneficiaries via a specially designed Trust and this is deemed a Chargeable Lifetime Transfer;
- allow money to be paid to you during your lifetime on dates and to an approximate value selected by you at outset;
- permit your Trustees to delay taking the money you indicated if in fact you do not require it at that time;
- enable your Trustees to pass assets from the Trust to your nominated beneficiaries prior to your death;
- have an extensive range of fund options, which accumulate tax-free; and
- enable your Trustees to control when your nominated beneficiaries receive their inheritance in an efficient manner after your death.

HOW DOES THE BOND WORK?

You invest the amount available for IHT mitigation into the Bond which consists of a series of surrenderable term policies. You then select the term of each policy so that they mature at predetermined dates in the future in line with the policy anniversaries. The dates of these maturities will match, as closely as possible, future requirements for capital: for example, school fee planning for grandchildren, to pay for anniversary or other family celebrations or to enable further Inheritance Tax planning.

The Bond is assigned into Trust and control of the bond and its investment will fall to your chosen Trustees. This is a Chargeable Lifetime Transfer (CLT) so if the value of the gift (adding in the value of any previous CLTs within the last seven years) is not in excess of the Nil Rate Band*, it will not be subject to the 20% CLT charge.

On each policy anniversary date your Trustees will have to decide whether to distribute the maturity proceeds. They have the ability, if they consider that you no longer require the maturing money, to extend the maturity date, of that policy. This option is available on each and every policy and your Trustees will be reminded of this by IOMA prior to each maturity date to ascertain whether the maturity should be taken or delayed. The amount payable at each maturity date will depend on the investment return from the assets in the policies. You should note that you have no other access to your investment (except on the selected maturities dates) and you cannot bring a maturity date forward. You will also be responsible for paying any income tax liabilities arising from gains on maturing policies. Alternatively, your Trustees can appoint policies out of the Trust to your beneficiaries, if they have a requirement for monies and your Trustees deem it appropriate.

*Nil Rate Band threshold changes each year. Please speak to your adviser to confirm the current value of the Nil Rate Band.

The Bond is written on a multi-life assured basis. This gives your Trustees the flexibility to plan how best to deal with any potential income tax liability after your death.

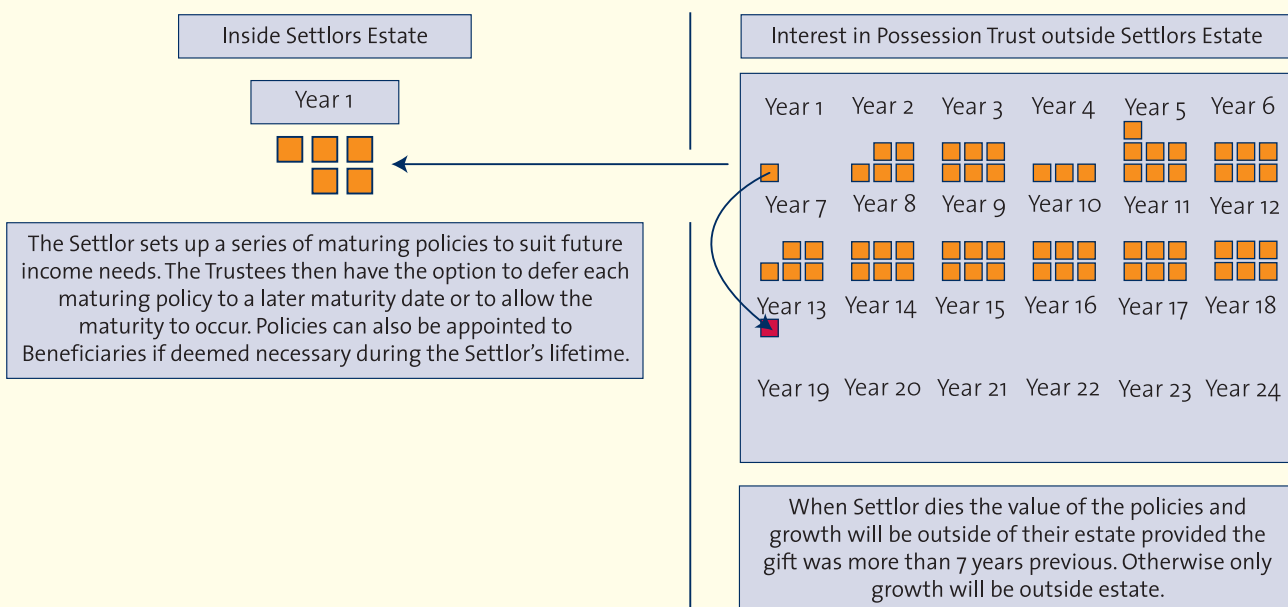
Since the gift is a CLT it is important that the Trustees are aware of any distributions that may be subject to a potential tax charge. It is IOMA's current understanding that any maturities taken will not be subject to an exit charge and the value of maturities taken will not be accumulated for the purposes of calculating any potential ten year anniversary charges.

However, this is not the case with any appointments which will be potentially subject to an exit charge and will be cumulated to ascertain any ten year charges.

Any maturity that is extended will not be deemed a new CLT.

For detailed information on how the Bond will impact on your personal circumstances, and the Inheritance Tax treatment thereof, you must seek professional advice. IOMA does not give investment advice, legal advice or tax advice and can accept no responsibility for the tax implications for any Bond owner in any jurisdiction.

Each policy has a surrender value, a death benefit and a maturity benefit. The death benefit and the surrender value are gifted away and the maturity benefit retained by the Settlor. The initial gift is a Chargeable Lifetime Transfer. Deferrals are NOT further transfers.



FUND OPTIONS

The Bond allows you to invest in cash or pooled fund investment options (e.g. unit Trusts, OEICs and mutual funds). You have a number of choices for how you select your investments:

- **Appointed Adviser:** in conjunction with your adviser you decide your risk profile. Collectively you and your adviser select funds to match that risk profile. Your adviser will then place the trades on your behalf for those funds you have decided to invest in via IOMA or its nominated custodian.
- **Discretionary Manager:** you appoint a discretionary manager (subject to agreement by IOMA) to select the funds they think appropriate for the investment strategy that you agree with that discretionary manager. The discretionary manager will also provide the custody for your investments held in the Bond via IOMA.

There is virtually no limit to the different fund options that IOMA permits – for complete details please contact your financial adviser or IOMA.

ARE THERE ANY OTHER TAX BENEFITS?

In addition to the IHT benefits outlined earlier, there are also some other taxation benefits.

As Isle of Man Assurance Limited is an Isle of Man company, it is not liable for corporation tax, capital gains tax nor income tax in respect of the assets allocated to your Bond. It is not required to deduct tax at source on behalf of investors or their taxation authorities so your wealth rolls up tax-free. The only exception may be withholding tax, which is tax



withheld by some countries on dividend income and interest.

Income tax is payable by you on any gains made within any unassigned policies that mature. The amount of any gain is added to all other income received in the tax year in which the maturity occurs and is subject to the relevant marginal rate of income tax. There is no basic rate credit for any underlying tax (because IOMA does not pay any) but if you are a borderline basic rate or borderline higher rate taxpayer “top-slicing” relief is currently available (2006/7).

This allows for a calculation to average the gain over the complete number of years the policy has been in force.

The Bond allows a number of lives assured to be applied when it is set up. This means that there may not be any income tax liability on your death. However, any policies appointed out of the Trust to your beneficiaries, either before or after your death, and their subsequent surrender will potentially give rise to an income tax liability to those beneficiaries. The income tax liability will be calculated on any gains as outlined above.

IOMA will issue a chargeable event certificate to HM Revenue & Customs containing details of any gains made on payment of maturity benefits or surrender proceeds.

INVESTOR PROTECTION

The Estate Control Bond is underwritten and issued by IOMA based in the Isle of Man. As an established offshore investment centre with a stable and independent legal, political and regulatory framework and with confidentiality maintained, the Isle of Man provides an ideal location for investment.

The Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 protect investors by providing a statutory guarantee up to 90% of the amount of any liability of the insurance company under any life policy. This compensation, without limit, would be received in the unlikely event that the insurer became unable to meet its liabilities. IOMA policyholders would be eligible for this compensation. However, the compensation is not payable in the event of the failure of providers of underlying investments within your Estate Control Bond. Alternative compensation arrangements may apply in such circumstances and you should seek further details from your adviser.

IOMA is authorised by the Isle of Man Government Insurance and Pensions Authority and is authorised and regulated by the Financial Services Authority. IOMA is also a member of the Association of International Life Offices.

THE CHARGES

Initial Charge

An Initial Charge as outlined in the table below will be levied on all premiums paid into your Bond.

Premium	%
£75,000 - £99,999	1.75%
£100,000 - £249,999	1.25%
£250,000+	0.5%

Annual Management Charge

An annual management charge of 0.75% will be levied on the value of your Bond. This charge will be deducted proportionately, quarterly in arrears.

IOMA may also pay your adviser commission which will be in addition to the initial and annual charges above. Your adviser can give you details of any commission to be paid to them.

Monthly Policy Administration Charge

In addition, there is a monthly policy administration charge of £7.50 per month. This charge is accrued monthly and deducted quarterly in arrears.

Custodian and Dealing Charges

All dealing and custody charges levied by any third party which IOMA appoints to deal with the investments allocated to your Bond will be payable out of such investments. Details of up to date charges are available from IOMA on request.

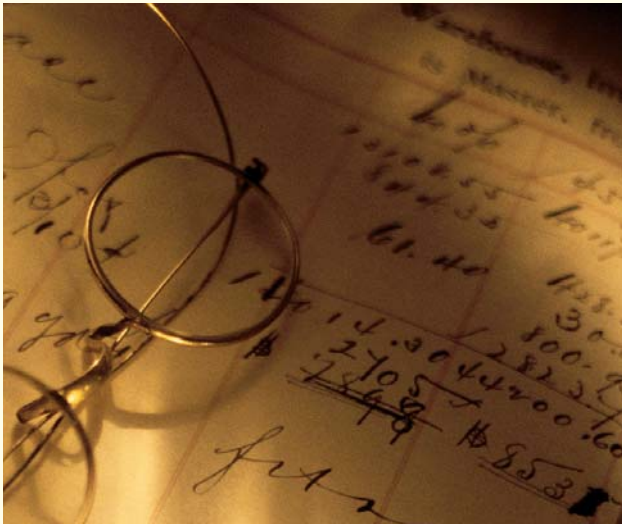
Fund Management Charge

There will be charges within the fund options you select for investment within your Bond levied by the managers of those funds. Initial fund commissions and trail fund commission available to IOMA will be discounted or paid to your Bond account. Further details can be obtained from IOMA or from your adviser.

HOW TO APPLY

Investments can only be made by an individual. Individuals must be over the age of 18 and under 85. Individuals over the age of 85 may apply to IOMA, but acceptance of the application may be on non-standard terms.

The minimum investment is £75,000, unless otherwise agreed, and there is no maximum. You may invest by cheque, banker's draft or electronic transfer.



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 at 1 January 2009. Whilst this interpretation is believed to be correct, the taxation position of the Bond in the UK, the Isle of Man and any other jurisdiction relevant to you is not guaranteed and is subject to changes in legislation. You are strongly recommended to consult a professional adviser to satisfy yourself as to your tax position.

This brochure should be read in conjunction with the Key Features Document of the Estate Control Bond and the appropriate application form. The Policy Terms and Conditions 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 its policyholders receive the protection of the Isle of Man (Compensation of Policyholders) Regulations 1991. These regulations apply to all policies issued after 5th April 1988. Holders of policies will not however be protected by the UK

Financial Services Compensation Scheme should the company be unable to meet its liabilities.

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

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

IOMA is not subject to the same regulatory system as that applicable in the UK and the rules and regulations made by the Financial Services Authority under the Financial Services and Markets Act 2000 for the protection of investors may not apply to persons outside the UK. The UK Finance Act 1998 ("the Act") contains provisions pursuant to personal portfolio bonds.

Whilst every effort has been made to ensure that the Bond does not constitute a personal portfolio bond, IOMA is not providing any advice as to the tax implications of investing in the Bond.

The UK Finance Act 1998 further requires that, in certain circumstances, IOMA must disclose information concerning UK resident policyholders to the UK Inland Revenue. 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.

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.



CONTACT US

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

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Douglas

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IM1 1AP

British Isles

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Website: www.ioma.co.im

WHO IS ISLE OF MAN ASSURANCE?

- The oldest independent insurance company in the Isle of Man.
- A company with over 25 years of success in international financial services.
- A company ultimately owned by three individuals: IOMA Chairman, IOMA Deputy Chairman and IOMA Managing Director.

SOLVENCY FACTS

- IOMA seeks to write only unit-linked business within its long-term business and does not look to accept any major or undue risk onto its balance sheet.
- This means that the assets held within IOMA's long-term business fund at least directly match its liabilities to policyholders.
- The Isle of Man Government Insurance and Pensions Authority (IPA) require all life companies to hold an additional minimum of 0.25% of the value of unit-linked business in reserves.
- The IPA monitor this solvency quarterly.
- IOMA is required to have an independent actuarial report undertaken annually on the assets it owns.

FINANCIAL STRENGTH FACTS

AKG Actuaries and Consultants Limited provide financial strength reports on the offshore long term insurance industry. The firm rates:

- IOMA's Unit Linked Financial Strength as Good.
- IOMA's quality of service, something the company prides itself on, Very Good.

Copies of the report can be obtained on request from IOMA.

INVESTOR PROTECTION FACTS

- Due to the unit-linked nature of its business, there is little danger of Isle of Man Assurance falling insolvent.
- However, if this scenario did occur the Isle of Man Government Life Assurance (Compensation of Policyholders) Regulations 1991 provide a final level of protection.
- All IOMA policyholders, individual, corporate or Trustee, are protected under this legislation.
- A policyholder is entitled to compensation of up to 90% of policy value in the event of the insurer being unable to meet its liabilities.
- This protection is in place irrespective of the size of the life insurance company in the Isle of Man.

WHO REGULATES IOMA?

- Isle of Man Government Insurance and Pensions Authority (IPA). IOMA is an authorised insurer on the Isle of Man and is regulated by the IPA who regularly audits the management and financial strength of all authorised insurers.
- Financial Services Authority (FSA). The FSA in the UK authorises and regulates IOMA in respect of UK business.

QUALITY ASSURANCE FACTS

- IOMA has been credited with the Quality standard BS EN ISO 9001 since 1997.
- The accreditation is reviewed bi-annually by an independent assessor to ensure the continuing effectiveness of IOMA's quality policy.

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.

Isle of Man Assurance Limited a member of the IOMA Group.

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Authorised by the Isle of Man Government Insurance & Pensions Authority.

Authorised and regulated by the Financial Services Authority. Registered No. 3792 Isle of Man.

IOMA is a member of the Association of International Life Offices.

