



THE INTERNATIONAL INVESTMENT BOND

**Issued by
Isle of Man Assurance Limited**

This brochure is available only from a financial intermediary who is authorised under the Financial Services Act 1986 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 GROUP

Isle of Man Assurance Limited is the oldest independent insurance company on the Isle of Man, with over 25 years of success in the international market place.

Isle of Man Financial Trust Limited offers a wide range of offshore corporation and trust formation and administration services.

Isle of Man Insurance Management Limited specialises in risk financing and captive insurance company management.

Together they make up the Isle of Man Assurance Group of companies. Known for its innovative and tailored product developments, the group maximises the Island's financial advantages. In 1997 the group was credited with the Quality standard BS EN ISO 9001 and is reviewed bi-annually by an independent assessor to ensure the continuing effectiveness of its quality policy.

INVESTOR PROTECTION

The International Investment Bond is underwritten and issued by Isle of Man Assurance Limited 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.

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.

Holders of policies issued by the Company will not be covered by the United Kingdom Financial Services Compensation Scheme should the Company become unable to meet its liabilities. The Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 protects investors by providing a statutory guarantee equal 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.

Isle of Man Assurance Limited is authorised under the Isle of Man Insurance Act 1986 and is a member of the Association of International Life Offices. Isle of Man Assurance Limited is regulated by the Financial Services Authority in respect of UK investment business.

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.

INVESTMENT FLEXIBILITY

The International Investment Bond is made up of one or more offshore unit linked single premium whole of life assurance policies.

The value of your International Investment Bond is calculated by reference to the value of those assets owned by Isle of Man Assurance Limited which are allocated to your Bond. For the avoidance of doubt, these assets form part of the long term business fund of Isle of Man Assurance Limited.

Unlike many similar contracts, no bid/offer spread is applied to your investment. 100% of each premium is invested in your Bond.

Under the terms and conditions of the International Investment Bond, part of the initial premium may be used by Isle of Man Assurance Limited to acquire all of the issued shares in a new non-UK incorporated and non-UK resident company ("Offco"), the shares in Offco then being allocated to the Bond.

In terms of managing the assets allocated to your Bond, please note that you are specifically excluded from constructing your own highly personalised investment portfolio or from appointing an investment manager to construct such a portfolio on your behalf.

However, you may request that Isle of Man Assurance Limited appoints an independent professional investment manager to advise them in relation to the management of the assets allocated to your Bond. You may also request that the investment manager adopts a particular investment strategy that meets your individual needs, e.g. long term capital growth.

THE TAX POSITION

As Isle of Man Assurance Limited is an Isle of Man tax-exempt company authorised under the Insurance Companies Act 1986 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.

UK tax legislation contains provisions applicable to “personal portfolio bonds”. Whilst every effort has been made to ensure that the International Investment Bond does not constitute a “personal portfolio bond”, Isle of Man Assurance Limited is not providing any advice as to the UK (or other) tax implications of investing in the Bond.

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.

UK tax legislation requires that, in certain circumstances, Isle of Man Assurance Limited 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.

HOW TO ESTABLISH YOUR OWN BOND

Anyone aged 18 years or over, who is not a resident of the Isle of Man, can apply for their own International Investment Bond.

The minimum investment is £10,000 and there is no maximum. Once you have established your Bond you may make additional investments of as little as £5,000.

You may invest by cheque, banker’s draft or electronic transfer.

Although the Bond is denominated in Sterling, you may invest in any freely convertible currency. If you choose this option, payments will be converted to sterling prior to investment and the cost of the conversion will be met from your investment.

The Bond is not restricted to private investors. Trusts, pension schemes and companies may also invest in the Bond. Please ask your professional adviser for the appropriate application form should you wish to invest through one of these alternative routes.

THE NEXT STEP

Once you fully understand the nature of the Bond and have taken advice from your professional adviser, all you need to do is complete the appropriate application form and send it, together with your payment to Isle of Man Assurance Limited at the following address:

New Business Department
Isle of Man Assurance Limited
IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP
British Isles

TECHNICAL INFORMATION

Permitted investments:

The International Investment Bond may invest in a wide range of assets. Whilst the initial premium must comprise at least £10,000 in cash, the bond may subsequently be invested in:

- OEICS, Pooled Funds, SICAVS and Unit Trusts
- Equities quoted on the world's major markets
- Government & Euro Bonds, Convertible Bonds & Gilts, Bank and Building Society Deposits
- IOMA's range of funds
- Certain private company shares

Futures, options and tangible commodities (such as diamonds or gold) are specifically excluded.

The investment performance of your Bond is dependent upon the performance of the investments chosen by the appointed Investment Manager 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 from the appointed investment manager either by fax, e-mail or post. Instructions will be actioned on the first available dealing day (of the relevant security) after receipt of a valid instruction and, if appropriate, confirmation of receipt of funds.

For the avoidance of doubt, Isle of Man Assurance Limited reserves the right to dispose of any investment which has become valueless or which is, or becomes, contrary to its normal investment philosophy or which is an investment, directly or indirectly, in a company whose activities are regarded by Isle of Man Assurance Limited as being illegal, unethical or of a nature that may be detrimental to Isle of Man Assurance Limited's reputation.

If there is no recognised market for an investment allocated to your Bond, it may be difficult to deal in that investment or to obtain reliable information about its value or the extent of the risks to which it is exposed. In the event Isle of Man Assurance Limited is unable to dispose of an asset allocated to your Bond for any reason, it may, in its discretion, deem you to have requested the encashment of the whole of your Bond.

Minimum Initial Investment

The minimum initial investment is £10,000. Further investments of £5,000 or more may be made at any time.

Valuations

Once your initial investment has been made and accepted you will receive a policy document and a schedule detailing your investments. At the end of each calendar year you will receive a full valuation statement of your Bond setting out the transactions that have occurred and the current value of the assets allocated to your Bond. The prices used to prepare the valuations are normally at Mid. All assets will be valued in the base currency of the portfolio.

More frequent valuations may be obtained at any time subject to an additional charge not exceeding £100.

Encashment

You may either encash one or more of the policies that make up your Bond or you may encash part of each policy, at any time. You cannot encash less than £1000 of your Bond.

If you encash part or all of your Bond the amount you receive will be subject to an encashment penalty, details of which are explained in the Charges Section of this brochure.

If you encash part of your Bond and the resultant value falls below £5,000, you must encash your entire Bond.

IOMA reserves the right to delay payment where this would result in a need to sell assets which are not readily realisable or to transfer such assets to you, less any charges, in full and final settlement.

Withdrawals

You may elect to take regular withdrawals from your Bond, either as a fixed amount or as a percentage of the value of your Bond subject to there being sufficient cash to make such payments and the payment of any encashment charges set out on page 6 of this brochure. You may not make a withdrawal that would result in the value of your Bond falling below £5,000.

Uninvested Cash

In addition to the minimum Bond value required of £5,000, sufficient funds must be retained within the Bond to meet all charges as they fall due. Interest will be credited to your Bond on all cash balances held equal to the interest that Isle of Man Assurance Limited receives on such monies.

Isle of Man Assurance Limited reserves the right to charge interest on any overdrawn cash position or to encash sufficient investments to meet any charges or liabilities as they arise.

Life Assurance

The International Investment Bond may be taken out on a single life basis or on the joint lives of a number of individuals.

In the event of the death of the Life Assured or, in the case of joint Lives Assured, the first or last of the Lives Assured to die (as specified in the Application Form) the Bond will terminate with payment of the sum assured. The amount paid is equal to 100% of the realised value of the underlying assets plus £100, less a variable encashment charge as detailed on Page 6 and any outstanding charges.

THE CHARGES

Initial Charge

An initial charge of 1.0% will be levied on the value of your Bond, subject to a minimum charge of £5,000 per annum.

Annual Management Charge

An annual management charge of 1.0% will be levied on the value of your Bond, subject to a minimum charge of £5,000 per annum. This charge will be deducted quarterly in arrears.

Investment Management

Any investment management fees are the subject of separate agreement between Isle of Man Assurance Limited and any Investment Manager(s) appointed by them at your request and will be deducted from the assets allocated to your Bond.

Trusts & Trusteeship

Any trusteeship fees are the subject of separate agreement between you and your trustees (if any).

Encashment Charges

Isle of Man Assurance Limited will allow encashments of up to 5% of the initial premium per annum without levying an encashment charge. In the event of the an amount of the Bond being encashed in excess of this 5% limit, Isle of Man Assurance Limited shall levy a variable encashment penalty not exceeding 3% of the amount of the encashment. This charge will be payable during the first five years of the Policy.

FURTHER INFORMATION

Isle of Man Assurance Limited published this brochure, which has been designed to provide detailed information on the International Investment Bond. The information contained in this document is based on IOMA's understanding of current law and taxation practice in the IOM and UK. Whilst this interpretation is believed to be correct, Isle of Man Assurance Limited 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 the International Investment 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 an "exempt" insurer for Isle of Man tax purposes authorised under the Insurance Companies Act 1986 of the Isle of Man. It is regulated under the terms of the Financial Services Act 1986 to carry on investment business in the UK.

IOMA is supervised by the Isle of Man Government Insurance and Pensions Authority and its policyholders receive the protection of the Isle of Man Assurance (Compensation of Policyholders) Regulations 1991. Holders of policies will not however be protected by the UK Policyholders' Protection Act 1975 should the company be unable to meet its liabilities.

The Bond provides no guarantee of the ultimate value of your investment or how much 'income' it can provide. The value of investments and the income arising from them can fall as well as rise and are not guaranteed.

Taking into account market fluctuations and our charges, you may not get back as much as you invest, especially in the early years.

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

IOMA reserves the right to vary the charges outlined in this brochure by giving you 3 months written notice to your last known address.

You should be aware that, where there is no recognised market for an investment allocated to your Bond (for example shares in a private company), it may be difficult to deal in it and to obtain reliable information about its value or the extent of the risks to which it is exposed.

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.

For further information on the International Investment Bond please contact your financial adviser, or Isle of Man Assurance Limited at the appropriate address:

Enquiries:-

Isle of Man Assurance Limited
IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP
British Isles.
Telephone: 44 (0) 1624 681200
Facsimile: 44 (0) 1624 681391
Internet: <http://www.ioma.co.im>

Isle of Man Assurance Limited a member of the IOMA Group.
Registered Office: IOMA House, Hope Street, Douglas, Isle of Man IM11AP, British Isles.
Telephone: 44 (0) 1624 681200 Facsimile: 44 (0) 1624 681391 Email: ioma@ioma.co.im Website: www.ioma.co.im
Authorised by the Isle of Man Government Insurance & Pensions Authority and is regulated by the Financial Services Authority
in respect of UK Business. Registered No. 3792 Isle of Man
IOMA is a member of the Association of International Life Offices s.