

The International Variable Life Policy



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The International Variable Life Policy (IVLP) has been specifically designed by Isle of Man Assurance Limited (IOMA) as either a Modified Endowment Contract (MEC), or as a '7 Pay Test' compliant Non-MEC Universal Life Policy, to meet the offshore life assurance and investment needs of the high net worth United States taxpayer.

Such policies that satisfy the requirements of Section 7702 and Section 817(h) of the U.S. Internal Revenue Code 1986, allow the Policyholder to obtain significant tax savings on investment growth over a regular investment or brokerage account.

Furthermore, in the event of death, the Policy will provide a significant death benefit for your beneficiaries, which is variable in line with age, and the value of the underlying investments held in the Policy.

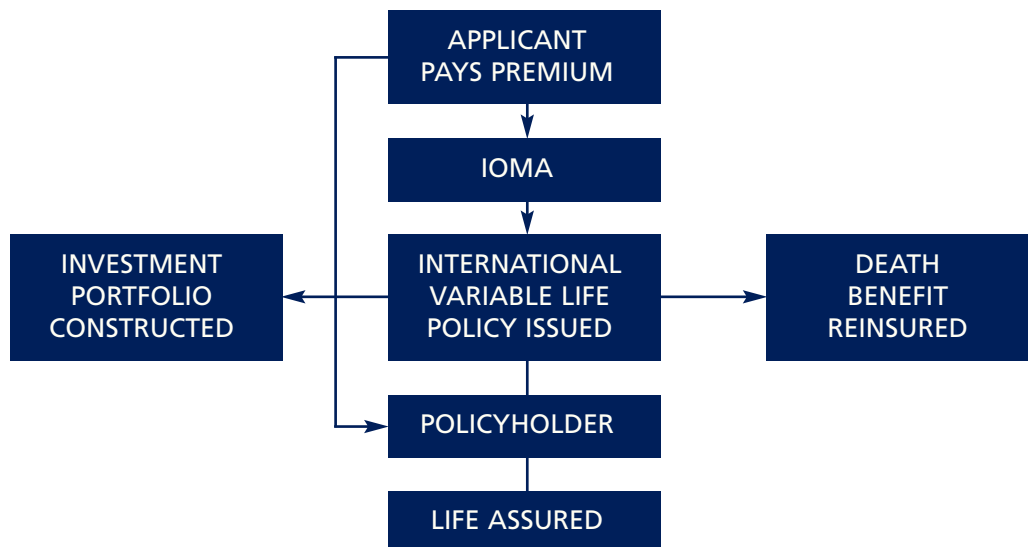
The minimum Initial Premium is US\$500,000 or currency equivalent. Additional premiums of \$25,000 or more may be added at any time. Our competitive charging structure incorporating a 0% front-end load, enables 100% of your investment to begin working for you from the outset.

Policy Structure

The IVLP has a Policyholder and a Life Assured. The Policyholder may be an individual or the Trustees of a Trust. The Life Assured must be an individual and remain constant for the duration of the Policy.

Each Policy has an Investment Portfolio specific to it. A death benefit is payable to the Beneficiary upon the death of the Life Assured, the level of which is in accordance with the requirements of Section 7702 of the Internal Revenue Code.

Withdrawals can be made from the Policy at any time. However, as the Policy should be considered a long-term investment, charges are levied on surrenders requested within six years of the Policy issue date. Similarly, if a Policyholder is under the age of 59½, a further tax penalty of 10% of the value of the taxable portion of the surrender will generally become payable under United States Tax Law.



Policy Benefits

The International Variable Life Policy offers a wide range of benefits to the United States taxpayer, whether they be resident in the United States or abroad.

Security of Assets

It is a sad fact that we live today in a highly litigious society. Therefore, it is extremely important to protect one's assets from frivolous lawsuit attack. As the IVLP is written under Isle of Man Law, an inherent degree of asset protection is present, as life policies are, generally, not attachable by creditors in the jurisdiction of the Isle of Man.

The above will apply provided there are no existing judgements, evidence of fraudulent conveyance or any type of criminal activity associated with the policy or premiums paid. Subject to this caveat, all transactions are made on a completely confidential basis.

As an added protection, under Isle of Man Law, all premiums paid to a licenced Company, in relation to life assurance policies, must be held in a 'Long Term Business Fund', segregated from all other business transacted by the Company. The assets in this fund are solely for the benefit of the Company's life policyholders and cannot be used to meet claims from policyholders within other classes of business, or general creditors in the event of the Company's insolvency.

Furthermore, life policies issued in the Isle of Man after April 5, 1988, are protected by the Life Assurance (Compensation of Policyholders) Regulations 1991. These regulations provide for the payment of a sum equal to 90% of the amount of any liability under a contract in the event that an insurer is unable to meet its liabilities to policyholders. The Isle of Man is the only offshore jurisdiction to offer such a statutory compensation programme and there is also no upper limit to the amount of compensation.

Investment Opportunity

The IVLP is an excellent vehicle for global investing. An endless range of investment opportunities are available, enabling access to some of the world's finest asset managers.

Through IOMA's Investment Funds, or by appointing an Approved Independent Investment Manager, Policyholders can access all major equity, hedge fund, bond and currency markets.

Once a client's risk/reward profile has been established, a personalised investment strategy can be formulated around the requirements of IRS Code Section 817(h) within the Policy to meet the individual's investment objectives.

Section 817(h) requires that adequate diversification of underlying assets is adhered to. Namely, no more than 55% of the total value can be represented by any one investment, no more than 70% by two, 80% by three and 90% by four.

The Policy is flexible, enabling regular reviews and re-allocation of assets as market conditions fluctuate, and individual circumstances change over the course of time.

Quarterly valuations are available shortly after the end of March, June, September and December. Our valuations clearly illustrate the cost and value of all investments held, along with details of all transactions made within the relevant quarter.

MEC vs Non MEC

The IVLP is available as either a Modified Endowment Contract (MEC), or as a 'Non-MEC'. A MEC is generally funded by the payment of a single initial premium. The death benefit payable under a MEC is distributed tax free. However, any distributions received from the policy prior to the death of the Life Assured will be subject to income taxation, and a further 10% penalty should the Life Assured be under 59½ at the time of the distribution.

A Non MEC is usually funded by at least 5 annual premiums. Distributions by way of loans from a Non MEC policy may be taken on a tax free basis prior to the death of the Life Assured.

Both types of policies must adhere to the diversification of underlying investment rules set out in Section 817h of the IRS Code

Tax Deferral

Providing certain regulatory requirements are met, investment assets within the Policy will accrue completely free of income and capital gains taxes.

Over time the power of compounding can be enormous as tax is not levied on the earnings of your original principal, earnings on earnings, plus earnings on what you would have paid in taxes!

Estate Planning

The IVLP may be incorporated into a structure that enables the mitigation of estate taxes. While IOMA do not offer tax planning services or tax advice, we are happy to work with your professional advisor to help you achieve your needs in this field.

Policy Charges

Initial Charge	Nil		
Annual Management Charge	If invested in IOMA Funds:		1.50% per annum
	If invested with an independent Investment Manager		1.00% per annum (plus Manager's fees)
Policy Establishment Charge	Year 1 – 1.50%	Years 2 to 5 – 0.50%	Year 6 on – Nil.
Cost of Insurance	Variable based on age, sex, health and smoker/non smoker status of life assured.		
Early Surrender Penalties	Year 1 – 6.0%	Year 2 – 4.8%	Year 3 – 3.6%
	Year 4 – 2.4%	Year 5 – 1.2%	Year 6 on – Nil

Frequently Asked Questions

- Q** What are the advantages of the International Variable Life Policy over a policy issued by a U.S. domiciled insurance company?
- A** IOMA is not subject to any form of taxation on Policyholder funds. Also, premium taxes are not payable in the Isle of Man. IOMA offers a high level of privacy. There are no reporting requirements to any authorities outside the Isle of Man. The Policy also offers a much wider range of investment options than a domestic equivalent.
- Q** How secure are my funds with Isle of Man Assurance Limited?
- A** Under Isle of Man law, all premiums paid to a life insurance company under a life assurance policy must be held in a "Long Term Business Fund", segregated from all other business transacted by the Company. The assets under this fund are solely for the benefit of the Company's Life Policyholders and cannot be used to meet claims from Policyholders within other classes of business or general creditors, in the event of the Company's insolvency. The Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 provide a statutory guarantee equal to 90% of the amount of any liability of the insurance company under any life policy.

Q Is my Policy protected against creditors?

A Any claim by creditors of the Policyholder can only be made through the courts in the Isle of Man.

Q What are my investment options?

A You may choose between any of our listed Investment Funds or you may request IOMA to appoint an Approved Independent Investment Manger to manage your account. IOMA will provide a list of Approved Independent Investment Managers upon request. In the event that a Policyholder requests us to appoint an Independent Investment Manager, we require the Manager and the Policyholder to observe guidelines set out in certain IRS Revenue Rulings. Accordingly, we will work with the Policyholder to settle on an investment strategy. That strategy will be provided to the Investment Manager appointed by IOMA. Once the Policy has been issued, the Investment Manager is expected not to communicate with, or accept any directions from the Policyholder about investment strategies. If the IRS guidelines are not observed, the Policyholder could be treated as the owner of the assets underlying the Policy for the US tax purposes.

Q Can I "Self Direct" the investments in my Policy?

A No. You may choose the allocation of your investment within our Funds, or you may appoint an Approved Independent Investment Manager. You may not directly control the investment aspect of your Policy on a regular basis.

Q What are reporting requirements to the I.R.S.?

A Income credited to life assurance contracts is not generally includable as income under individual tax returns. As long as the Policy is in place, all increases in the value of the underlying investments, interest and divided income will be free of U.S. income tax. You should consult your professional advisor who will be able to help you with your own personal tax situation.

Q What about Federal Excise Tax?

A The United States Government imposes an excise tax of 1% of the value of premiums paid by a U.S. taxpayer to a foreign insurer. Form 720 should be obtained and filed with the Internal Revenue Service to report and pay this tax.

Q How often do I receive valuations of my Policy?

A We provide quarterly valuations for our Policyholders. These summarise the investments and transactions within the Policy and are available shortly after the end of March, June, September and December.

Q Am I required to keep the Policy in place for the certain period of time?

A No. You may make a partial or total surrender from you Policy at any time. However, a charge may be levied on the value of the surrender in line with the enclosed Fee Schedule. U.S. Income tax and an additional tax penalty may be imposed in certain circumstances.

How do I Proceed?

Application forms for the International Variable Life Policy are available from IOMA at the address shown on the back page.

Important Compliance Notice

Taxation Considerations

Isle of Man Assurance Limited is not liable to any Income Tax, Capital Gains Tax or Corporation Tax in the Isle of Man in respect of the assets allocated to your policy. The only exception may be withholding taxes, which a number of countries levy on dividends payable to foreign investors. For detailed taxation advice and in the event of a change or intended change in your country of residence/domicile or circumstance, you must consult an appropriately qualified financial or taxation advisor.

This information is based on Isle of Man Assurance Limited's understanding of current law and taxation practice which may of course change in the future.

Investment Performance

The actual proceeds of your policy will depend upon the performance of the underlying investments. Past investment performance is not necessarily a guide to future performance. The value of investments can fall as well as rise.

Queries and Complaints

For further information, or if you wish to complain about any aspect of the service you have received, please contact the Compliance Department at Isle of Man Assurance Limited. In the event that we are unable to resolve a complaint it can be referred to the Financial Services Ombudsman Service for the Isle of Man. Copies of our internal complaints handling procedures are available on request.

Investor Protection

Holders of policies issued by Isle of Man Assurance Limited will not be protected by the United Kingdom Financial Services Compensation Scheme. However, the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 apply to all policies issued after 5th April 1988.



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