



Capital Management Bond

Policy Terms and Conditions

The Capital Management Bond comprises of one or more identical single Premium unit-linked whole of life assurance Policies. Based on an application for the Capital Management Bond the Terms and Conditions of a life assurance contract with Isle of Man Assurance Limited (hereinafter referred to as "IOMA Life") are set out in each Policy. Each Policy is made up of and is subject to:-

- (i) the Application Form for the Capital Management Bond;
- (ii) the Policy Provisions (this document);
- (iii) the Policy Schedule;
- (iv) any Endorsement(s) on the Policy Schedule or any Supplementary Policy Schedule(s); and
- (v) the Fee Schedule; and
- (vi) the Valuation Policy.

Signed on behalf of Isle of Man Assurance Limited

A handwritten signature in black ink, appearing to read "Ian Jackson".

Authorised Signatory

Dated the same date as the Policy Schedule



Contents

0 Glossary of Terms

1 Details of the Bond

- 1.1 The Bond
 - 1.2 Investment Manager
 - 1.3 Asset Allocation
 - 1.4 The Cash Account
 - 1.5 Valuations
 - 1.6 Fund Suspensions
 - 1.7 Bond Deductions
 - 1.8 Policyholder(s)
-

2 Details of the Policies

- 2.1 The Initial Charge
 - 2.2 The Annual Management Charge
 - 2.3 Dealing Charges
 - 2.4 The Investment Manager's Charge
 - 2.5 Adviser Charge Deductions
 - 2.6 Withdrawals of Capital
 - 2.7 Partial Encashment
 - 2.8 Total Encashment
 - 2.9 Death Benefit
 - 2.10 The Encashment Penalty
 - 2.11 Bond Currency
 - 2.12 Additional Premiums
 - 2.13 In Specie Transfers
-

3 General

- 3.1 Administration of the Bond
 - 3.2 Permitted Deductions
 - 3.3 Changes in Legislation and Taxation
 - 3.4 Responsibility for Loss
 - 3.5 Force Majeure
 - 3.6 Entire Contract
 - 3.7 Assignment
 - 3.8 Governing Law
-



Glossary of Terms

Additional Premium – A further amount paid by the Policyholder(s) to IOMA Life subsequent to the Commencement Date **and** such amount to be allocated to the Policies following acceptance by IOMA Life of the application for payment of the Additional Premium.

Additional Premium Date – The date upon which IOMA Life accepts an Additional Premium as set out in the relevant Endorsement.

Adviser Charge - The fee charged by a professional adviser in relation to the Policy or any other advice or service provided which has been arranged in advance with your professional adviser. Any deductions to meet an Adviser Charge will be administered as a withdrawal.

Annual Management Charge – The charges payable by the Policyholder and which IOMA Life shall be entitled to deduct from the Cash Account on each Payment Date as provided in clause 2.2 below.

Assets – The Assets held by the applicant, which may be transferred directly into the name of IOMA Life and credited to the Bond.

Bond or “Capital Management Bond” – The Capital Management Bond underwritten by IOMA Life and consisting of the Policies.

Cash Account – The current account maintained by IOMA Life as part of the Bond Portfolio in accordance with paragraph 1.4 of the standard Policy Terms and Conditions.

Commencement Date – The date on which each Policy commenced as specified in the Policy Schedule.

Dealing Charge – The charges payable by the Policyholder(s) in connection with instructions provided to IOMA Life to purchase investments or open deposit accounts.

Endorsement – Any Endorsement issued by IOMA Life, in addition and subsequent to the Policy Schedule, if any material changes are made to the Bond such as, but not limited to, an absolute Assignment of the Bond to another Policyholder(s) or an Additional Premium.

Fee Schedule – The Fee Schedule issued by IOMA Life which includes details of the charges payable in respect of the Bond.

Head Office – The principal place of business of IOMA Life in the Isle of Man.

In Specie – Anything paid over in the form of Assets other than cash so that “In Specie” may mean any property whatsoever whether tangible or intangible (other than cash) which IOMA Life agrees to accept.

Initial Charge – The charges payable by the Policyholder(s) and which IOMA Life shall be entitled to deduct from the Initial Premium as provided in paragraph 2.1 below.

Initial Premium – The Premium payable by the Policyholder(s) when the Bond is first established.

Investment Manager – Any Investment Manager appointed by the Policyholder(s) in accordance with paragraph 1.2 of the standard Policy Terms and Conditions.

Life Assured – The person(s) specified in the Policy Schedule and whose life/lives the Bond is based upon.

Long Term Business Fund – The fund maintained by IOMA Life in respect of its long-term business.

Payment Date – The date in each calendar Quarter when the Annual Management Charge is payable in connection with the Bond in accordance with paragraph 2.2 below and is deducted from the Cash Account.

Policyholder(s) – The holder(s) of the Policy specified in the Policy Schedule or the survivor of them (if there is more than one holder) or the successors in title of the holder(s) (if there is no survivor) or, if applicable, the assignees of the Policy.

Policies – All single Premium unit-linked whole of life assurance Policies issued by IOMA Life, comprising the Bond and in force at any time, the numbers of which appear in the Policy Schedule(s).

Policy Provisions – The standard Policy Terms and Conditions and any special Policy Terms and Conditions included in the Policy Schedule and any Endorsement(s) on any of them.

Policy Schedule – The Policy Schedule issued by IOMA Life which includes details of the Policyholder(s) of whole of life assurance Policy issued following acceptance by IOMA Life of an application for the Capital Management Bond and the number identifying such Policy.

Portfolio – A separately identifiable Portfolio of investments (including uninvested cash), together with any liabilities, which are allocated for the purpose of determining the benefits payable under the Policies but which form part of the Assets in the Long Term Business Fund maintained by IOMA Life to meet its life assurance liabilities.

Premium – The amount paid or (where a Premium is paid In Specie) the Asset(s) provided to IOMA Life in connection with an application for the Capital Management Bond for allocation to the Policy following acceptance by IOMA Life of that application.

Quarter – Each three calendar month period ending on the last day of March, June, September and December in each calendar year.

Valuation Date – The date on which the Bond is valued, being at least once in each calendar year and normally once every Quarter. Should there occur, in IOMA Life’s opinion, a material alteration in the Assets allocated, directly or indirectly to the Bond, IOMA Life reserves the right at its discretion to value the Bond more frequently and is likely to do so where significant valuation changes in Bond Assets are likely over short periods.

Valuation Policy – The document used by IOMA Life to produce a fair valuation of the Assets at IOMA Life’s discretion.



Standard Policy Terms & Conditions

1. Details of the Bond

1.1 The Bond

1.1.1 On the Commencement Date IOMA Life shall:-

- a) establish the Bond; and
- b) credit any cash Premium to the Cash Account and appropriately credit to the Bond any Premium paid In Specie.

1.1.2 Premiums may be paid in cash or In Specie in accordance with paragraph 2.12.

1.1.3 Although the benefits payable under each Policy are based on the value of the Bond, the Assets allocated to the Bond shall at all times form part of the Long Term Business Fund of IOMA Life and shall accordingly be legally and beneficially owned by IOMA Life. Such Assets shall be held in the name of IOMA Life or of a custodian or nominee appointed by IOMA Life.

1.1.4 All income and capital arising from the Assets allocated to the Bond shall be credited to the Bond.

1.1.5 For the avoidance of doubt, IOMA Life may borrow money in connection with the Bond and may use the Assets allocated to the Bond as security. The liability in respect of any monies borrowed in connection with the Bond shall be allocated to the Bond but shall, at all times, form part of the general liabilities of IOMA Life.

1.1.6 In the event of a change of ownership of IOMA Life the Policyholder(s) will have no right to assert that any change to the Policy Provisions has occurred due to such event.

1.2 Investment Manager

1.2.1 The Policyholder(s) may at any time request in writing to IOMA Life the appointment of an Investment Manager to advise IOMA Life on or to determine the composition of the Bond in full or in part, consent to which shall not unreasonably be withheld by IOMA Life. Following such an appointment the Policyholder(s) may request in writing at any time for the replacement of any Investment Manager in such form as IOMA Life may determine from time to time. The Terms and Conditions of the appointment of any Investment Manager shall be subject to the detailed provisions of an agreement entered into by the Policyholder(s), IOMA Life and the Investment Manager and subject to the Policy Provisions.

1.2.2 It shall be a condition of the appointment of the Investment Manager that the Investment Manager undertakes to maintain such authorisations and licences (if any) as are necessary to enable the Investment Manager to provide the services referred to in paragraph 1.2.1 above under the legislation of the country in which such services are provided.

1.3 Asset Allocation

1.3.1 The composition of the Bond will be determined by the Policyholder(s) or Investment Manager giving valid instructions to IOMA Life in accordance with paragraph 3.1.3 below subject to:-

- a) paragraph 1.3.6 below; and
- b) any limits or restrictions imposed by IOMA Life regarding:-
 - (i) the minimum size of any holding of Assets allocated to the Portfolio; and
 - (ii) the balance in the Cash Account.



- 1.3.2 The Policyholder(s) or Investment Manager may only recommend purchases of Assets which are included on the permitted investments list maintained by IOMA Life. IOMA Life is not responsible or liable to the Policyholder(s) for and shall not (1) provide investment, pension or tax advice; (2) assess the suitability of Assets held in the Bond according to the Policyholder's financial circumstances; and (3) conduct due diligence checks on any Assets.

In determining the permitted investments for Asset Allocation the Policyholder(s) or Investment Manager must ensure the Assets allocated to the Bond comply with Regulation 4 of the United Kingdom Personal Portfolio Bonds (Tax) Regulations 1999 and not to give instructions which would cause the Portfolio to include investments in assets that would make the Bond a "personal portfolio bond" as defined in those Regulations.

- 1.3.3 On receiving a valid request from the Policyholder(s) or Investment Manager made in accordance with paragraph 3.1.3 below to change the composition of the Portfolio, IOMA Life will normally process the request:-

- a) on the first day on which IOMA Life is open for business after IOMA Life has received the request;
- b) if the request is to purchase an Asset, on the date on which a sufficient amount of cash has been cleared in IOMA Life's bank account and credited to the Cash Account (or, if that is not practicable, on the first day on which IOMA Life is open for business after such date); or
- c) on an alternative date selected by the Policyholder(s) or Investment Manager and acceptable to IOMA Life;

Notwithstanding the above, IOMA Life reserves the right to delay the processing of a request to change the Portfolio's composition if:-

- (i) IOMA Life cannot readily deal in the appropriate Assets to the value of the request on the processing date as previously described; or
- (ii) it is not reasonably practicable for IOMA Life to process the request on that date due to circumstances beyond IOMA Life's control;

In such circumstances IOMA Life will normally process the request on the first day on which it becomes reasonably practicable for the transaction to be executed after the end of the period of delay. If the Bond is invested in a property investment or a fund which holds a property, IOMA Life shall have the right to delay processing a request or instruction to switch out of the fund or pay any withdrawal or encashment for up to six (6) months if IOMA Life consider this is necessary to protect other Policyholders' interests.

- 1.3.4 Subject to paragraph 1.3.1 above, IOMA Life will process a valid request from the Policyholder(s) or Investment Manager made in accordance with paragraph 3.1.3 below to purchase to a total value specified by the Policyholder(s) or Investment Manager an Asset for allocation to the Portfolio by:-

- a) purchasing the appropriate Assets to the total value specified by the Investment Manager at the prices readily available to IOMA Life at the time of the purchase; and then
- b) debiting the Cash Account on the due date for settlement of the transaction with the purchase price, together with all expenses, taxes, duties and charges in connection with the purchase.

For the avoidance of doubt, any Assets purchased following a valid request from the Policyholder(s) or Investment Manager pursuant to this paragraph 1.3.4 will be purchased at not more than the open market buying price.



- 1.3.5 Subject to paragraph 1.3.1 above, IOMA Life will process a valid request from the Policyholder(s) or Investment Manager made in accordance with paragraph 3.1.3 below to sell to a total value specified by the Policyholder(s) or Investment Manager an Asset allocated to the Portfolio by:-
- a) selling the appropriate Assets to the total value specified by the Policyholder(s) or Investment Manager at the prices readily available to IOMA Life at the time of the sale; and then
 - b) crediting the Cash Account on the due date for settlement of the transaction with the sale proceeds, net of all expenses, taxes, duties and charges in connection with the sale.

1.3.6 Notwithstanding any other term or condition in the Policy Provisions, IOMA Life has the right, at all times:-

- a) to determine the suitability of Assets for allocation to the Portfolio;
- b) to refuse a request from the Policyholder(s) or Investment Manager to sell or realise in any other manner any Asset allocated to the Portfolio which IOMA Life considers is not readily realisable;
- c) to refuse a request from the Policyholder(s) or Investment Manager to buy any Asset which IOMA Life considers to be unsuitable for allocation to the Portfolio; and
- d) to sell or realise in any other manner (including liquidation) any Asset allocated to the Portfolio which IOMA Life considers is, or has become, unsuitable for allocation to the Bond or fails to comply with Regulation 4 of The Personal Portfolio Bonds (Tax) Regulations 1999 of the United Kingdom ("**Regulation 4**").

In exercising its rights under this paragraph 1.3.6, IOMA Life will take into account, inter alia:-

- (i) any current or proposed legal, regulatory or other official requirements applicable to IOMA Life, to any Policy comprising the Bond or to the Policyholder(s);
- (ii) whether the relevant Asset has become valueless or is, directly or indirectly, contrary to IOMA Life's normal investment philosophy or is an investment, directly or indirectly, in a company whose activities are regarded by IOMA Life as being illegal, unethical or of a nature that may be of detriment to IOMA Life's reputation; and
- (iii) the need to make the administration of the Bond reasonably practicable and profitable.

IOMA Life will not incur any liability as a result of exercising its rights under this paragraph 1.3.6, nor will IOMA Life be required to explain the basis on which it has exercised such rights. If IOMA Life refuses a request in accordance with sub-paragraph (b) above or wishes to exercise its rights in accordance with sub-paragraph (d) above in relation to any Asset allocated to the Bond which IOMA Life considers is not readily realisable, or fails to comply with Regulation 4, IOMA Life may, in its sole discretion, deem the Policyholder(s) to have requested the encashment of the whole of the Bond in accordance with paragraph 2.8 below.

1.3.7 All transactions relating to Assets allocated, or to be allocated, to the Portfolio will be effected by IOMA Life or any agent IOMA Life may agree to nominate from time to time to perform such a function.

1.3.8 The Policyholder(s) will indemnify and keep indemnified IOMA Life in respect of all costs, losses, claims, liabilities, demands judgments and proceedings of whatever nature incurred by it as a result of any Asset Allocation or sale made pursuant to paragraphs 1.3.1, 1.3.3, 1.3.4 or 1.3.5 above.

1.4 The Cash Account

1.4.1 Unless specifically agreed to the contrary, the Cash Account shall be established in the currency in which the Bond is denominated.



- 1.4.2 After the Commencement Date, the Cash Account, which will be maintained by IOMA Life as an Asset or liability (as appropriate) of the Bond, will normally only be used:-
- (i) To hold cash;
 - (ii) to debit the costs of purchasing Assets for allocation to the Bond, including all expenses, taxes, duties and charges in connection with such purchase unless those costs have been levied within the purchase transaction;
 - (iii) to credit the proceeds of sales of Assets allocated to the Bond, net of all expenses, taxes, duties and charges in connection with such sales unless those costs have been levied within the sale transaction;
 - (iv) to credit the income received from Assets allocated to the Bond (unless the income is automatically re-invested in the relevant Assets);
 - (v) to pay all amount due to the Policyholder(s) in terms of paragraphs 2.6 (Withdrawals of Capital), 2.7 (Partial Encashment), 2.8 (Total Encashment) and 2.9 (Death Benefit) below;
 - (vi) subject to paragraph 1.6.4, to deduct all fees, charges and other expenses payable in connection with the Portfolio and the Bond in accordance with paragraphs 1.4 (Cash Account), 1.5 (Valuations), 2.2 (the Annual Management Charge), 2.3 (the Dealing Charge) 2.4 (the Investment Manager's Charge), 2.5 (Adviser Charge Deductions), 2.6 (Total Encashment), 2.7 (Death Benefit), 3.1 (Administration of the Bond) and 3.2 (Permitted Deductions) below; and
 - (vii) to credit any interest added, and debit any interest charged, to the Cash Account in accordance with paragraph 1.4.4 below.
- 1.4.3 Unless IOMA Life otherwise, in its absolute discretion, permits, the Cash Account must be kept in credit to such minimum amount as IOMA Life may specify from time to time. IOMA Life may, at its discretion, sell Assets allocated to the Bond for the purpose of placing the Cash Account in credit to the relevant minimum amount and, in doing so, IOMA Life may take into account any accrued or prospective fees and charges payable in connection with the Bond and the Policies in accordance with paragraphs 1.4 (Cash Account), 1.5 (Valuations), 2.2 (the Annual Management Charge), 2.3 (the Dealing Charge) 2.4 (the Investment Manager's Charge), 2.5 (Adviser Charge Deductions), 2.8 (Total Encashment), 2.9 (Death Benefit), 3.1 (Administration of the Bond) and 3.2 (Permitted Deductions) below. IOMA Life will sell Assets from the Portfolio in the following order to realise sufficient Assets to place the Cash Account in credit to the relevant minimum amount: firstly, cash or deposits and, secondly, the largest holding of those pooled funds which are realisable on seven or fewer days' notice. If the Cash Account is overdrawn at any time, IOMA Life may in its sole discretion, without prejudice to any other right or remedy, deem the Policyholder(s) to have requested the encashment of the whole of the Bond in accordance with paragraph 2.7 below.
- 1.4.4 IOMA Life will accrue interest on a daily basis, which will then be applied quarterly, to the Cash Account when it is in credit at such rates as IOMA Life may fix from time to time, details of which are available by writing to IOMA Life at its Head Office.



1.5 Valuations

- 1.5.1 On each Valuation Date IOMA Life will calculate the value of the Bond in the currency in which the Bond is denominated in accordance with the Valuation Policy, unless otherwise notified by IOMA Life. In calculating the value of the Bond, the following will be taken into account:-
- a) the value of the Assets allocated to the Bond (including the balance in the Cash Account);
 - b) all monies borrowed in connection with the Bond;
 - c) any income which has accrued on the Assets allocated to the Bond;
 - d) any accrued or prospective fees and charges payable in connection with the Bond and the Policies in accordance with this paragraph 1.5 (Valuations) and paragraphs 1.7 (Bond Deductions), 2.2 (the Annual Management Charge), 2.3 (the Dealing Charge) 2.4 (the Investment Manager's Charge), 2.5 (Adviser Charge Deductions), 2.10 (the Encashment Penalty), 3.1 (Administration of the Bond) and 3.2 (Permitted Deductions) below; and
 - e) any provision for expenses, taxes, duties, charges and other liabilities for which the Bond (or, to the extent attributable to the Bond, IOMA Life) is, or may become liable.
- 1.5.2 For the purpose of calculating the value of the Assets allocated to the Bond:-
- a) units or shares in funds of pooled assets will be valued at their most recent closing mid prices available to IOMA Life on the relevant Valuation Date (as quoted by any relevant medium or the Investment Manager of the relevant fund, selected by IOMA Life);
 - b) any other Assets will be valued at the price at which IOMA Life estimates they might be sold on the relevant Valuation Date (taking into account, where there are any published valuations or prices for such Assets, any subsequent changes in the relevant market, any current restrictions or difficulties in trading in such Assets and any other circumstances likely to affect such valuations or prices) and IOMA Life shall be entitled to obtain such advice as it shall consider it necessary or desirable in order to determine the market values of such Assets.
- 1.5.3 If any of the Assets or liabilities allocated to the Bond are valued in a currency other than that in which the Bond is denominated, their values will be converted into the denominated currency at appropriate exchange rate(s) selected by IOMA Life.
- 1.5.4 IOMA Life will undertake an ad hoc valuation of the Bond on a date which is not a Valuation Date on receiving a valid request for such a valuation from the Policyholder(s) in accordance with paragraph 3.1.3 below. IOMA Life reserves the right to deduct from the Cash Account a charge for providing an ad hoc valuation, such charge not exceeding £100 (or currency equivalent) per valuation.
- 1.5.5 In the event that IOMA Life does not receive any valuation from a third party, including without limitation an Investment Manager, within 6 months of the due date, IOMA Life may, in its sole discretion, without prejudice to any other right or remedy, deem the Policyholder(s) to have requested the encashment of the whole of the Bond in accordance with paragraph 2.8 below.

1.6 Fund Suspensions

If a fund in which the Bond is invested is suspended, certain restrictions will apply until the suspension is lifted:

- 1.6.1 during the suspension period, the Policyholder(s) will not be able to withdraw units or shares in suspended funds or switch into or out of suspended funds, unless the fund manager permits;
- 1.6.2 contributions into suspended funds until the suspension is lifted will be held in the Cash Account;
- 1.6.3 valuations of units or shares in suspended funds will not include the value of the suspended funds and may include them at nil value if there are no valuations available;



1.6.4 IOMA Life will not deduct charges and fees from suspended funds but reserves the right to levy any charges and fees retrospectively when the suspension is lifted.

1.7 Bond Deductions

1.7.1 IOMA Life may debit to the Cash Account an amount which it considers to be appropriate to take account of:-

- a) any expenses, taxes, duties, charges and other liabilities (including the costs of any currency conversion) that may arise in connection with the purchase, management, maintenance, custody, valuation and sale of any Assets allocated, or to be allocated, to the Bond (including any costs incurred in contemplation of a sale of any Assets allocated to the Bond, which sale fails, for any reason whatsoever, to be completed); and
- b) interest on, and the repayment of, any monies borrowed in connection with the Bond.

1.7.2 IOMA Life may credit to the Cash Account an amount which it considers to be appropriate to take account of the receipt of any income attributable to those Assets allocated to the Bond.

1.7.3 In the event that any amount described in paragraph 1.7.1 (a) cannot be paid from the Cash Account due to the lack of funds or sufficiency of Assets that can be sold in accordance with paragraph 1.4.3, IOMA Life may, in its sole discretion, without prejudice to any other right or remedy, deem the Policyholder(s) to have requested the encashment of the whole of the Bond in accordance with paragraph 2.8 below.

1.8. Policyholder(s)

In the event that the Policyholder(s) changes domicile or citizenship, the Policyholder(s) must notify IOMA Life as promptly as reasonably practicable but no later than three (3) months after the relevant event. In the event that no notification is made to IOMA Life or it is received by IOMA Life after three (3) months after the relevant event or if the Policyholder(s) moves domicile or citizenship to a jurisdiction on IOMA Life's sensitive country list, IOMA Life may, in its sole discretion, deem the Policyholder(s) to have requested IOMA Life to encash the whole of the Bond in accordance with paragraph 2.8 below and proceed to do so without further notice to the Policyholder(s). The Policyholder(s) must provide details of the ultimate beneficial owner of the Bond promptly after request from IOMA Life, failing which IOMA Life may, in its sole discretion, deem the Policyholder(s) to have requested IOMA Life to encash the whole of the Bond in accordance with paragraph 2.8 below and proceed to do so without further notice to the Policyholder(s).

2 Details of the Policies

2.1 The Initial Charge

The Initial Charge shall be payable at the rate specified in the Fee Schedule and shall be deducted from the Initial Premium. The Initial Charge will be deducted in Sterling, unless otherwise agreed by IOMA Life.

2.2 The Annual Management Charge

The Annual Management Charge shall be payable at the rate specified in the Fee Schedule and shall be deducted from the Cash Account on each Payment Date or the next day after that date on which IOMA Life is open for business. In the event that the Cash Account is not in credit to such amount required to pay any Annual Management Charge due and owing, paragraph 1.4.3 shall apply. The Annual Management Charge will be deducted in Sterling, unless otherwise agreed by IOMA Life.

2.3 The Dealing Charge

The Dealing Charge shall be payable at the rate specified in the Fee Schedule and shall be deducted from the Cash Account on each transaction. In the event that the Cash Account is not in credit to such amount required to pay any Dealing Charge due and owing, paragraph 1.4.3 shall apply.



2.4 The Investment Manager's Charge

The Investment Manager's Charge is a fee payable to the Investment Manager which shall be charged at such rate as may be agreed between the Policyholder(s) and the Investment Manager from time to time. The Investment Manager's Charge shall be deducted quarterly in arrears from the Cash Account on each Payment Date (or at such other intervals and on such other dates as IOMA Life and the Investment Manager may agree).

2.5 Adviser Charge Deductions

Where the Policyholder(s) has asked the Company to pay an Adviser Charge to a professional adviser, the appropriate amount may be deducted from the Cash Account on each Payment Date or the next day after that date on which IOMA Life is open for business. In the event that the Cash Account is not in credit to such amount required to pay any Adviser Charge due and owing, paragraph 1.4.3 shall apply. Adviser Charge payments will be paid in the same currency as the Bond is denominated

2.6 Withdrawals of Capital

2.6.1 The Policyholder(s) may request withdrawals from the Bond at such intervals as IOMA Life may permit, subject to the request being made in accordance with paragraph 3.1.3 below. Such withdrawals may be either:-

- a) a fixed amount; or
- b) a percentage of the value of the Bond on the immediately preceding Valuation Date.

2.6.2 Any regular withdrawals from the Bond shall be:-

- a) subject to any minimum or maximum levels of payment permitted by IOMA Life;
- b) after deduction of any encashment penalty referred to in paragraph 2.10 below; and
- c) paid in such manner as IOMA Life may specify or otherwise agree with the Policyholder(s).

2.6.3 To pay for each regular withdrawal, IOMA Life shall deduct the amount due from the Cash Account.

2.6.4 Regular payments shall cease:-

- a) automatically if the payment of a regular withdrawal would result in the value of the Bond being less than the minimum value of the Bond permitted by IOMA Life; or
 - a. at the discretion of IOMA Life if the payment of a regular withdrawal would result in the amount by which the Cash Account is in credit being less than the minimum amount referred to in paragraph 1.4.3 above and there are insufficient Assets allocated to the Portfolio which IOMA Life considers are readily realisable for the purpose of placing the Cash Account in credit to such relevant minimum amount in accordance with paragraph 1.4.3 above.

2.6.5 All Withdrawals of Capital will be payable in the same currency as the Bond is denominated, unless agreed otherwise by IOMA Life.



2.7 Partial Encashment

- 2.7.1 The Policyholder(s) may request IOMA Life to encash part of the Bond by encashing a portion of each Policy, subject to any minimum or maximum levels of payment permitted by IOMA Life from time to time and the request being made in accordance with paragraph 3.1.3. Where such a request is made, the amount of the payment requested shall automatically be applied equally to each of the Policies remaining at the date of withdrawal. For the avoidance of doubt, this means that the effect on each Policy will be the value of the payment divided by the existing number of Policies remaining in the Bond. Alternatively, the Policyholder(s) may request the encashment of one or more individual Policies. The Policyholder(s) will be required to encash the whole of the Bond if the value of the Bond would, on payment of the Partial Encashment, be less than the minimum value of the Bond permitted by IOMA Life (in which event IOMA Life may, in its sole discretion, deem the Policyholder(s) to have requested IOMA Life to encash the whole of the Bond in accordance with paragraph 2.8 below).
- 2.7.2 The amount due in respect of any Partial Encashment will be paid to the Policyholder(s) from the amount by which the Cash Account is in credit in excess of the minimum amount referred to in paragraph 1.4.3 and after deduction of the Encashment Penalty referred to in paragraph 2.10 below. If, however, such excess amount is insufficient to meet the payment and subject to paragraph 2.7.4 below, IOMA Life will:-
- a) request the Policyholder(s) or Investment Manager for instructions as to which Assets allocated to the Portfolio should be sold to finance the Partial Encashment;
 - b) delay payment of the Partial Encashment until it has received such instructions, although IOMA Life may, in the event that no such instructions are received within thirty (30) days of its request for them, select, normally from the largest individual holding which IOMA Life considers are readily realisable, the Assets allocated to the Portfolio to be sold;
 - c) sell the relevant Assets and transfer the sale proceeds, net of all expenses, taxes, duties and charges in connection with the sale, to the Cash Account; and thereafter
 - d) pay the amount due in respect of the Partial Encashment after deduction of the Encashment Penalty referred to in paragraph 2.10 below.
- 2.7.3 Where it is necessary for IOMA Life to sell any Assets allocated to the Bond to finance the payment of a Partial Encashment, IOMA Life reserves the right to delay making that payment until the date on which a sufficient amount of cash has been cleared in IOMA Life's bank account and credited to the Cash Account (or, if that is not practicable, on the first day on which IOMA Life is open for business after such date). In addition, IOMA Life reserves the right to delay processing a request to encash part of the Bond in accordance with paragraph 2.7.2 above.
- 2.7.4 Notwithstanding paragraphs 2.7.2 and 2.7.3 above, IOMA Life shall not, for the purpose of financing any Partial Encashment, be obliged to procure the sale or realisation in any other manner of any Assets allocated to the Bond which it considers are not readily realisable and, if it would be necessary to sell or realise in any other manner any such Assets for the purpose of financing all or any part of a Partial Encashment, IOMA Life may, in its sole discretion, deem the Policyholder(s) to have requested IOMA Life to encash the whole of the Bond in accordance with paragraph 2.8 and 2.13 below.
- 2.7.5 Upon Partial Encashment, the Policyholder(s) shall deliver the appropriate Policy Schedule(s) as requested by IOMA Life for cancellation.
- 2.7.6 All Partial Encashments will be payable in the same currency as the Bond is denominated, unless agreed otherwise by IOMA Life.



2.8 Total Encashment

- 2.8.1 On receipt of a valid request by the Policyholder(s) to encash the whole of the Bond made in accordance with paragraph 3.1.3 below (or deemed to have been made pursuant to paragraph 1.3.6, 1.4.3, 1.5.5, 1.7.3, 1.8, 2.7.1 or 2.7.4 above, IOMA Life will:-
- a) terminate the Policies;
 - b) cancel any existing arrangements for the payment of regular withdrawals in accordance with paragraph 2.6 above;
 - c) subject to paragraph 2.13, sell any non-cash Assets allocated to the Bond, provided that, notwithstanding any other term or condition in the Policy Provisions, IOMA Life shall not be obliged to procure the sale of any Assets allocated to the Bond which it considers are not readily realisable and, accordingly, IOMA Life reserves the right, in its sole discretion, to transfer any such Assets to the Policyholder(s) in satisfaction of all or part of the Total Encashment amount;
 - d) credit the sale proceeds, net of all expenses, taxes, duties and charges in connection with any such sale, to the Cash Account; and
 - e) calculate the final value of the Bond in accordance with paragraph 1.5 above.
- 2.8.2 IOMA Life will pay (or subject to paragraph 2.13, transfer, in the case of any non-cash Assets which IOMA Life decides to transfer as mentioned in sub-paragraph 2.8.1(c) above) to the Policyholder(s) an amount equal to the final value of the Bond less:-
- a) The Encashment Penalty referred to in paragraphs 2.10 below;
 - b) any expenses, taxes, duties and charges incurred by IOMA Life in connection with the transfer of any non-cash Assets; and
 - c) the charges referred to in paragraphs 2.2 (the Annual Management Charge), 2.4 (the Investment Manager's Charge) and 2.5 (Adviser Charge Deductions) above, each of which will be calculated on a time apportionment basis by IOMA Life in respect of the period from the last Payment Date to the date of termination of the Policies;
- provided that, if the aggregate amount of the deductions referred to in sub-paragraphs (a) to (c) (inclusive) above exceeds the aggregate amount of cash to be paid to the Policyholder(s) in accordance with this paragraph 2.8.2, IOMA Life shall not be obliged to pay (or transfer, in the case of any non-cash Assets referred to in sub-paragraph 2.8.1(c) above) to the Policyholder(s) an amount equal to the final value of the Bond until an amount equal to the excess of such deductions has been paid by the Policyholder(s) to IOMA Life.
- 2.8.3 IOMA Life may in its discretion delay paying the Total Encashment amount to the Policyholder(s) until the entire net sale proceeds referred to in paragraph 2.8.1 above have been credited to the Cash Account. Without prejudice to sub-paragraph 2.8.1(c) above, IOMA Life reserves the right to delay processing a request to encash the whole of the Bond in accordance with paragraph 1.3.3 above.
- 2.8.4 IOMA Life may in its discretion delay paying a Total Encashment amount until the next Valuation Date provided that IOMA Life ensures that such Valuation Date takes place no later than thirty (30) days from the date of the request referred to in paragraph 2.8.1 above.
- 2.8.5 Upon Total Encashment, the Policyholder(s) shall deliver all Policy Schedule(s), any supplementary Policy Schedule(s) and any Endorsements to IOMA Life for cancellation.
- 2.8.6 Without prejudice to sub-paragraph 2.8.1(c) above, Encashments will be payable in the same currency as the Bond is denominated, unless agreed otherwise by IOMA Life.



2.9 Death Benefit

2.9.1 On the date on which IOMA Life receives written notification at its Head Office of the death of the Life Assured or, if there is more than one Life Assured, the first or last (as specified in the Policy Schedule) of the Lives Assured to die, IOMA Life will:-

- a) cancel any existing arrangements for the payment of regular withdrawals in accordance with paragraph 2.6 above;
- b) subject to paragraph 2.13, sell all of the non-cash Assets allocated to the Bond, provided that, notwithstanding any other term or condition in the Policy Provisions, IOMA Life shall not be obliged to procure the sale of any Assets allocated to the Bond which it considers are not readily realisable and, accordingly, IOMA Life reserves the right, in its sole discretion, to transfer any such Assets to the Policyholder(s) in satisfaction of all or part of the Death Benefit payable; and
- c) credit the sale proceeds, net of all expenses, taxes, duties and charges in connection with any such sale, to the Cash Account; and
- d) make an additional £100 payment as part of the Death Benefit, or currency equivalent. If a Policy is written in a non-sterling currency any amount stated in these Policy Provisions or the Schedule in pounds sterling will be deemed to include its equivalent in that currency at the London Exchange Rate as advised to the Company by its bankers.

2.9.2 Any sum payable by IOMA Life on a claim will be subject to payment of the Premium and any Additional Premium and proof satisfactory to IOMA Life of:-

- a) the death(s) of the Life/Lives Assured; and
- b) the legal entitlement of the Policyholder(s) to the death benefit;

and to the return of the Policy Schedule, any supplementary Policy Schedule(s) and any Endorsement to IOMA Life at its Head Office within 6 months of the date of death of the Life Assured.

2.9.3 The Policies will terminate on the date on which the requirements set out in paragraph 2.9.2 above are satisfied. IOMA Life will then pay (or transfer, in the case of any non-cash Assets which IOMA Life decides to transfer as mentioned in sub-paragraph 2.9.1(b) above) to the Policyholder(s) the Death Benefit payable, which will be the final value of the Bond calculated in accordance with paragraph 1.5 above less:-

- a) any Encashment Penalty referred to in paragraph 2.10 below; and
- b) any expenses, taxes, duties and charges incurred by IOMA Life in connection with the transfer of non-cash Assets;

provided that, if the aggregate amount of the deductions referred to in sub-paragraphs (a) and (b) above exceeds the aggregate amount of cash to be paid to the Policyholder(s) in accordance with this paragraph 2.9.3, IOMA Life shall not be obliged to pay (or transfer, in the case of any non-cash Assets referred to in sub-paragraph 2.9.1(b) above) to the Policyholder(s) an amount equal to the Death Benefit until an amount equal to the excess of such deductions has been paid by the Policyholder(s) to IOMA Life.

2.9.4 IOMA Life (without any liability to the Policyholder(s)) may delay paying the Death Benefit payable until all of the net sale proceeds referred to in paragraph 2.9.1 above have been credited to the Cash Account. Without prejudice to sub-paragraph 2.9.1(b) above, IOMA Life reserves the right to delay processing the sale of the non-cash Assets allocated to the Bond in accordance with paragraph 1.3.4 above.

2.9.5 IOMA Life (without any liability to the Policyholder(s)) may in its discretion delay paying the death benefit until the next Valuation Date provided that IOMA Life ensures that such Valuation Date takes place no later than thirty (30) days from the date referred to in paragraph 2.9.1 above.



2.9.6 Without prejudice to sub-paragraph 2.9.1(b) above, the Death Benefit will be payable in the same currency as the Bond is denominated, unless agreed otherwise by IOMA Life.

2.10 The Encashment Penalty

There is no Encashment Penalty applicable to the Bond for any partial or full surrender.

2.11 Bond Currency

2.11.1 Any cash Premium and any benefits payable under the Policy(ies) will be paid in the currency in which the Bond is denominated unless IOMA Life has agreed to a request from the Policyholder(s) to pay the Premium or to receive the benefits in a currency otherwise agreed to the contrary.

2.11.2 If IOMA Life agrees to make any payment in a currency other than that in which the Bond is denominated, the amount payable to the Policyholder(s) will take into account the exchange rates available at the time of the currency conversion and any costs that may be incurred by IOMA Life in carrying out the conversion.

2.12 Additional Premiums

2.12.1 The Policyholder(s) may, at any time, apply to IOMA Life at its Head Office to pay an Additional Premium in relation to the Policy(ies). If IOMA Life accepts that application, it will issue an Endorsement as evidence of the payment and credit the Additional Premium to the Cash Account.

2.12.2 IOMA Life will administer each Additional Premium as if it were a separate Premium. Accordingly, the following paragraphs should be read as if the references to "Policy Schedule", "Premium" and "Commencement Date" were to the "Endorsement", the "Additional Premium" and the "Additional Premium Date" respectively:-

- a) paragraph 1.1 (the Bond) save that sub-paragraph 1.1.1(a) of that paragraph shall not apply;
- b) paragraph 1.4 (the Cash Account);
- c) paragraph 2.1 (the Initial Charge);
- d) paragraph 2.2 (the Annual Management Charge);
- e) paragraph 2.9 (Death Benefit); and
- f) paragraph 2.11 (Bond Currency.)

2.12.3 Additional Premiums shall be subject to a minimum of GBP 10,000 (or currency equivalent).

2.13 In Specie Transfers

In certain circumstances, IOMA Life may allow In Specie transfers where the underlying Assets are transferred directly into the name of IOMA Life and credited to the Bond. However, IOMA Life reserves the right to refuse part or all of any In Specie transfer of Assets. Only Assets which are compatible to the Bond can be accepted and IOMA Life reserves the right to specify the minimum payment level for an In Specie transfer. Assets which are the subject of such an In Specie transfer will be valued on the date units are fully transferred to IOMA Life which will then determine the Premium. All costs including any applicable stamp duty and other taxes, incurred as a result of the transfer, will be payable by the Policyholder(s). IOMA Life may in its sole discretion, satisfy a total or Partial Encashment request by transfer of Assets to the Policyholder(s) In Specie which the Policyholder(s) shall accept without contestation. Assets which are the subject of such an In Specie transfer will be valued on the date units are cancelled. All costs, including any applicable stamp duty, incurred as a result of the transfer will be payable by the Policyholder(s).



3. General

3.1 Administration of the Bond

- 3.1.1 IOMA Life may employ agents to perform any administrative, management or other ancillary services required to enable IOMA Life to perform its obligations under the Policy(ies). IOMA Life will decide the method and the appropriate security procedures it will use when accepting requests and instructions from the Policyholder(s) or the Investment Manager regarding the Policy(ies). In particular, IOMA Life may require that requests or instructions relating to the administration or management of the Assets allocated to the Bond be made or given to any agent appointed by it pursuant to this paragraph (and any request or instruction given in accordance with IOMA Life's requirements will be deemed to have been given to IOMA Life at its Head Office).
- 3.1.2 All requests and instructions received from the Policyholder(s) or the Investment Manager will be applied identically to each of the Policies, save where the Policyholder(s) has or have requested the encashment of some but not all Policies in accordance with paragraphs 2.6 and 2.7 above.
- 3.1.3 Requests and instructions will only be valid if made or given (or, in accordance with paragraph 3.1.1 above, deemed to be made or given) in writing to IOMA Life at its Head Office.
- 3.1.4 Any notice given, or other communication, by IOMA Life in connection with the Policy Provisions will be given, or made, in writing and sent by post to the address of the Policyholder or, if there is more than one, of the first-named Policyholder which was last notified in writing to IOMA Life.
- 3.1.5 IOMA Life may make a charge if the Policyholder(s) instruct(s) or necessitate(s) IOMA Life to:-
- a) pay benefits in a way which is different from IOMA Life's normal practice or in a currency other than that in which the Bond is denominated;
 - b) alter the conditions under which the benefits will be payable; or
 - c) introduce or change an arrangement to take regular withdrawals in accordance with paragraph 2.6 above.
- 3.1.6 IOMA Life may increase the level of charges payable in connection with the Bond on giving not less than thirty (30) days' prior notice of such increase in accordance with paragraph 3.1.4 above.

3.2 Permitted Deductions

Should IOMA Life be required by law to pay any amount concerning each Policy to any government, statutory or regulatory agency or authority (including any levy imposed on IOMA Life as a result of the Isle of Man Life Assurance (Compensation of Policyholders) Regulation 1991), IOMA Life may deduct the amount to be paid from the Cash Account.

3.3. Changes in Legislation and Taxation.

IOMA Life, acting on professional actuarial advice, may make such alterations by way of an Endorsement to the Policy Provisions as it considers appropriate if:-

- 3.3.1 it ceases to be reasonably practicable for IOMA Life to comply with the Policy Provisions as a result of:-
- a) any change (introduced, enacted or proposed) in any legal, regulatory or other official requirements applicable to IOMA Life, the Policy(ies) or the Policyholder(s); or
 - b) a change in the interpretation or application of any such legal, regulatory or other official requirements; or
 - c) compliance with any request from any government, statutory or regulatory agency or authority; or



3.3.2 there is any change to the basis of taxation which applies to IOMA Life or to the Policy(ies). IOMA Life shall not be responsible for any personal taxation of the Policyholder(s) or the tax actuarial or regulatory efficiency of holding the Bond. IOMA Life can make reasonable and appropriate changes to the Policy Provisions (or issue a replacement set of Policy Provisions) at any time while the Bond is in force for the reasons set out in paragraph 3.3. IOMA Life will give the Policyholder(s) no less than thirty (30) days' notice by post of a change to these Policy Provisions and the notice of change may be included in any documentation IOMA Life issues to the Policyholder(s). Changes to the Policy Provisions that are outside of IOMA Life's control or not to the Policyholder's detriment will take place immediately. All other changes will take effect thirty (30) days from the date of the notification of a change or such later date as may be specified. If the Policyholder(s) objects to a change implemented by IOMA Life (not including those which are outside of IOMA Life's control) and the Policyholder(s) may notify IOMA Life of their objection within the thirty (30) day notification period by contacting IOMA Life, the Policyholder(s) will have ninety (90) days to encash the Bond and IOMA Life will waive any Encashment Penalty which may be applicable although any third party charges will still be passed on to the Policyholder(s) and deducted from the Cash Account before paying the final value of the Bond to the Policyholder(s).

3.4 Responsibility for Loss

IOMA Life does not exclude or limit its liability for breach of statutory or regulatory obligations, negligence causing death or personal injury, fraud or fraudulent misrepresentation. However, IOMA Life shall not be responsible or liable (and will not pay any compensation) for any loss, liability, cost, expense, fees or missed profit suffered by the Policyholder(s):

3.4.1 where the Policyholder(s) or Investment Manager (or other third party) has sent an instruction or other request to IOMA Life which is not received by IOMA Life in compliance with paragraph 3.1.3;

3.4.2 where IOMA Life has relied on/or acted on any instruction or other request within a reasonable time of receiving that instruction or request;

3.4.3 arising out of or in connection with the performance or non-performance of Assets of any nature or following the default of any counterparty with which IOMA Life has entered into arrangements upon the instructions of the Policyholder;

3.4.4 where a third party such as the Policyholder's financial adviser, is responsible for giving an instruction or request or carrying out an action on your behalf and fails, wholly or in part, to carry out that action or delays in doing so within a reasonable period of time or does so in a different way to your request or instruction;

3.4.5 arising from or in connection with the Policyholder(s), Policyholder's financial adviser's or other third party's actions or omissions relating to the choice, purchase, retention and sale of any Assets;

3.4.6 where IOMA Life has sold an Asset to pay any charges or expenses of the Bond or applied an exchange rate in accordance with paragraph 1.5.3;

3.4.7 where IOMA Life has acquired or sold an Asset, or encashed the Bond in accordance with Policyholder instructions and such sale or encashment is in contravention of Regulation 4;

3.4.8 where IOMA Life has deducted any sum from the Bond to cover taxes or charges reasonably due to IOMA Life, any tax authority or other third parties;

3.4.9 where any notification required to be made to IOMA Life in connection with the Bond is not made by the Policyholder(s) or the financial adviser and/or IOMA Life has exercised its rights to encash the whole of the Bond in accordance with paragraph 2.8; and

3.4.10 where caused directly or indirectly by the default, failure, collapse, insolvency, restructuring or any other act or omission of any custodian bank, Investment Manager, bank, agent, nominee, contract counterparty, issuer or any Asset in the Bond, professional adviser or other relevant party and whether the loss arises from a loss of funds, Assets or title documents.

3.5 Force Majeure

No liability shall arise if IOMA Life is prevented from fulfilling its obligations under the Policy(ies) by reason of any supervening event beyond its control (including, without limit, any act of god, war, national emergency, fire, flood, strike or industrial action).



3.6 Entire Contract

The Policy(ies), as constituted by:-

- 3.6.1 the application form for the Capital Management Bond;
- 3.6.2 the Policy Provisions;
- 3.6.3 the Policy Schedule;
- 3.6.4 any Supplementary Policy Schedule or Endorsement(s) on the Policy Schedule);
- 3.6.5 the Fee Schedule; and
- 3.6.6 the Valuation Policy

contains all the terms of the contract between the Policyholder(s) and IOMA Life and IOMA Life accepts liability solely in accordance with its terms. IOMA Life will not be liable in respect of any alleged representation or statement whatsoever differing from such terms, whether express or implied or whether collateral or otherwise and, without prejudice to the foregoing generality, IOMA Life will not be liable for the acts and omissions of the Investment Manager. For the avoidance of doubt, the Policy(ies) will not be valid unless signed on behalf of IOMA Life by a duly authorised signatory.

3.7 Assignment

The Bond may not be charged or used as security for a loan or assigned by the Policyholder(s) without the prior written consent of IOMA Life. Any proposed change of a permitted charge or assignee shall be notified to IOMA Life in advance and such change shall be subject to IOMA Life's written consent. The Bond may only be charged or assigned in whole and not in part. Notice of assignment affecting title to the Bond must be given to IOMA Life as its registered office in accordance with paragraph 3.1.4.

3.8 Governing Law

The Policy(ies) shall be governed by and construed in accordance with Isle of Man law and the Isle of Man courts will have exclusive jurisdiction in relation to all disputes concerning the Policy(ies).