



Capital Control Bond

Policy Terms and Conditions

The Capital Control Bond (“the Bond”) is a single premium unit-linked whole of life assurance policy as described in the Schedule. Based on an application for the Capital Control Bond the terms and conditions of the life assurance contract with Isle of Man Assurance Limited (hereinafter referred to as “IOMA”) as set out herein are applicable to the Policy. The Policy is made up of and is subject to:-

- (i) the application form for the Capital Control Bond;
- (ii) the Terms and Conditions;
- (iii) the Schedule;
- (iv) any Supplementary Schedule(s); and
- (v) any endorsement(s) on the Schedule or any Supplementary Schedule(s)

Signed on behalf of Isle of Man Assurance Limited

Authorised Signatory

Dated the same date as the Policy Schedule



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Glossary of Terms

Additional Premium – A further amount paid by the Policyholder to IOMA subsequent to the Commencement Date for allocation to the Bond following acceptance by IOMA of the application for payment of the additional premium and in accordance with the Policy Provisions.

Additional Premium Date – The date upon which IOMA accepts an Additional Premium as set out in the relevant Supplementary Policy Schedule.

Annual Management Charge – The annual charge payable to IOMA in accordance with paragraph 2.3 of the Terms and Conditions.

Bond or “Capital Control Bond” – The Capital Control Bond underwritten by IOMA.

Bondholder – The Original Bondholder, any subsequent owner of the Bond (or, if none, the Original Bondholder’s successors in title) or, if applicable, the assignees of the Bond.

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

Exit Charge – The exit charge payable to IOMA in accordance with paragraph 2.4 of the Terms and Conditions.

External Funds – Such funds, collective investment schemes or similar investments selected by, or on behalf of, the Bondholder, which are not managed by IOMA, but which IOMA is willing to acquire as assets of its long term business fund and to allocate the value thereof, from time to time, to the Bond.

External Units – Units, or other means of conferring an interest in, an External Fund which are allocated to the Bond

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

Initial Charge – The initial charge payable to IOMA in accordance with paragraph 2.2 of the Terms and Conditions.

Investment Manager – The person from time to time appointed by the Bondholder in accordance with paragraph 1.2 of the Terms and Conditions.

IOMA Funds – The unit linked investment funds managed by IOMA and forming part of its long term business fund, the units of which IOMA makes available, from time to time, for allocation to the Bond.

IOMA Units – Units in the IOMA Funds which are allocated to the Bond.

Life Assured – The individual or individuals whose life or lives are assured under the Bond.

Original Bondholder – The bondholder named in the Schedule.

Partial Surrender – a Partial Surrender of the Bond as set out in paragraph 2.7 of the Terms and Conditions.

Payment Date – The date in each calendar quarter on which the annual management charge is payable in connection with the Bond in accordance with paragraph 2.3 of the Terms and Conditions.

“Policy Year” – The successive periods of twelve months starting on the Commencement Date and on each anniversary thereof.

Premium – The amount paid to IOMA in connection with the Bond as stated in an application for the Bond and in the Schedule(s).

Schedule – The schedule issued by IOMA which includes details of the Original Bondholder and the Premium.

Supplementary Schedule – A schedule issued by IOMA upon its acceptance of an Additional Premium.

Terms and Conditions – The terms and conditions set out in the Bond and in the Schedule and any special policy terms and conditions included in the Schedule and any endorsement(s) on any of them

Total Surrender – The notional surrender of the entire Bond, as described in paragraph 2.8 of the Terms and Conditions, but which is not permitted.

Transaction Account – The current account maintained by IOMA in accordance with paragraph 1.6 of the Terms and Conditions.

“Units” – IOMA Units and External Units

Valuation Date – The date on which the Bond is valued.



Standard Policy Terms & Conditions

1. Details of the Bond

1.1 The Bond

(1) On the Commencement Date IOMA shall:-

- (i) establish the Bond; and
- (ii) credit the Premium to the Transaction Account

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

(3) All income and capital gains arising from the Units allocated to an IOMA Fund shall be credited to that IOMA Fund.

1.2 Investment Manager

(1) The Bondholder may at any time, but subject to the consent of IOMA, appoint or procure the appointment of an Investment Manager to determine the composition of the Bond in full or in part. Following such an appointment the Bondholder may request in writing at any time for the replacement of any Investment Manager in such form as IOMA 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 investment advisory agreement entered into by the Bondholder with the Investment Manager, and subject to the consent of IOMA, and to the Policy Provisions.

(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 The IOMA Funds

(1) The IOMA Funds are available only to policyholders of Isle of Man Assurance Limited and are available to Bondholders for allocation to the Bond. Subject to the Terms and Conditions, the Bondholder may select in which Funds to invest the Premium. Once invested, IOMA will, subject to paragraph 1.4, allocate the appropriate number of Units to the Bond according to the amount invested.

(2) The base currency of the IOMA Funds may be a currency other than Sterling.

(3) The IOMA Funds re-invest all dividends and income and no distributions are made.

(4) The IOMA Funds are valued monthly based on the closing mid market prices of the underlying assets on the last business day of each month. A single trading price is calculated for each IOMA Fund for the purpose of crediting or redeeming units. There is no bid/offer spread. (Under certain market conditions IOMA reserves the right to value the IOMA Funds on a bid price basis). Unit prices are calculated by dividing the total net asset value of the individual funds, less accrued expenses and other charges, by the number of units outstanding. IOMA Fund prices and performance statistics are available from the office of IOMA upon request. IOMA reserves the right at its discretion to value IOMA Funds more or less frequently. Should there occur, in IOMA's opinion, a material alteration in the assets within a Fund, IOMA reserves the right at its discretion to value the Fund more frequently.

(5) Investments into any IOMA Fund, surrenders and switches will be made on the basis of the next monthly dealing price calculated after the receipt by IOMA of instructions from the Bondholder. Cleared funds will remain in the Transaction Account and attract interest at such rates as IOMA may determine from time to time until the next allocation day of units. The Bondholder may switch between IOMA Funds at his discretion without cost. Trading instructions must be received by IOMA in writing either by letter or fax, and must bear the signature of the Bondholder include reference to or the Investment Manager.



- (6) IOMA shall be responsible for the management of each IOMA Fund as well as for the administration and operation of the Bond within the definitions contained herein. At its sole discretion, IOMA may appoint an investment advisor to advise on investments and handle the day-to-day operation of the Funds subject to the approval and guidelines then currently adopted by IOMA.
- (7) There is no guarantee as to the return on the Funds or the Bond.
- (8) Each IOMA Fund will be established as a separate and identifiable constituent of IOMA's Long Term Business Fund. The assets of each IOMA Fund shall be kept distinct from any other IOMA Funds for the purpose of valuation. IOMA reserves the right to create new IOMA Funds and merge or close existing IOMA Funds at its sole discretion. In the event of the merging or closure of any IOMA Fund, IOMA shall link the investment of the Bond to whichever other IOMA Fund, in its opinion, most closely accords with the objectives of the original IOMA Fund.

1.4 Allocation

- (1) The composition of the Bond will be determined by the Bondholder, (or, where appointed, the Investment Manager), giving valid instructions to IOMA in accordance with paragraph 3.1 of the Terms and Conditions.
- (2) On receiving a valid request from the Bondholder, or the Investment Manager, made in accordance with paragraph 3.1(2) of the Terms and Conditions to change the composition of the Bond, IOMA will normally commence to process the necessary transactions to effect the request:-
 - (i) on the first day on which IOMA is open for business after IOMA has received the request;
 - (ii) on any later alternative date selected by the Bondholder or the Investment Manager which is acceptable to IOMA;

Notwithstanding the above, IOMA reserves the right to delay the processing of any request to change the Bond's composition if:-

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

In such circumstances IOMA will normally process the request on the first day on which it becomes reasonably practicable for dealing to take place after the end of the period of delay.

- (3) Subject to paragraph 1.4(1), IOMA will process a valid request from the Bondholder or the Investment Manager made in accordance with paragraph 3.1 to change the allocation of Units of a total value specified by the Bondholder or the Investment Manager, by:-
 - (i) redeeming the appropriate Units, to the total value specified by the Bondholder, or the Investment Manager, at the prices readily available to IOMA at the time of the sale;
 - (ii) crediting the Transaction Account on the due dealing date with the redemption proceeds, net of all costs, expenses, taxes, duties and charges in connection with the redemption; and
 - (iii) investing the net proceeds in the Funds specified in return for an allocation of Units to the Bond.

1.5 Valuations

On each Valuation Date IOMA will calculate the value of the Bond in Sterling, unless otherwise agreed. In calculating the value of the Bond, the following will be taken into account:-

- (i) the price of the Units, or if no price is published, an estimate of the value, if supplied by the Investment Manager;
- (ii) any accrued or prospective fees and charges payable in connection with the Bond in accordance with this paragraph 1.5, 2.3 (the Annual Management Charge), 2.4 (the Exit Charge), 3.1 (Administration of the Bond) and 3.3 (Permitted Deductions); and

- (iii) any provision for costs, expenses, taxes, duties, charges and other liabilities for which the Bondholder may be liable hereunder or to which the Funds are, or may become liable, but which are not reflected in the amounts calculated under sub-paragraphs (i) and (ii) of this paragraph.

1.6 The Transaction Account

- (1) Unless specifically agreed by IOMA to the contrary, the Transaction Account shall be established in Sterling.
- (2) After the Commencement Date, the Transaction Account, which will be maintained by IOMA as an asset or liability (as appropriate) of the Bond, will normally only be used:-
- (i) as a cash investment;
 - (ii) to debit the costs of purchasing and allocating Units to the Bond, including all costs, expenses, taxes, duties and charges in connection with such purchase
 - (iii) to credit the proceeds of redemptions of Units, net of all costs, expenses, taxes, duties and charges in connection with such redemptions;
 - (iv) to credit any income received from Funds allocated unless the income is automatically re-invested in the relevant Funds;
 - (v) to pay all amounts due to the Bondholder in accordance with paragraphs 2.6 (Regular Withdrawals of Capital) and 2.9 (Death Benefit)
 - (vi) to deduct all fees, charges and other expenses payable in connection with the Bond in accordance with the paragraphs 1.5 (Valuations), 2.3 (the Annual Management Charge), 3.1 (Administration of the Bond) and 3.3 (Permitted Deductions) below; and
 - (vii) to credit any interest added, and to debit any interest charged, to the Transaction Account in accordance with paragraph 1.6 (4) of the Terms and Conditions.
- (3) Unless IOMA otherwise, in its absolute discretion, permits, the Transaction Account must be kept in credit to such minimum amount as IOMA may specify from time to time. IOMA may, at its discretion, redeem Units for the purpose of placing the Transaction Account in credit to the relevant minimum amount and, in doing so, IOMA may take into account any accrued or prospective fees and charges payable in connection with the Bond and the Policy in accordance with paragraphs 1.5 (Valuations), 1.7 (Bond Deductions), 2.3 (the Annual Management Charge), 3.1 (Administration of the Bond) and 3.3 (Permitted Deductions) below. When exercising its rights under this paragraph 1.6(3) IOMA will have an absolute discretion but will usually redeem Units from the IOMA Fund in which has the largest allocation to the Bond which IOMA considers is readily realisable but IOMA shall bear no responsibility, nor liability, in relation to the selection or redemption of Units for this purpose.
- (4) IOMA will:-
- (i) add interest on a daily basis to the Transaction Account when it is in credit; and
 - (ii) deduct interest on a daily basis from the Transaction Account when it is overdrawn;
- in each case at such rates as IOMA may determine from time to time.

1.7 Bond Deductions

- (1) IOMA may debit to the Bond an amount which it considers to be appropriate to take account of 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 redemption of any Units allocated, or to be allocated, to the Bond (including any costs incurred in contemplation of a redemption of any Units, which redemption or sale fails, for any reason whatsoever, to be completed); and
- (2) IOMA may credit to the Bond an amount which it considers to be appropriate to take account of the receipt of any interest attributable to such Units provided that such receipt is not otherwise reflected in the price of, or proceeds received in respect of, such Units.



2. Further details of the Bond

2.1 The Bond

In return for the payment by the Bondholder of the Premium, the Bondholder shall be entitled to receive from IOMA the benefit as specified in the Schedule(s). The Bondholder is entitled in accordance with the Terms and Conditions to make regular withdrawals of capital from the Bond. However, in accordance with the Terms and Conditions, the Bondholder is not entitled to surrender the whole Bond.

2.2 The Initial Charge

The Initial Charge shall be payable at the rate specified in the (or as amended from time to time in accordance with the Terms and Conditions) and shall be deducted from the Premium when received by IOMA prior to the allocation of Units.

2.3 The Annual Management Charge

The Annual Management Charge shall be payable at the rate specified in the Policy Schedule (or as amended from time to time in accordance with the Terms and Conditions) and shall be deducted from the Bond by the redemption of Units on each Payment Date. In the absence of instructions from the Bondholder or the Investment Manager to the contrary, the redemption shall be of IOMA Units on a pro-rata basis between all of the IOMA Funds allocated to the Bond. If no such Units are held or are insufficient, IOMA shall, at its absolute discretion, determine the Units to be realised and shall bear no responsibility or liability for the selection or redemption of Units for this purpose.

2.4 The Exit Charge

The Exit Charge shall be payable at the rate specified in the Policy Schedule and shall be deducted from the death benefit proceeds.

2.5 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 and on such value as may be agreed between the Bondholder and the Investment Manager from time to time. The Investment Manager's Charge shall be deducted quarterly in arrears from the Transaction Account on each Payment Date (or at such other intervals and on such other dates as IOMA and the Investment Manager may agree).

2.6 Regular Withdrawals of Capital

- (1) The Bondholder may request withdrawals from the Bond at such intervals as IOMA may permit, subject to the request being made in accordance with paragraph 3.1 (2). During the lifetime of the Original Bondholder the amount of withdrawal, or aggregate amount of withdrawals, which may be taken in any Policy Year shall not exceed 10% of the Premium and all Additional Premiums (if any). Any on-going Adviser Charge will cease on the death of the original Bondholder.
- (2) If the Bond does not mature on the death of the Original Bondholder, the amount of withdrawal, or aggregate amount of withdrawals, which may be taken in any Policy Year during or after that in which the Original Bondholder dies shall not exceed 0.25% of the Premium and all Additional Premiums (if any). But nothing in this sub-paragraph prejudices any withdrawals taken in the Policy Year in which the Original Bondholder dies, and before the death of the Original Bondholder, in accordance with paragraph 2.6(1).
- (3) Any regular withdrawals from the Bond shall be:-
 - (i) subject to any minimum or maximum levels of payment permitted by IOMA and subject to the maximum levels referred to in paragraphs 2.6(1) and 2.6(2) of the Terms and Conditions; and;
 - (ii) paid in such manner as IOMA may specify or otherwise agree with the Bondholder.



- (4) Each withdrawal of capital shall be paid from the Transaction Account. Where there are insufficient funds in the Transaction Account, the Bondholder or Investment Manager may nominate the Units to be redeemed. In the absence of any instruction IOMA will in its discretion select Units for redemption at its absolute discretion but shall bear no responsibility nor liability for the selection and redemption of Units for this purpose to ensure there are sufficient monies in the Transaction Account to pay the amount of the withdrawal.

2.7 Partial Surrender

The Bondholder may make a request for a Partial Surrender within the limits set out in paragraph 2.6 in which case the provisions of 2.6(4) shall also apply to any insufficiency in the Transaction Account.

2.8 Total Surrender

Subject to paragraph 2.7, the Bond is not surrenderable.

2.9 Death Benefit

- (1) On the date on which IOMA receives written notification at its Head Office of the death of the Life Assured or, if there is more than one Life Assured, the last of the Lives Assured to die, IOMA will:-
 - (i) cancel any existing arrangements for the payment of regular withdrawals of capital in accordance with paragraph 2.6;
 - (ii) redeem all Units;
 - (iii) credit the proceeds of the redemption of Units, net of all costs, expenses, taxes, duties and charges in connection with any such redemption, to the Transaction Account.
- (2) Any sum payable by IOMA on a claim will be subject to proof satisfactory to IOMA of:-
 - (i) the death(s) of the Life or Lives Assured; and
 - (ii) the legal entitlement of the Bondholder or other person claiming the death benefit;

and the return of the Schedule and any Supplementary Schedule(s) to IOMA at its Head Office.

- (3) The Bond will terminate on the date on which the requirements set out in this paragraph 2.9 are satisfied. IOMA will then pay a Death Benefit equal to the net policy value plus £100 less any Exit Charge as set out in paragraph 2.4.
- (4) IOMA will delay paying the Death Benefit payable under this paragraph 2.9 until all of the proceeds of the redemption of the Units, referred to in paragraph 2.9(3), have been credited to the Transaction Account.

2.10 Bond Currency

- (1) The Premium and any benefits payable under the Bond will be paid in the currency in which the Bond is denominated unless IOMA has agreed to a request from the Bondholder to pay the Premium or to receive the benefits in a currency otherwise agreed to the contrary.
- (2) If IOMA agrees to make any payment in a currency other than that in which the Bond is denominated, the amount payable to the Bondholder will take into account the exchange rates available at the time of the currency conversion and any costs that may be incurred by IOMA in carrying out the conversion.

2.11 Additional Premiums

- (1) The Bondholder may, at any time, apply to IOMA at its Head Office to pay an Additional Premium in relation to the Bond. If IOMA accepts that application, it will issue a Supplementary Bond Schedule as evidence of the payment and credit the Additional Premium to the Transaction Account.
- (2) IOMA will administer each Additional Premium as if it were a separate Premium. Accordingly, the following paragraphs should be read as if the references to "Schedule", "Premium" and "Commencement Date" were to the "Supplementary Schedule", the "Additional Premium" and the "Additional Premium Date" respectively:-

paragraph 1.1 (the Bond) save that sub-paragraph (i) of that paragraph shall not apply;

paragraph 2.1 (the Bond);

paragraph 2.2 (the Initial Charge);

paragraph 2.3 (the Annual Management Charge);

paragraph 2.4 (the Exit Charge);

paragraph 2.9 (the Death Benefit);

paragraph 2.10 (the Bond Currency).

(3) Any Additional Premium shall be subject to a minimum of £50,000.

3. General

3.1 Administration of the Bond

- (1) IOMA may employ agents to perform any administrative, management or other ancillary services required to enable IOMA to perform its obligations under the Bond. IOMA will decide the method and the appropriate security procedures it will use when accepting requests and instructions from the Bondholder regarding the Bond. In particular, IOMA may require that requests or instructions relating 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's requirements will be deemed to have been given to IOMA at its Head Office).
- (2) Requests and instructions will only be valid if made or given (or, in accordance with paragraph 3.1(1), deemed to be made or given) in writing to IOMA at its Head Office.
- (3) Any notice given, or other communication, by IOMA in connection with the Bond will be given, or made, in writing and sent by post to the address of the Bondholder or, if there is more than one, of the first-named surviving Bondholder which was last notified in writing to IOMA.
- (4) IOMA may make a charge if the Bondholder or the Investment Manager instructs, or renders it necessary for IOMA to:-
 - (i) pay any amount in a way which is different from IOMA's normal practice or in a currency other than Sterling;
 - (ii) alter the conditions under which any amount will be payable; or
- (5) IOMA may as a result of higher administration costs increase the level of any charges payable in connection with the Bond after giving not less than 30 days' prior notice of such increase in accordance with paragraph 3.1(2).

3.2 Assignment of the Bond

The Bond may only be assigned with the prior approval of IOMA. IOMA will not be affected by any assignment of the Bond until it has been notified in writing of that assignment at its Head Office.

3.3 Permitted Deductions

Should IOMA be required by law to pay any amount in respect of, or by reference to, any Bond to any government, statutory or regulatory agency or authority (including any levy imposed on IOMA as a result of the Isle of Man Life Assurance (Compensation of Policyholders) Regulation 1991), IOMA may realise the amount by a redemption of Units allocated to the Bond as instructed by the Bondholder or, in the absence of instructions, as it shall at its absolute discretion determine and deduct and retain such amount from the Transaction Account.



3.4 Changes in Legislation and Taxation.

IOMA, acting on professional actuarial advice, may make such alterations to the Terms and Conditions as it considers appropriate if:-

- (i) it ceases to be reasonably practicable for IOMA to comply with the Terms and Conditions as a result of:-
 - (a) any change (introduced, enacted or proposed) in any legal, regulatory or other official requirements applicable to IOMA, the Bond, the Funds or the Bondholder;
 - (b) a change in the interpretation or application of any such legal, regulatory or other official requirements; or
 - (c) compliance with any direction or request from any government, statutory or regulatory agency or authority; or
- (ii) any change to the basis of taxation which applies to IOMA, the Bond or the Funds.

3.5 Force Majeure

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

3.6 Entire Contract

The Bond, as constituted by:-

- (1) the application form for the Bond;
- (2) the Schedule;
- (3) any endorsement(s) on the Schedule; and
- (4) the Provisions;

and, where applicable, any Supplemental Schedules contains all the terms of the contract between the Bondholder and IOMA and IOMA accepts liability solely in accordance with its terms. IOMA 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 will not be liable for the acts and omissions of any investment advisor, discretionary manager or agent appointed by the Bondholder. For the avoidance of doubt, the Bond will not be valid unless signed on behalf of IOMA by a duly authorised signatory.

3.7 Governing Law

The Bond shall be governed by and construed in accordance with Isle of Man law and any dispute arising out of or in connection with the Bond shall be resolved by the Isle of Man Courts.