



The Global Asset Portfolio

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THE POLICIES

The Global Asset Portfolio consists of twenty identical single premium unit-linked whole of life assurance policies. Each individual Policy is subject to the terms and conditions of a contract with Isle of Man Assurance Limited based on an application for The Global Asset Portfolio.

Your Policy Schedules are enclosed with this booklet which sets out the terms which apply to and form part of your policy(ies). The booklet should therefore be read in conjunction with the Schedules. Together the Schedules account for your Total Premium.

Each Individual Policy secures a proportion of all the benefits for which you have contracted and is subject to:-

- 1 the application form for The Global Asset Portfolio
- 2 the Policy Schedule(s)
- 3 any endorsement(s) on the Policy Schedule(s); and
- 4 the Policy Terms & Conditions

Signed on behalf of Isle of Man Assurance Limited



Authorised Signatory

Dated the same date as the Policy Schedule(s)

POLICY VALUATIONS

Following each annual anniversary of the commencement of your Portfolio your Financial Adviser will be sent a statement showing the number of units in each fund allocated to your Global Asset Portfolio.

COMMUNICATION WITH THE COMPANY

To ensure a speedy response when writing to us it will be helpful if you quote the Policy numbers relevant to your Global Asset Portfolio.

Our Administrative Headquarters and Registered Office is located at:

IOMA House
Prospect Hill
Douglas
Isle of Man
IM1 1ET
British Isles

Telephone: +44 (0) 1624 681200

Facsimile: +44 (0) 1624 681390

Email: ioma@ioma.co.im

and all correspondence and written requests should be addressed there.

You should notify us of any change in your address.

ENCASHMENT

If at some future time you wish to encash part of your benefits we may ask you to return the appropriate number of policy schedules, according to how much you wish to receive.

In some jurisdictions this action may affect the tax treatment of the remaining policies. You should, therefore, seek advice before taking such a step to ensure that your proposed course of action is appropriate to your personal circumstances.

The UK Finance Act 1998 requires that, in certain circumstances, Isle of Man Assurance Limited must disclose information concerning UK resident policyholders to the UK Inland Revenue. This disclosure may be required when an event occurs which results in a gain being realised.

Disclosure will be dependent upon the amount of any gain and whether or not we are aware or believe that the policyholder was resident in the UK at the time the event occurred.

Glossary Of Terms Used In These Standard Policy Terms & Conditions

DEFINITIONS

We set out below the meanings of some of the important terms which we use in the Policy(ies):-

"Allocation Rate" the proportion of the Total Premium available for investment in the Portfolio as set out in the Policy Schedules

"Commencement Date" the date on which the individual Policies commenced as specified in the Policy Schedules

"Company" Isle of Man Assurance Limited.

"Dealing Date" the day on which Units in an Internal Investment Fund may be allocated or cancelled

"Dealing Deadline" the day and time set out in the Company's literature or as may otherwise be advised by the Company as the day and time by which the Company must receive a request for the allocation or cancellation of Units in the relevant Internal Investment Fund

"Financial Adviser" a Financial Adviser appointed by the Policyholder(s) to advise the Policyholder(s) on, or to determine on behalf of the Policyholder(s), the composition of the Portfolio and notice of whose appointment has been acknowledged by the Company

"Fund Currency" the currency in which an Internal Fund is denominated

"Individual Policy" any single premium unit-linked whole of life assurance policy issued by the Company, the number of which appears in the Policy Schedule

"Internal Fund" an Internal Investment Fund or Internal Cash Fund operated by the Company within the fund which it maintains for the purpose of its life assurance liabilities and the Units of which are allocated in accordance with paragraph 1.2 of the following standard policy terms and conditions

"Policies" all of the Individual Policies in force at any time

"Policyholder(s)" The holder(s) of the Individual 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 individual Policy(ies) or other legally entitled claimant.

"Policy Provisions" the following standard policy terms and conditions together with any special policy terms and conditions included in the Policy Schedules and any endorsement(s) on any of them

"Policy Schedule" The policy schedule(s) issued by the Company which includes details of the holder(s) of the single premium unit linked whole of life assurance policies issued on acceptance of an application for The Global Asset Portfolio and the numbers of such policies. The Portfolio has a 7 digit account number and each Policy Schedule has a policy number consisting of the account number followed by 3 further digits (001, 002, 003 and so on)

"Portfolio" a separately identifiable portfolio of investments which is linked only to, and maintained by the Company for determining the benefits payable under, the Policies. The ownership of the Portfolio shall at all times remain vested in the Company and form part of the fund which the Company maintains for its life assurance liabilities

"Portfolio Currency" the currency in which the Portfolio is valued, and the fees, charges and other expenses payable in connection with the Portfolio and the benefits under the Individual Policies are expressed. This will be the same currency as the currency in which the Single Premium is specified in each Policy Schedule

"Pricing Date" a date on which an Internal Investment Fund is normally valued by the Company

"The Global Asset Portfolio" The Global Asset Portfolio offered by the Company and consisting of the Policies.

"Total Premium" the amount paid to the Company in respect of an application for The Global Asset Portfolio for allocation to the Policies on acceptance of that application

"Units" the portions into which an Internal Fund is divided

"Unit Price" The price at which the Company will normally allocate and cancel Units in an Internal Fund

"Valuation Date" The date on which the Portfolio is normally valued, being at least once in each calendar year

"Interpretation" The singular shall include the plural and the masculine shall include the feminine except where the context otherwise provides

Standard Policy Terms And Conditions

1 THE GLOBAL ASSET PORTFOLIO

1.1 The Portfolio

- 1 On the Commencement Date the Company will establish the Portfolio in accordance with paragraph 1.2 below
- 2 Although all benefits payable are based on the value of the Portfolio, the assets held in the Portfolio will, at all times, be the property of the Company

1.2 Initial Unit Allocation

- 1 On receiving a valid application for The Global Asset Portfolio, the Company will normally allocate units in the Internal Investment Fund(s) or the Internal Cash Fund(s) chosen by the Policyholder(s) in that application at their Unit Price(s) on the "allocation date" which shall be the later of:
 - i the date on which the Total Premium has been cleared in the Company's bank account; or
 - ii the date on which the Company accepts the application.

However, the Company reserves the right to delay the allocation of the Units in an Internal Fund other than an Internal Cash Fund if:-

- a) the Dealing Deadline relating to the allocation of Units in the relevant Internal Investment Fund has not been met;
- b) Units in the relevant Internal Investment Fund are not normally available for allocation on the allocation date;
- c) in its opinion, immediate allocation would adversely affect the value of the existing Units in the relevant Internal Investment Fund;
- d) the Company cannot readily purchase assets for the relevant Internal Investment Fund to the value of the Units on the allocation date; or


- e) the allocation is not reasonably practicable on that date due to circumstances beyond the Company's control;

in which event, the Company will normally allocate the Units at their Unit Price(s) on the first applicable Dealing Date(s) after the end of any period of delay

- 2 Where the Company exercises its right to delay the allocation of Units in an Internal Investment Fund in accordance with paragraph 1.2.1 above, the Company will allocate Units in the Internal Cash Fund designated by the Company as being applicable to that Internal Investment Fund at their Unit price on the allocation date. At the end of the period of delay, the Company will cancel the Units in the Internal Cash Fund or Funds at their Unit Price and will allocate the Units in the relevant Internal Investment Fund or Funds

- 3 The number of Units in an Internal Investment Fund chosen by the Policyholder(s) in an application for the Global Asset Portfolio (or, where the Company exercises its right to delay the allocation of Units in an Internal Investment Fund in accordance with paragraph 1.2.1 above, the Internal Cash Fund designated by the Company as being applicable to that Internal Investment Fund) allocated to the Portfolio on its establishment will be determined by dividing the sum allocated from the Total Premium to each Internal Investment Fund or Internal Cash Fund by the Unit Price of Units in that Internal Investment Fund or Internal Cash Fund at the appropriate Dealing Date

- 4 Where, the Company exercises its right to delay the allocation of Units in an Internal Investment Fund in accordance with paragraph 1.2.1 above, the number of Units in that Fund allocated to the Portfolio at the end of the period of delay will be calculated by dividing the value of the Units in the relevant Internal Cash Fund on cancellation by the Unit Price of the Units in the relevant Internal Investment Fund on the relevant Dealing Date

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- 5 The allocation of Units following receipt of an application for The Global Asset Portfolio will be subject to any limits or restrictions imposed by the Company regarding the minimum size of any holding of Units in any Internal Investment Fund or Internal Cash Fund and the Portfolio in total

1.3 Fund Switches

(Cancellation & Conversion of Units)

- 1 Subject to the conditions set out in this paragraph and at 1.3.2 to 1.3.4 inclusive the Policyholder(s) may request that Units allocated to one or more Internal Funds be cancelled for conversion into Units of one or more other Internal Funds on the Dealing Date(s) appropriate to such cancellation and conversion. On receiving a valid request from the Policyholder(s) or the Financial Adviser made in accordance with paragraph 4.1.3 below to change the composition of the Portfolio, the Company will normally process the request on the "switch date" which shall be:-

- i the first day on which the Company is open for business after the Company received the request; or
- ii an alternative date selected by the Policyholder(s) or the Financial Adviser and acceptable to the Company;

The cancellation of Units in each relevant Internal Fund will take place on the Dealing Date immediately following the "switch date" or in the event that any Dealing Deadline for a particular Fund cannot be met on the next available Dealing Date for that Fund

Where the proceeds from the cancellation of Units are to be converted into Units in Internal Investment Funds which have a daily Dealing Date the conversion into Units of those funds will take place on the same date as the cancellation is effected

Other than where the proceeds of cancellation of Units are to be converted into Units in Internal Investment Funds which have a daily Dealing Date these proceeds will be converted into Units in the Company's Internal Cash Fund or Funds of the same currency as the selected Internal Investment Fund or Funds into which the Units are to be converted with the conversion into Units of the selected Internal Investment Fund or Funds being effected on the next following Dealing Date or in the event that any Dealing Deadline relating to the selected Internal Investment Fund or Funds cannot be met the next available Dealing Date after any necessary deadline has been complied with

However, the Company reserves the right to delay the processing of a request for a fund switch for a period not normally exceeding 3 months if:-

- a) units in the Internal Funds concerned are not normally available for cancellation or allocation (as the case may be) on the switch date;
- b) in its opinion, immediate cancellation or allocation (as the case may be) would adversely affect the value of the remaining or existing Units in the Internal Investment Funds concerned;
- c) the Company cannot readily sell or purchase (as the case may be) assets for any of the Internal Funds concerned to the value of the Units to be cancelled or allocated respectively on the switch date; or
- d) the cancellation or allocation (as the case may be) is not reasonably practicable due to circumstances beyond the Company's control

- 2 The cancellation or allocation of Units will then be effected on the first Dealing Date applicable to each of the Internal Investment Funds or Internal Cash Funds concerned after the end of the period of delay

3 A Fund switch will be effected by the Company:-

- i cancelling the Units to be exchanged at their Unit Price on the relevant Dealing Date; and then
- ii allocating Units in the Internal Investment Fund(s) or Internal Cash Fund(s) specified in the relevant request at their Unit Price on the next relevant Dealing Date

The number of Units in an Internal Investment Fund or Internal Cash Fund allocated on a Fund Switch will be calculated by:-

- a) deducting from the value of the Units being exchanged on cancellation any charge made in accordance with paragraphs 3.4 and 4.1.6 below; and then
- b) dividing the net amount (or, where the Units are being exchanged for Units in more than one Internal Investment Fund or Internal Cash Fund or a combination of both, the relevant proportion of the net amount to be exchanged for Units in the Internal Investment Fund and/or Internal Cash Fund concerned) by the Unit Price on the relevant Pricing Date of the Units in the Internal Investment Fund and/or Internal Cash Fund to which the net amount is to be allocated

4 Fund Switches will be subject to any limits or restrictions imposed by the Company regarding:-

- i the Internal Investment Fund(s) and/or Internal Cash Fund(s) into and out of which Units may be exchanged;
- ii the minimum value of Units which may be exchanged; and
- iii the minimum size of any holding of Units in the Portfolio

1.4 Cancellation of Units

i The Company may cancel Units held in the Portfolio on total encashment of the Portfolio in accordance with paragraph 3.6 below; on payment of the death benefit in accordance with paragraph 3.8 below and for any of the purposes referred to in paragraph 4.1.7 below. The company will normally cancel the relevant Units on the "cancellation date" which shall be:-

i in the case of The Establishment and The Portfolio Administration charges at the price applicable on the immediately preceding Pricing Date although the Company reserves the right, at its sole discretion, to delay such cancellation to the next available Dealing Date;

ii in the case of any other fees, charges and expenses referred to in sub-paragraph 4.1.7 (i) below, on the next Dealing Date after the date on which such other fees, charges or expenses are due;

iii in the case of any regular withdrawals in accordance with paragraph 3.3 below, on the date on which it is necessary to cancel units to meet any regular withdrawal in accordance with the policyholder(s) instructions, in which event the Company may but is not obliged to in respect of funds which have other than a daily Dealing Date or in respect of which the Dealing Deadline has not been met cancel units at the price applicable on the immediately preceding Pricing Date;

iv in the case of any partial encashment in accordance with paragraph 3.5 below or a total encashment in accordance with paragraph 3.6 below, on the next available Dealing Date following the date on which the Company received the relevant request and any Dealing Deadline which may apply in respect of individual Internal Investment Fund or Funds;



- v in the case of any death benefit payable in accordance with paragraph 3.8 below, on the next available Dealing Date following the date on which the Company received notice of death and any Dealing Deadline which may apply in respect of individual Internal Investment Fund or Funds;
- vi on an alternative date selected by the Policyholder(s) or the Financial Adviser and acceptable to the Company;

However, the Company reserves the right to delay the cancellation of the Units in an Internal Fund for a period not normally exceeding 3 months if:-

- a) units in that Fund are not normally available for cancellation on the cancellation date;
- b) in its opinion, immediate cancellation would adversely affect the value of the remaining Units in that Fund;
- c) the Company cannot readily sell assets held in that fund to the value of the Units on the normal cancellation date; or
- d) the cancellation is not reasonably practicable due to circumstances beyond the Company's control

The Company will then cancel the relevant Units at their Unit Price on the first applicable Dealing Date after the end of any period of delay

1.5 Policy Valuations

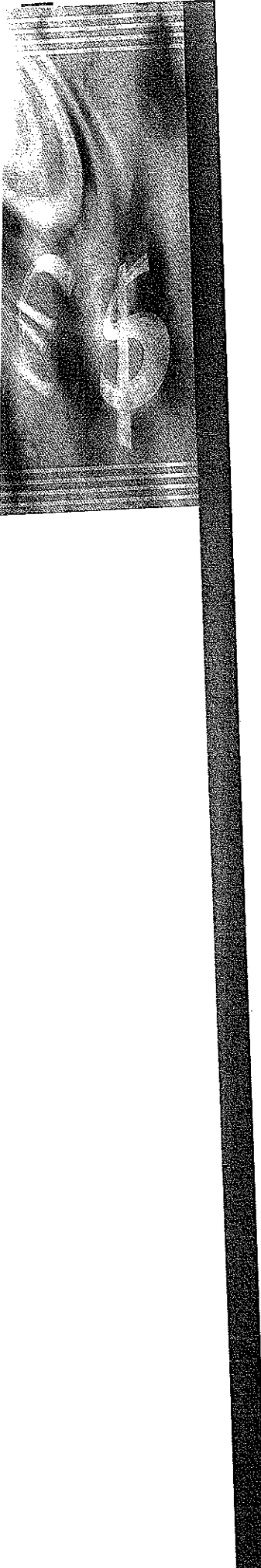
- 1 On each Valuation Date the Company will calculate the value of the Portfolio in the Portfolio Currency. In calculating the value of the Portfolio, the following will be taken into account:-
 - i the value of the Units held in the Portfolio;
 - ii any charges due and payable at the Valuation Date

- 2 For the purpose of calculating the value of the Portfolio, Units in the relevant Internal Funds will be valued at the most recent Unit Prices calculated in accordance with paragraph 2.2 below) available to the Company on the relevant Valuation Date as quoted by the Company
- 3 The Company will undertake an ad hoc valuation of the Portfolio on a date which is not a Valuation Date on receiving a valid request for such a valuation from the Policyholder(s) or the Financial Adviser in accordance with paragraph 4.1.3 below. The Company reserves the right to deduct from the Portfolio a charge for providing ad hoc valuations

2. THE INTERNAL FUNDS

2.1. The Internal Investment Funds & Internal Cash Funds

- 1 The Company will:-
 - i decide which of its Internal Investment Funds and Internal Cash Funds will be eligible for inclusion in the Portfolio at any time;
 - ii determine the investment objective of each Internal Investment Fund and Internal Cash Fund;
 - iii have the power, and the right to delegate the power, to determine the investments and other assets to be held in each Internal Investment Fund and Internal Cash Fund (including the proportions in which such investments and other assets are maintained) in accordance with each Fund's investment objective; and
 - iv be entitled to borrow money in connection with any Internal Investment Fund and/or Internal Cash Fund and may use that Fund's assets as security



2 All income and capital arising from the assets held in each Internal Investment Fund or Internal Cash Fund will be added to that Fund after deduction of any tax due

3 Each Internal Investment Fund or Internal Cash Fund will be divided into Units which may be of different types and Units of a particular type will be of equal value

4 No Units will be created in an Internal Investment Fund or Internal Cash Fund unless assets equivalent in value to those Units are added at the same time to that Fund. Similarly, no assets will be withdrawn from an Internal Investment Fund or Internal Cash Fund unless Units equivalent in value to those assets are cancelled at the same time, except in accordance with paragraph 2.4 below

5 The Company may:-

- i combine or sub divide Units in any Internal Investment Fund(s) or any Internal Cash Fund(s);
- ii merge or close any Internal Investment Funds or Internal Cash Funds; or
- iii reinsure any of its Internal Investment Funds or Internal Cash Funds

If the Company exercises its rights under this paragraph, it will, if necessary, adjust the Units affected to ensure that the total value of those Units to the Portfolio is not reduced

6 If the Portfolio includes Units in an Internal Investment Fund or Internal Cash Fund which is to close or otherwise cease to be eligible for inclusion in the Portfolio, the Company will:-

- i advise the Policyholder(s) in writing accordingly;
- ii offer the Policyholder(s) the choice of an alternative Internal Investment Fund or Internal Cash Fund; and

iii exchange those Units for Units in the Internal Investment Fund or Internal Cash Fund chosen by the Policyholder(s) or the Financial Adviser. If, within 30 days of writing to the Policyholder(s), the Company has not received notice of the choice made by the Policyholder(s) or the Financial Adviser on behalf of the Policyholder(s), the Policyholder(s) will be deemed to have chosen the Company's Internal Cash Fund or Funds of the same currency as the Units of the Fund or Funds which are to close or otherwise cease to be eligible for inclusion in the Portfolio

7 Certain of the Internal Investment Funds have the objective of providing minimum returns. Such Funds invest in assets purchased from some of the world's major banks; financial institutions; other organisations or underlying funds provided by Edinburgh Fund Managers Plc ("the Fund Manager") and, in the event of any such bank; financial institution; organisation or the Fund Manager being unable to meet its obligations, the minimum returns linked to assets purchased from that bank; financial institution; organisation or the Fund Manager would be at risk. The Company will not guarantee the liabilities of nor stand surety for any bank; financial institution; organisation or the Fund Manager from whom such assets are purchased if that bank; financial institution; organisation or the Fund Manager does not meet its obligations in respect of such assets

2.2 Unit Prices

1 The Company will, for each Internal Investment Fund and each Internal Cash Fund, determine the Unit Prices in its Fund Currency for each type of Unit at each Pricing Date. The Company will also provide prices in other currencies as appropriate

2 The maximum Unit Price of each type of Unit in an Internal Investment Fund and an Internal Cash Fund will be determined by:-

- i calculating, in accordance with paragraph 2.3 below, the value of that part of that Fund attributable to that type of Unit; and then
- ii dividing that value by the number of Units of that type, with the result being rounded up by not more than 1%

The minimum Unit Price for each type of Unit in an Internal Investment Fund and an Internal Cash Fund will be determined by:-

- a) calculating, in accordance with paragraph 2.3 below the value of that part of that Fund attributable to that type of Unit; and then
- b) dividing that value by the number of Units of that type, with the result being rounded down by not more than 1%

All amounts arising from the rounding up or the rounding down of Unit Prices will accrue to the Company

3 The Unit Price will not normally be greater than the maximum Unit Price or less than the minimum Unit Price. However, the Company may decide, when allocating or cancelling Units, to adjust the Unit Price of each type of Unit in an Internal Fund if:-

- i in the Company's opinion, it is necessary to do so in order to protect the value of the Units of that type within that Fund;
- ii the Company cannot readily buy or sell, as appropriate, the assets of that Fund at the value normally used for calculating the Unit Price; or
- iii units of that type in that Fund are not normally available for allocation or cancellation on that Pricing Date

2.3 Valuation of the Funds

1 The Company will calculate the value of each Internal Investment Fund and Internal Cash Fund on each Pricing Date applicable to that Fund. In calculating the value for each Internal Investment Fund and each Internal Cash Fund, the Company will determine a maximum and minimum value for each Fund:-

- (i) the maximum value of each Fund being based on the prices at which the Company may purchase assets for that Fund; and
- (ii) the minimum value of each Fund being based on the prices at which the Company may readily sell assets of that Fund

In calculating these values there will also be taken into account:-

- a) all uninvested cash held in the Fund
- b) any interest or other charges paid or payable by the Company on loans, mortgages or other charges on the assets of the Fund;
- c) any income which has accrued on the assets held in the Fund;
- d) all expenses of managing maintaining any assets of the Fund including any professional fees;
- e) any dealing and related costs incurred on the purchase or sale of assets and the costs of any currency conversion in relation to the Fund howsoever arising;
- f) any expenses, duties, taxes or other liabilities which may occur in relation to the purchase, sale or valuation of the assets for the Fund;
- g) any provision for amounts to be deducted from the Fund in accordance with paragraph 2.4 below.

- 2 For the purpose of calculating the value of the assets held in an Internal Fund:-
- i the relevant price of any shares or other securities which are listed, quoted or traded on a recognised stock exchange will be their most recent price available to the Company on the relevant Pricing Date as quoted in a relevant publication or medium selected by the Company; and
 - ii the relevant price of any unlisted securities and any other assets will be determined by the Company after taking whatever professional advice it considers appropriate
- 3 If any of the assets held in an Internal Fund are valued in a currency other than the Fund Currency, their values will be converted into the Fund Currency at appropriate exchange rates determined by the Company

2.4 Charges and Deductions

- 1 The Company will, on each pricing Date deduct a percentage of the value of each Internal Investment Fund or Internal Cash Fund to pay for a Management Charge. The percentage may vary for each Fund and for each part of a Fund representing each type of Unit.
- 2 The Company may, subject to giving 30 days' notice to the Policyholder(s), increase the percentage used in calculating the Management Charge in relation to any Internal Investment Fund or Internal Cash Fund

3 CONDITIONS APPLICABLE TO EACH INDIVIDUAL POLICY

3.1 The Establishment Charge

The Establishment charge will be 0.4% of Total Premium or the aggregate value of the individual policies comprising the Portfolio, if higher, per quarter for the first 20 quarters following the Commencement Date specified in the Policy Schedule(s) and will be deducted from the Portfolio by the Company cancelling Units in accordance with paragraph 4.1.7 below

3.2 The Portfolio Administration Charge

The Portfolio Administration Charge will be 0.125% of the aggregate value of the individual policies comprising the Portfolio per quarter and will be deducted from the Portfolio by quarterly instalments at the end of March, June, September and December in each year by the Company cancelling Units in accordance with paragraph 4.1.7 below

3.3 Regular Withdrawals

1 The Policyholder(s) may request regular withdrawals from the Portfolio on such terms and conditions and at such intervals as the Company may permit, subject to the request being made in accordance with paragraph 4.1.3 below

2 Any regular withdrawals from the Portfolio will be:-

- i subject to any minimum or maximum levels of payment permitted by the Company; and
- ii paid in such manner as the Company may specify or otherwise agree with the Policyholder(s)

Regular withdrawals will cease automatically if the payment of a regular withdrawal would result in the value of the Portfolio being less than the minimum value of the Portfolio permitted by the Company

3 Each regular withdrawal will be deducted from the Portfolio in accordance with paragraph 4 1 7 below

4 Regular withdrawals may be subject to the Early Encashment Penalty referred to in paragraph 3 7 below

3 4 Fund Switches

Where the number of Fund Switches in any year starting on the Commencement Date or any of its anniversaries exceeds twelve (12) the Company will deduct a charge equal to one per cent of the value of Units cancelled prior to reallocating the proceeds in accordance with 1 3 3 above

The cancellation of Units in an Internal Fund for conversion into the Units of another individual Internal Fund shall represent a "Fund Switch" Where the proceeds of cancellation are to be converted into Units of two (2) or more Internal Funds the transaction shall represent two (2) or more Fund Switches as appropriate save that any temporary allocation and subsequent cancellation of Units in an Internal Cash Fund in accordance with paragraph 1 3 shall be ignored for the purposes of determining the number of Fund Switches related to each transaction

3 5 Partial Encashment

1 The Policyholder(s) may request the Company to encash one or more, but not all, of the Policies, subject to any minimum or maximum levels of payment permitted by the Company and the request being made in accordance with paragraph 4 1 3 below The Policyholder(s) will be required to encash all of the Policies if the value of the Portfolio would, following payment of the partial encashment, be less than the minimum value of the Portfolio permitted by the Company (in which event the request will be deemed to be a request to encash all of the Policies in accordance with paragraph 3 6 below)

2 On receipt of a request for a partial encashment, the Company will:-

- i terminate the Individual Policies concerned; and
- ii cancel the Units held in the Portfolio which are attributable to those Individual Policies

3 The Company will pay to the Policyholder(s) an amount equal to the value on cancellation of the Units referred to in paragraph 3 4 2 above less:-

- i any monies arising on the cancellation of Units held in the Portfolio and attributable to the individual Policies concerned after those individual Policies have been terminated where such cancellation was delayed in accordance with paragraph 1 4 1 above other than for the purpose of the partial encashment; and
- ii any Early Encashment Penalty payable in accordance with paragraph 3 6 below

4 The Company may delay paying the partial encashment amount to the Policyholder(s) until all of the Units comprised in the Portfolio attributable to the Individual Policies concerned have been cancelled The Company reserves the right to delay processing a request for a partial encashment in accordance with paragraph 1 4 above

3 6 Total Encashment

1 On receipt of a valid request by the Policyholder(s) made in accordance with paragraph 4 1 3 below to encash all of the Policies, the Company will:-

- i terminate the Policies;
- ii cancel the Units held in the Portfolio;
- iii cancel any existing arrangements for the payment of regular withdrawals in accordance with paragraph 3 3 above; and
- iv calculate the final value of the Portfolio in accordance with paragraph 1 5 above

2 The Company will pay to the Policyholder(s) an amount equal to the final value of the Portfolio less:-

- i any monies arising on the cancellation of Units held in the Portfolio after the Policies have been terminated where such cancellation was delayed in accordance with paragraph 1 4 1 above other than for the purpose of the total encashment; and



- ii any Early Encashment Penalty payable in accordance with paragraph 3.7 below;
 - iii any other outstanding charges
- 3 The Company may delay paying the total encashment amount to the Policyholder(s) until all of the Units comprised in the Portfolio have been cancelled. The Company reserves the right to delay processing a request to encash the whole of the Portfolio in accordance with paragraph 1.4 above

3.7 The Early Encashment Penalty

1 An Early Encashment penalty will be payable if:-

- i in any year starting on the Commencement Date or any of its anniversaries, the cumulative regular withdrawals under paragraph 3.3 above together with any partial encashments under paragraph 3.5 above from the Portfolio exceed 10% of the Total Premium multiplied by the number of years the Portfolio has been in force since the Commencement Date, provided that

- a) in the event of a partial encashment in accordance with paragraph 3.5 above, the aggregate amount which may be withdrawn from the Portfolio under paragraph 3.3 above during the remainder of the year in which that encashment occurs without exceeding the 10% limit shall be reduced by:-

- 1 dividing that amount by the number of Individual Policies in force immediately prior to the partial encashment; and
- 2 multiplying the resulting amount by the number of Individual Policies in force immediately after the partial encashment; and

- b) this sub-paragraph (i) shall not apply if, at the time of such withdrawal, the Establishment Charge referred to in paragraph 3.1 above has been paid in full;


or

- ii the Portfolio is encashed, in part or in whole, in accordance with paragraph 3.5 or 3.6 respectively above or the death benefit becomes payable in accordance with paragraph 3.8 below, provided that this sub-paragraph (ii) shall not apply if, at the time of such encashment or payment, the Establishment Charge referred to in paragraph 3.1 above has been paid in full

2 The Early Encashment Penalty will be calculated as follows:-

Number of complete quarters since Commencement Date	Charge	Number of complete quarters since Commencement Date	Charge
0	8%	11	3.6%
1	7.6%	12	3.2%
2	7.2%	13	2.8%
3	6.8%	14	2.4%
4	6.4%	15	2%
5	6%	16	1.6%
6	5.6%	17	1.2%
7	5.2%	18	0.8%
8	4.8%	19	0.4%
9	4.4%	20	NIL
10	4%	-	-

- a) in respect of the total encashment of the Portfolio as set out in paragraphs 3.6 or 3.8 the charge levied will be based on the Total Premium or the aggregate value of the individual policies comprising the Portfolio if higher



b) in the event of the full encashment of one or more individual policies as set out in paragraph 3.5 the charge levied will be based on that proportion of the Total Premium applicable to those policies or the total value of those policies if higher

In respect of any other partial encashment, including regular withdrawals in excess of the 10% limit referred to in paragraph 3.7.1, the charge levied will be based on the value of units encashed

3 The Early Encashment penalty will be deducted from the amount payable by the Company in accordance with paragraphs 3.3, 3.5 or 3.6 above or paragraph 3.8 below (as the case may be)

3.8 Death Benefit

1 On the date on which the Company receives written notification at its Registered 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, the Company will:-

- i cancel all of the Units held in the Portfolio; and
- ii cancel any existing arrangements for the payment of regular withdrawals in accordance with paragraph 3.3 above

2 Any sum payable by the Company on a claim will be subject to payment of the Total Premium and proof satisfactory to the Company of:-

i the death(s) of the Life/Lives Assured;

ii and

iii the legal entitlement of the Policyholder(s) to the death benefit;

and to the Policy Schedule being returned to the Company at its Registered Office

3 The Policies will terminate on the date on which the requirements set out in paragraph 3.8.2 above are satisfied. The Company will then calculate the death benefit payable, which will be the final value of the Portfolio calculated in accordance with paragraph 1.5 above multiplied, if applicable, by any amount specified in the Policy Schedule

4 The Company reserves the right to delay cancelling the Units held in the Portfolio in accordance with paragraph 1.4 above

5 The death benefit may be subject to the Early Encashment penalty referred to in paragraph 3.7 above

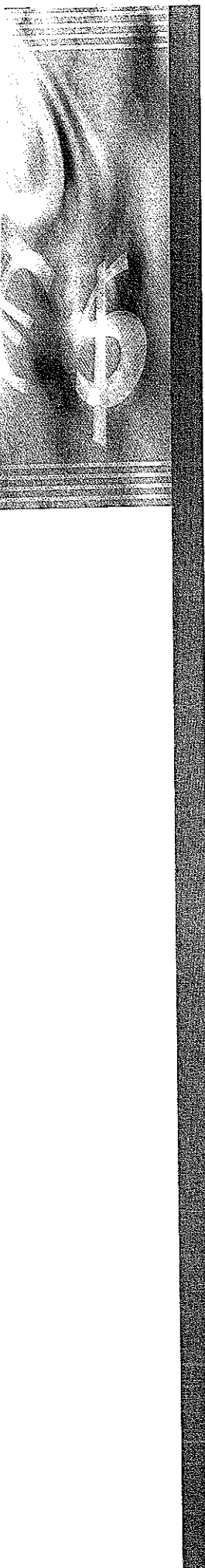
3.9 Currency of Portfolio

1 The Total Premium and any benefits payable under the Individual Policy will be paid in the currency of the Portfolio unless the Company has agreed to a request from the policyholder(s) to pay the Total Premium or to receive the benefits in another currency. If the Company agrees to make any payment in a currency other than the currency of the Portfolio, the amount payable to the Policyholder(s) or any other legally entitled claimant will take into account the exchange rates available at the time of the currency conversion and any costs that may be incurred by the Company in carrying out the conversion will be deducted from the amount payable. In addition the Company will not be responsible for any bank charges howsoever arising which shall be the sole responsibility of the Policyholder(s) or other legally entitled claimants

4 GENERAL

4.1 Administration of The Portfolio and Individual Policies

1 The Company may employ agents to perform any administrative, management or other ancillary services required to enable the Company to perform its obligations under the Individual Policies comprising the Portfolio



The Company will decide the method and the appropriate security procedures it will use when accepting requests and instructions from the Policyholder(s) or the Financial Adviser regarding the administration or management of the Individual Policies or Portfolio. In particular, the Manager may require that requests or instructions relating to the administration or management of the Portfolio be made or given to any agent appointed by it pursuant to this paragraph (and any request or instruction given in accordance with the Company's requirements will be deemed to have been given to the Company at its Registered office)

- 2 All requests and instructions received from the Policyholder(s) or the Financial Adviser will be applied identically to each of the Policies, save that the Policyholder(s) may request the total encashment or assignment of one or more of the Policies
- 3 Requests and instructions will only be valid if made or given (or, in accordance with paragraph 4.1.1 above, deemed to be made or given) in writing to the Company at its Registered Office.
- 4 Subject to paragraph 4.5 below, any notice given, or other communication, by the Company in connection with the Policy Terms will be given, or made, in writing and sent by post to the address which was last notified in writing to the Company of the Policyholder or, if there is more than one, of the first-named Policyholder
- 5 The Company will decide what method to use in giving notice of any changes that may affect the Portfolio or Individual Policies. These methods may include the use of appropriate advertisements alone or together with other means of notice for changes of a more general nature. Alternatively, for changes of a more specific nature, the Company may give notice to the Policyholder(s) in accordance with paragraph 4.1.4 above

6 The Company may make a charge if the Policyholder(s) instruct(s) or necessitate(s) the Company:-

- i to pay benefits in a way which is different from the Company's normal practice or in a currency other than the Portfolio Currency;
- ii to change the composition of the Portfolio;
- iii to alter the conditions under which the benefits will be payable; or
- iv to introduce or change an arrangement to take regular withdrawals in accordance with paragraph 3.3 above

The relevant charge will be paid for by the cancellation of Units held in the Portfolio or by deduction from any amount payable to the Policyholder(s) whichever the Company decides is appropriate in the circumstances

7 Normally Units will be cancelled equally across all Internal Investment Funds to which the policies remaining in force are linked but the Company reserves the right to select specific Internal Investment Funds from which Units will be cancelled to pay for:-

- i any fees, charges and other expenses payable in connection with the Portfolio and the Policies in accordance with paragraphs 1.5 (Valuations), 3.1 (Establishment Charge) and 3.2 (the Portfolio Administration Charge) above, this paragraph 4.1 and paragraph 4.3 (Permitted Deductions) below;
- ii regular withdrawals in accordance with paragraph 3.3 above; and
- iii partial encashments in accordance with paragraph 3.5 above;

and such Units will be cancelled in accordance with paragraph 1.4 above

8 The Company may increase the level of charges payable in connection with the Portfolio on giving not less than 30 days' prior notice of such increase in accordance with paragraph 4.1.5 above

9 The Company will pay any benefits due under the Portfolio or Individual Policies at its Registered Office

4.2 Assignment of Individual Policies

The Company will not be affected by any assignment of the Policies until it has been notified in writing of that assignment at its Registered Office. Individual Policies may only be assigned in their entirety and not in part.

4.3 Permitted Deductions

If the Company is required by law to pay any amount concerning the Individual Policies comprising the Portfolio to any government, statutory or regulatory agency or authority (including any levy imposed on the Company as a result of the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991), the Company may deduct the amount to be paid from the Portfolio by the cancellation of Units in accordance with paragraph 4.1.7 above

4.4 Changes in Legislation and Taxation

The Company, acting on professional advice, may make such alterations to the Policy Provisions as it considers appropriate if:-

- i It ceases to be reasonably practicable for the Company 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 the Company, the Portfolio, or the Policyholder(s);
 - 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

- ii The basis of taxation which applies to the Portfolio or Individual Policy changes.

4.5 Force Majeure

No liability shall arise if the Company is prevented from fulfilling its obligations under the Portfolio or Individual Policies 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)

4.6 Entire Contract

The Global Asset Portfolio, as constituted by:-

- i the application form for the Global Asset Portfolio
- ii the Individual Policy Schedules
- iii any endorsement(s) on the Policy Schedules; and
- iv the Policy Terms;

contains all the terms of the contract between the Policyholder(s) and the Company and the Company accepts liability solely in accordance with its terms. The Company 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, the Company will not be liable for the acts and omissions of the Financial Adviser. For the avoidance of doubt, the Portfolio and Individual Policies will not be valid unless signed on behalf of the Company by a duly authorised signatory

4.7 Governing Law

The Individual Policy 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 Portfolio or Individual Policies