

ioma

THE MANX WEALTH MANAGEMENT BOND

STANDARD POLICY TERMS AND CONDITIONS

THE MANX WEALTH MANAGEMENT BOND

The Manx Wealth Management Bond comprises of one or more identical single premium unit-linked whole of life assurance policies. Based on an application for the Manx Wealth Management Bond the terms and conditions of a life assurance contract with Isle of Man Assurance Limited (hereinafter referred to as "IOMA") are set out in each policy. Each Policy is made up of and is subject to:-

- (i) the application form for the Manx Wealth Management Bond;
- (ii) the Standard Policy Terms and Conditions;
- (iii) the Policy Schedule;
- (iv) any Supplementary Policy Schedule(s); and
- (v) any endorsement(s) on the Policy Schedule or any Supplementary Policy Schedule(s)

Signed on behalf of Isle of Man Assurance Limited

Authorised Signatory

Dated the same date as the Policy Schedule

CONTENTS

GLOSSARY OF TERMS USED IN THE STANDARD POLICY TERMS AND CONDITIONS

STANDARD POLICY TERMS AND CONDITIONS

	Page
1. Details of the Bond	4
1.1 The Bond	4
1.2 Investment Manager	4
1.3 Asset Allocation	4
1.4 The Cash Account	6
1.5 Valuations	7
1.6 Portfolio Deductions	8
2. Details of the Individual Policy	8
2.1 The Initial Charge	8
2.2 The Annual Management Charge	8
2.3 The Investment Manager's Charge	8
2.4 The Fund Management Charges	9
2.5 The Transfer Charge	9
2.6 The Administration Charge	9
2.7 Regular Withdrawals of Capital	9
2.8 Partial Encashment	9
2.9 Total Encashment	10
2.10 Death Benefit	11
2.11 The Encashment Penalty	12
2.12 Bond Currency	12
2.13 Additional Premiums	12
3. General	13
3.1 Administration of the Policy(ies)	13
3.2 Assignment of the Policy(ies)	13
3.3 Permitted Deductions	13
3.4 Changes in Legislation and Taxation	14
3.5 Force Majeure	14
3.6 Entire Contract	14
3.7 Governing Law	14

GLOSSARY OF TERMS USED IN THE STANDARD POLICY TERMS AND CONDITIONS

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

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

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

Bond Currency – The currency in which the Bond is denominated as specified in the Policy Schedule.

Cash Account – The current account maintained by IOMA 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.

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

Investment Manager – Any investment manager appointed by the Policyholder(s) in accordance with paragraph 1.2 of the standard policy terms and conditions.

Payment Date – The date in each calendar quarter on which the annual management charge payable in connection with the Bond in accordance with paragraph 2.2 of the standard policy terms and conditions is deducted from the Portfolio.

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, comprising the Bond and in force at any time, the numbers of which appear in the Policy Schedule(s).

Policy Schedule – The policy schedule issued by IOMA which includes details of the Policyholder(s) of the single premium unit-linked whole of life assurance policy issued following acceptance by IOMA of an application for the Manx Wealth Management Bond and the number identifying such policy.

Policy Terms and Conditions – The standard policy terms and conditions and any special policy terms and conditions included in the Policy Schedule, any Supplementary Policy Schedule and any endorsement(s) on any of them.

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 to meet its life assurance liabilities.

Premium – The amount paid to IOMA in connection with an application for the Manx Wealth Management Bond for allocation to the Policy following acceptance by IOMA of that application.

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

Valuation Date – The date on which the Bond is valued, normally being at least once in each calendar year. Should there occur, in IOMA’s opinion, a material alteration in the assets allocated, directly or indirectly to the Portfolio, IOMA reserves the right at its discretion to value the Portfolio more frequently.

STANDARD POLICY TERMS AND 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 Cash Account
- (2) Although the benefits payable under each Policy are based on the value of the Portfolio, the assets allocated to the Portfolio shall at all times form part of the Long Term Business Fund of IOMA and shall accordingly be beneficially owned by IOMA. Such assets shall be held in the name of IOMA or of a custodian or nominee appointed by IOMA.
- (3) All income and capital arising from the assets allocated to the Portfolio shall be credited to the Portfolio.
- (4) For the avoidance of doubt, IOMA may borrow money in connection with the Portfolio and may use the assets allocated to the Portfolio as security. The liability in respect of any monies borrowed in connection with the Portfolio shall be allocated to the Portfolio but shall, at all times, form part of the general liabilities of IOMA.

1.2 Investment Manager

- (1) The Policyholder(s) may at any time request in writing to IOMA the appointment of an Investment Manager to advise IOMA on or to determine the composition of the Portfolio in full or in part, consent to which shall not unreasonably be withheld by IOMA. 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 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 Policyholder, IOMA and the Investment Manager and to the Policy Terms and Conditions .
- (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) The composition of the Portfolio will be determined by the Policyholder(s) or the Investment Manager giving valid instructions to IOMA in accordance with paragraph 3.1(3) below subject to:-
 - (i) paragraph 1.3(5) below; and
 - (ii) any limits or restrictions imposed by IOMA regarding:-
 - (a) the minimum size of any holding of assets allocated to the Portfolio; and
 - (b) the balance in the Cash Account.

The Policyholder(s) or the Investment Manager may only recommend purchases of assets for allocation to the Portfolio which are either quoted on a stock exchange recognised by IOMA,

selected from the range of pooled assets specified by IOMA or otherwise specifically agreed by IOMA from time to time as being eligible to be purchased for allocation to the Portfolio.

- (2) On receiving a valid request from the Policyholder(s) or the Investment Manager made in accordance with paragraph 3.1(3) below to change the composition of the Portfolio, IOMA will normally process the request:-
- (i) On the first day on which IOMA is open for business after IOMA has received the request;
 - (ii) if the request is to purchase an asset, on the date on which a sufficient amount of cash has been cleared in IOMA's bank account and credited to the Cash Account (or, if that is not practicable, on the first day on which IOMA is open for business after such date); or
 - (iii) on an alternative date selected by the Policyholder(s) or the Investment Manager and acceptable to IOMA;

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

- (a) IOMA cannot readily deal in the appropriate units, shares or other assets 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 the transaction to be executed after the end of the period of delay.

- (3) Subject to paragraph 1.3(2) above, IOMA will process a valid request from the Policyholder(s) or the Investment Manager made in accordance with paragraph 3.1(3) below to purchase to a total value specified by the Investment manager an asset for allocation to the Portfolio by:-
- (i) purchasing the appropriate units, shares or other assets to the total value specified by the Investment manager at the prices readily available to IOMA at the time of the purchase; and then
 - (ii) 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 the Investment Manager pursuant to this paragraph 1.3(i) will be purchased at not more than the open market buying price.

- (4) Subject to paragraph 1.3(1) above, IOMA will process a valid request from the Policyholder(s) or the Investment Manager made in accordance with paragraph 3.1(3) below to sell to a total value specified by the Policyholder(s) or the Investment Manager an asset allocated to the Portfolio by:-
- (i) selling the appropriate units, shares or other assets to the total value specified by the Policyholder(s) or the Investment Manager at the prices readily available to IOMA at the time of the sale; and then
 - (ii) 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.

- (5) Notwithstanding any other term or condition in the Policy Terms and Conditions, IOMA has the right, at all times:-
- (i) to determine the suitability of assets for allocation to the Portfolio;
 - (ii) to refuse a request from the Policyholder(s) or the Investment Manager to sell or realise in any other manner any asset allocated to the Portfolio which IOMA considers is not readily realisable;
 - (iii) to refuse a request from the Policyholder(s) or the Investment Manager to buy any asset which IOMA considers to be unsuitable for allocation to the Portfolio; and
 - (iv) to sell or realise in any other manner (including liquidation) any asset allocated to the Portfolio which IOMA considers is, or has become, unsuitable for allocation to the Portfolio.

In exercising its rights under this paragraph 1.3(5), IOMA will take into account, inter alia:-

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

IOMA will not incur any liability as a result of exercising its rights under this paragraph 1.3(5), nor will IOMA be required to explain the basis on which it has exercised such rights. If IOMA refuses a request in accordance with sub-paragraph (ii) above or wishes to exercise its rights in accordance with sub-paragraph (iv) above in relation to any asset allocated to the Portfolio which IOMA considers is not readily realisable, IOMA may, in its sole discretion, deem the Policyholder(s) to have requested the encashment of the whole of the Bond in accordance with paragraph 2.9 below.

- (6) All transactions relating to assets allocated, or to be allocated, to the Portfolio will be effected by IOMA.

1.4 The Cash Account

- (1) Unless specifically agreed to the contrary, the Cash Account shall be established in the currency in which the Bond is denominated.
- (2) After the Commencement Date, the Cash Account, which will be maintained by IOMA as an asset or liability (as appropriate) of the Portfolio, will normally only be used:-
 - (i) to debit the costs of purchasing assets for allocation to the Portfolio, including all expenses, taxes, duties and charges in connection with such purchase;
 - (ii) to credit the proceeds of sales of assets allocated to the Portfolio, net of all expenses, taxes, duties and charges in connection with such sales;
 - (iii) to credit the income received from assets allocated to the Portfolio (unless the income is automatically re-invested in the relevant assets);
 - (iv) to pay all amount due to the Policyholder(s) in terms of paragraphs 2.7 (Regular Withdrawals), 2.8 (Partial Encashment) and 2.9 (Total Encashment) below;

- (v) to deduct all fees, charges and other expenses payable in connection with the Portfolio and the Policies in accordance with the paragraphs 1.5 (Valuations), 1.6 (Portfolio Deductions), 2.2 (the Annual Management Charge), 2.3 (the Investment Manager's Charge), 2.6 (the Administration Charge), 2.11 (the Encashment Penalty), 3.1 (Administration of the Policy(ies)) and 3.3 (Permitted Deductions) below; and
 - (vi) to credit any interest added, and debit any interest charged, to the Cash Account in accordance with paragraph 1.4 (4) below.
- (3) Unless IOMA otherwise, in its absolute discretion, permits, the Cash Account must be kept in credit to such minimum amount as IOMA may specify from time to time. IOMA may, at its discretion, sell assets allocated to the Portfolio for the purpose of placing the Cash 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 Portfolio and the Policies in accordance with paragraphs 1.5 (Valuations), 1.6 (Portfolio Deductions), 2.2 (the Annual Management Charge), 2.3 (the Investment Manager's Charge), 2.6 (the Administration Charge), 2.11 (the Encashment Penalty), 3.1 (Administration of the Individual Policy) and 3.3 (Permitted Deductions) below. When exercising its rights under this paragraph 1.4(3) IOMA will usually sell assets from the largest individual holdings in the Portfolio which IOMA considers are readily realisable. If the Portfolio comprises insufficient assets which IOMA considers are readily realisable to enable the Cash Account to be placed in credit to the relevant minimum amount in accordance with this paragraph 1.4(3), IOMA may, in its sole discretion, deem the Policyholder(s) to have requested the encashment of the whole of the Bond in accordance with paragraph 2.9 below.
- (4) IOMA will:-
- (i) add interest on a daily basis to the Cash Account when it is in credit; and
 - (ii) charge interest on a daily basis to the Cash Account when it is overdrawn;

in each case at such reasonable rates as IOMA may fix from time to time.

1.5 Valuations

- (1) On each Valuation Date IOMA will calculate the value of the Bond in the currency in which the Bond is denominated, unless otherwise agreed. In calculating the value of the bond, the following will be taken into account:-
- (i) the value of the assets allocated to the Portfolio (including the balance in the Cash Account);
 - (ii) all monies borrowed in connection with the Portfolio;
 - (iii) any income which has accrued on the assets allocated to the Portfolio;
 - (iv) any accrued or prospective fees and charges payable in connection with the Portfolio and the Policies in accordance with this paragraph 1.5 and paragraphs 1.6 (Portfolio Deductions), 2.2 (the Annual Management Charge), 2.3 (the Investment Manager's Charge), 2.6 (the Administration Charge), 2.11 (the Encashment Penalty), 3.1 (Administration of the Policy(ies)) and 3.3 (Permitted Deductions) below; and
 - (v) any provision for expenses, taxes, duties, charges and other liabilities for which the Portfolio (or, to the extent attributable to the Portfolio, IOMA) is, or may become liable.
- (2) For the purpose of calculating the value of the assets allocated to the Portfolio:-
- (i) units or shares in funds of pooled assets will be valued at their most recent closing mid prices available to IOMA on the relevant Valuation Date (as quoted by any relevant medium, including the investment manager of the relevant fund, selected by IOMA);

- (ii) shares and other securities which are listed, quoted or traded on a recognised stock exchange will be valued at their most recent closing mid prices available to IOMA on the relevant Valuation Date (as quoted in the recognised official list of market dealing prices published by the relevant exchange or by any other relevant medium selected by IOMA);
 - (iii) any other assets will be valued at the price at which IOMA 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 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.
- (3) If any of the assets or liabilities allocated to the Portfolio 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.
- (4) IOMA 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) in accordance with paragraph 3.1(3) below. IOMA reserves the right to deduct from the Cash Account a charge for providing an ad hoc valuation.

1.6 Portfolio Deductions

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

- (i) 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 Portfolio (including any costs incurred in contemplation of a sale of any assets allocated to the Portfolio, which sale fails, for any reason whatsoever, to be completed); and
- (ii) interest on, and the repayment of, any monies borrowed in connection with the Portfolio.

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

- (iii) the receipt of any income attributable to those assets allocated to the Portfolio.

2. Details of the Policies

2.1 The Initial Charge

The Initial Charge shall be payable at the rate specified in the Policy Schedule and shall be deducted from the initial premium.

2.2 The Annual Management Charge

The Annual Management Charge shall be payable at the rate specified in the Policy Schedule and shall be deducted from the Cash Account on each Payment Date on a pro rata basis.

2.3 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 and the Investment Manager may agree).

2.4 The Fund Management Charges

There will be charges within the pooled funds which the Policyholder(s) or the Investment Manager select for investment within the Bond levied by the managers of those funds. Further details may be obtained from IOMA or the Investment Manager.

2.5 The Transfer Charge

The Transfer Charge shall be payable at the rate specified in the Policy Schedule and shall be deducted from the initial premium.

2.6 The Administration Charge

The Administration Charge shall be payable at the rate specified in the Policy Schedule and shall be deducted from the Cash Account on each Payment Date.

2.7 Regular Withdrawals of Capital

- (1) The Policyholder(s) may request withdrawals of capital from the Bond at such intervals as IOMA may permit, subject to the request being made in accordance with paragraph 3.1 (3) below. Such withdrawals may be either:-
 - (i) a fixed amount; or
 - (ii) a percentage of the value of the Portfolio on the immediately preceding Valuation Date.
- (2) Any regular withdrawals from the Bond shall be:-
 - (i) subject to any minimum or maximum levels of payment permitted by IOMA;
 - (ii) after deduction of any administration fee payable at the time for setting up a regular withdrawal facility;
 - (iii) after deduction of any encashment penalty referred to in paragraph 2.11 below; and
 - (iv) paid in such manner as IOMA may specify or otherwise agree with the Policyholder(s).
- (3) To pay for each regular withdrawal, IOMA shall deduct the amount due from the Cash Account.
- (4) Regular payments shall cease:-
 - (i) 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 IOMA; or
 - (ii) at the discretion of IOMA 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 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.

2.8 Partial Encashment

- (1) The Policyholder(s) may request IOMA to encash part of the Bond by terminating one or more, but not all of, the Policies, subject to any minimum or maximum levels of payment permitted by IOMA and the request being made in accordance with paragraph 3.1(3) below. The Policyholder(s) will be required to encash the whole of the Portfolio if the value of the Portfolio would, on payment of the partial encashment, be less than the minimum value of the

Bond permitted by IOMA (in which event IOMA may, in its sole discretion, deem the Policyholder(s) to have requested IOMA to encash the whole of the Bond in accordance with paragraph 2.9 below). IOMA will terminate each Individual Policy which is subject to a request from the Policyholder(s) for a Partial Encashment of the Bond on receipt of such request.

- (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) above and after deduction of the Encashment Penalty referred to in paragraph 2.11 below. If, however, such excess amount is insufficient to meet the payment and subject to paragraph 2.8(4) below, IOMA:-
 - (i) will request the Investment Manager for instructions as to which assets allocated to the Portfolio should be sold to finance the Partial Encashment;
 - (ii) delay payment of the Partial Encashment until it has received such instructions, although IOMA may, in the event that no such instructions are received within 30 days of its request for them, select, normally from the largest individual holding which IOMA considers are readily realisable, the assets allocated to the Portfolio to be sold;
 - (iii) 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
 - (iv) pay the amount due in respect of the Partial Encashment after deduction of the Encashment Penalty referred to in paragraph 2.11 below.
- (3) Where it is necessary for IOMA to sell any assets allocated to the Portfolio to finance the payment of a Partial Encashment, IOMA reserves the right to delay making that payment until the date on which a sufficient amount of cash has been cleared in IOMA's bank account and credited to the Cash Account (or, if that is not practicable, on the first day on which IOMA is open for business after such date). In addition, IOMA reserves the right to delay processing a request to encash part of the Bond in accordance with paragraph 1.3(3) above.
- (4) Notwithstanding paragraphs 2.8(2) and (3) above, IOMA 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 Portfolio 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 may, in its sole discretion, deem the Policyholder(s) to have requested IOMA to encash the whole of the Bond in accordance with paragraph 2.9 below.
- (5) Upon Partial Encashment, the Policyholder(s) shall deliver the appropriate Policy Schedule(s) to IOMA for cancellation.

2.9 Total Encashment

- (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(4), 1.4(3), 2.8(1) or 2.8(4) above, IOMA will:-
 - (i) terminate the Policies;
 - (ii) cancel any existing arrangements for the payment of regular withdrawals in accordance with paragraph 2.7 above;
 - (iii) sell any non-cash assets allocated to the Bond, provided that, notwithstanding any other term or condition in the Policy Terms and Conditions, IOMA 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 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;

- (iv) credit the sale proceeds, net of all expenses, taxes, duties and charges in connection with any such sale, to the Cash Account; and
 - (v) calculate the final value of the Portfolio in accordance with paragraph 1.5 above.
- (2) IOMA will pay (or transfer, in the case of any non-cash assets which IOMA decides to transfer as mentioned in sub-paragraph 2.9(1)(iii) above) to the Policyholder(s) an amount equal to the final value of the Portfolio less:-
- (i) The Encashment Penalty referred to in paragraphs 2.11 below;
 - (ii) any expenses, taxes, duties and charges incurred by IOMA in connection with the transfer of any non-cash assets; and
 - (iii) the charges referred to in paragraphs 2.2 (the Annual Management Charge), 2.3 (the Investment Manager's Charge) and 2.6 (the Administration Charge) above, each of which will be calculated on a time apportionment basis by IOMA 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 (i) to (iii) (inclusive) above exceeds the aggregate amount of cash to be paid to the Policyholder(s) in accordance with this paragraph 2.9(2), IOMA shall not be obliged to pay (or transfer, in the case of any non-cash assets referred to in sub-paragraph 2.9(1)(iii) above) to the Policyholder(s) an amount equal to the final value of the Portfolio until an amount equal to the excess of such deductions has been paid by the Policyholder(s) to IOMA.

- (3) IOMA may delay paying the Total Encashment amount to the Policyholder(s) 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)(iii) above, IOMA reserves the right to delay processing a request to encash the whole of the Bond in accordance with paragraph 1.3(2) above.
- (4) Upon Total Encashment, the Policyholder(s) shall deliver all Policy Schedule(s) and any supplementary Policy Schedule(s) to IOMA for cancellation.

2.10 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 first or last (as specified in the Policy Schedule) of the Lives Assured to die, IOMA will:-
 - (i) cancel any existing arrangements for the payment of regular withdrawals in accordance with paragraph 2.7 above;
 - (ii) sell all of the non-cash assets allocated to the Bond, provided that, notwithstanding any other term or condition in the Policy Terms and Conditions, IOMA 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 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
 - (iii) credit the sale proceeds, net of all expenses, taxes, duties and charges in connection with any such sale, to the Cash Account.
- (2) Any sum payable by IOMA on a claim will be subject to payment of the Premium and any Additional Premium and proof satisfactory to IOMA of:-
 - (i) the death(s) of the Life/Lives Assured; and
 - (ii) the legal entitlement of the Policyholder(s) to the death benefit;

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

- (3) The Policies will terminate on the date on which the requirements set out in paragraph 2.10(2) above are satisfied. IOMA will then pay (or transfer, in the case of any non-cash assets which IOMA decides to transfer as mentioned in sub-paragraph 2.10(1)(ii) above) to the Policyholder(s) the Death Benefit payable, which will be the final value of the Portfolio calculated in accordance with paragraph 1.5 above less:-

- (i) any encashment penalty referred to in paragraph 2.11 below; and
- (ii) any expenses, taxes, duties and charges incurred by IOMA in connection with the transfer of non-cash assets;

provided that, if the aggregate amount of the deductions referred to in sub-paragraphs (i) and (ii) above exceeds the aggregate amount of cash to be paid to the Policyholder(s) in accordance with this paragraph 2.10(3), IOMA shall not be obliged to pay (or transfer, in the case of any non-cash assets referred to in sub-paragraph 2.10(1)(ii) 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.

- (4) IOMA may delay paying the Death Benefit payable until all of the net sale proceeds referred to in paragraph 2.10(1) above have been credited to the Cash Account. Without prejudice to sub-paragraph 2.10(1)(ii) above, IOMA reserves the right to delay processing the sale of the non-cash assets allocated to the Portfolio in accordance with paragraph 1.3(3) above.

2.11 The Encashment Penalty

In the event of the Bond being encashed in whole or in part at any time, the Encashment Penalty will be payable at the rate specified in the Policy Schedule.

2.12 Bond Currency

- (1) The Premium and any benefits payable under the Policy(ies) will be paid in the currency in which the Bond is denominated unless IOMA 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) If IOMA 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 in carrying out the conversion.

2.13 Additional Premiums

- (1) The Policyholder(s) may, at any time, apply to IOMA at its Head Office to pay an Additional Premium in relation to the Policy(ies). If IOMA accepts that application, it will issue a Supplementary Policy Schedule as evidence of the payment and credit the Additional Premium to the Cash 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 "Policy Schedule", "Premium" and "Commencement Date" were to the "Supplementary Policy Schedule", the "Additional Premium" and the "Additional Premium Date" respectively:-
 - (i) paragraph 1.1 (the Portfolio) save that sub-paragraph (i) of that paragraph shall not apply;
 - (ii) paragraph 1.4 (the Cash Account);
 - (iii) paragraph 2.1 (the Initial Charge);
 - (iv) paragraph 2.2 (the Annual Management Charge);

- (v) paragraph 2.5 (the Transfer Charge);
- (vi) paragraph 2.6 (the Administration Charge);
- (vii) paragraph 2.9 (Death Benefit); and
- (viii) paragraph 2.11 (Bond Currency.)

3. General

3.1 Administration of the Policy(ies)

- (1) IOMA may employ agents to perform any administrative, management or other ancillary services required to enable IOMA to perform its obligations under the Policy(ies). IOMA 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 may require that requests or instructions relating to the administration or management of the assets allocated to 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 IOMA's requirements will be deemed to have been given to IOMA at its Head Office).
- (2) All requests and instruction 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 a Partial Encashment of the Bond in accordance with paragraph 2.6 above.
- (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 at its Head Office.
- (4) Any notice given, or other communication, by IOMA in connection with the Policy Terms and Conditions will be given, or made, in writing and sent by post to the address of the Policyholders or, if there is more than one, of the first-named Policyholder which was last notified in writing to IOMA.
- (5) IOMA may make a charge if the Policyholder(s) instruct(s) or necessitate(s) IOMA to:-
 - (i) pay benefits in a way which is different from IOMA's normal practice or in a currency other than that in which the Bond is denominated;
 - (ii) alter the conditions under which the benefits will be payable; or
 - (iii) IOMA may increase the level of charges payable in connection with the Bond on giving not less than 30 days' prior notice of such increase in accordance with paragraph 3.1(4) above.

3.2 Assignment of the Policy(ies)

Policies may only be assigned on an individual basis with the prior approval of IOMA. IOMA will not be affected by any Assignment of any Policy until it has been notified in writing of that Assignment at its Head Office. If the Policies are not assigned in their entirety, then IOMA reserves the right to treat any limits applicable to the Portfolio as applying to that part of the Portfolio attributable to each of the Policies held by each of the Policyholder(s).

3.3 Permitted Deductions

Should IOMA 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 as a result of the Isle of Man Life Assurance (Compensation of Policyholders) Regulation 1991), IOMA may deduct the amount to be paid from the Cash Account.

3.4 Changes in Legislation and Taxation.

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

- (i) it ceases to be reasonably practicable for IOMA to comply with the Policy 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 Policy(ies) 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) any change to the basis of taxation which applies to the Policy(ies).

3.5 Force Majeure

No liability shall arise if IOMA 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:-

- (i) the application form for the Manx Wealth Management Bond;
- (ii) the Policy Schedule;
- (iii) any Additional Policy Schedules(s)
- (iv) any endorsement(s) on the Policy Schedule or any Additional Policy Schedule(s); and
- (v) the Policy Terms and Conditions ;

contains all the terms of the contract between the Policyholder(s) 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 the Investment Manager. For the avoidance of doubt, the Policy(ies) will not be valid unless signed on behalf of IOMA by a duly authorised signatory.

3.7 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).

Ends.

Isle of Man Assurance Limited, IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP, British Isles
Telephone: 44 (0) 1624 681200 Facsimile: 44 (0) 1624 681391 E-mail: ioma@ioma.co.im
Internet: www.ioma.co.im

A member of the IOMA Group

Authorised by the Isle of Man Government Insurance & Pensions Authority and regulated by the Financial Services Authority in respect of UK investment business. Registered No. 3792 Isle of Man
IOMA is a member of the Association of International Life Offices

MWMB4 12/06