

The Isle of Man

A world leader

The Isle of Man has a well-established and successful financial services sector and should be top of any prospective investors list.



An enviable record of political stability

Friends Provident International is incorporated in the Isle of Man. The island is located in the middle of the Irish Sea, roughly half way between England and Ireland and is part of the British Isles. The island is a self-governing, protectorate of the British Crown, with a high degree of legislative and political autonomy, enacting its own laws and tax system, independent of the UK.

It is not part of the United Kingdom, or a member of the European Union, and it has an independent legal system that follows English law. The head of state is the Lord of Mann, which is a hereditary position held by Queen Elizabeth II.

The Government of the Isle of Man is a parliament called Tynwald. From Norse origins, it has operated continuously for over 1,000 years, making it the oldest parliament in the world. The Manx political system is not based on party politics and its ministerial style of government is led by the Chief Minister and acts by consensus. This has helped to create an environment of political stability.

The island enjoys healthy reserves, supported by a stable and diverse economy and 30 years of consistent economic growth and 50 years of a national budget surplus.

The Isle of Man government understands that the most effective way to create a successful business environment is to engage with the private sector. In turn, this helps the government respond with insight and agility to the challenges of the global economy.

This legislative and political stability and the island's autonomy make it attractive to customers seeking a base for their assets outside of their home country.

Financial strength and transparency

The Island has excellent financial strength ratings. Moody's rated the island Aa3 (Stable) in 2020. Moody's stated: "The Isle of Man's... credit profile is supported by high wealth levels created by a long track record of strong economic growth, strong institutions and prudent fiscal policies. Very high wealth levels provide a significant buffer against shocks, and the IoM has a long track record of strong GDP growth, with low volatility."

The island is an active member of the OECD and in 2017 retained its top 'compliant' rating for global tax transparency, one of only a handful of small offshore financial centres to achieve this rating.

The Isle of Man was an early adopter of the global Common Reporting Standard and fulfils its obligations to provide full automatic exchange of tax information globally. The Isle of Man won the prestigious International Finance Centre award at the 2020 International Investment Fund and Product Awards for the third time in 4 years.

Sophisticated and effective regulation

The island's principal regulator is the Isle of Man Financial Services Authority (IOMFSA), an independent statutory body responsible for the licensing and supervision of Isle of Man based banks, building societies, investment businesses, collective investment schemes and corporate and trust service providers. Their regulatory objectives are:

- securing an appropriate degree of protection for policyholders, members of retirement benefits schemes and the customers of persons carrying on a regulated activity;
- the reduction of financial crime; and
- the maintenance of confidence in the Island's financial services, insurance and pensions industries through effective regulation, thereby supporting the Island's economy and its development as an international financial centre.



The FSA maintains legislation that consistently protects the interests of customers.

In 2019, the IOMFSA introduced a new Conduct of Business Code designed to complement the Island's existing regulatory framework and provide enhanced customer protection and greater transparency.

The IOMFSA is highly respected worldwide, and liaises closely with other regulators to ensure those who choose the Isle of Man for their financial products can be sure of the highest standards of regulation and protection.



Solvency and reporting obligations

Under the Isle of Man Insurance Regulations 2018, life insurers are required to hold sufficient capital in order to provide confidence that future policyholder liabilities can be met as and when they fall due. The solvency capital requirements take into consideration all of the quantifiable risks that an insurer faces, and are calculated to ensure that companies remain solvent following a one in 200 year risk event.

The fact that companies are legally obliged to submit independently audited annual reports to the authority and to the public to demonstrate their solvency helps maintain confidence in the financial position of Isle of Man life insurers.

Aa3 (Stable) - Moody's rating

"The Isle of Man [has] a long track record of strong economic growth, strong institutions and prudent fiscal policies."

Award-winning

The Isle of Man won the prestigious International Finance Centre award at the 2020 International Investment Fund and Product Awards for the third time in 4 years.

OECD compliance

The Isle of Man has the top compliant rating for global tax transparency from the OECD, one of only a handful of offshore jurisdictions to achieve it.

Segregation of assets

In 2008, the Isle of Man passed a new Insurance Act with strict requirements for insurance companies based on the island. All insurance companies are required to ring-fence 100% of policyholder assets, ensuring these can never be called upon except to meet the claims and liabilities of policyholders.

So whatever the future holds, our liabilities to our policyholders will always take priority, and client assets could never be made available to liquidators.

We are also required to provide regular solvency calculations to our regulators to demonstrate our financial stability.

The Isle of Man's Life Assurance (Compensation of Policyholders) Regulations 1991

The Isle of Man operates a policyholder protection scheme with a Policyholders' Compensation Fund. If a life insurance company is unable to meet its liabilities, the policyholder will be compensated up to 90% of the insurer's liability in relation to their policy subject to the terms of the scheme.

The scheme operates globally, providing protection to policyholders no matter where they reside. The compensation scheme is funded by a levy on all life insurance companies operating on the Isle of Man.

The island also has a Financial Services Ombudsman Scheme, which is a free, independent dispute resolution service for customers who have been unable to resolve a complaint with their financial services provider directly.

Conduct of Business

Since 2019 all Isle of Man providers regulated by the IOMFSA are required to meet the requirements of the IOMFSA's Insurance (Conduct of Business) Code. This far-reaching and forward-thinking legislation represents the high-watermark of regulation in international financial services and sets the standard for other jurisdictions to follow.

The code promotes greater transparency around the fees and charges applied to policyholders, introduced a mandatory 30 day cancellation period and places greater responsibility on providers to ensure that financial advisers who distribute their products have the appropriate regulatory authorisation, knowledge and experience to advise customers properly.



The Conduct of Business code is designed to bring about better outcomes for customers and underlines the Island's commitment to providing the highest standards of protection to policyholders.

Favourable policyholder taxation

The Isle of Man has a clear and simple tax regime with no Capital Gains Tax, Withholding Taxes or Wealth Taxes. Customers with Isle of Man policies do not pay income, capital gains or corporation taxes on the underlying funds in their policies (apart from unrecoverable withholding taxes applicable on interest and dividends in certain countries). The investment will accumulate virtually free of tax, unlike in many countries where life insurance funds are taxed at source. This "gross roll-up" can have a significantly positive impact on investment returns over time.

Free choice of beneficiary nomination

There is no concept of forced heirship in the Isle of Man. As the territory follows English common law, instead investors have the freedom to pass on assets to whoever they choose. This can be achieved through the simple nomination of a beneficiary, or via a trust, which means Isle of Man policies can be effective vehicles for succession planning.

Data protection

The Isle of Man data protection legislation promotes high standards in the handling of personal data by organisations including life insurers. Individuals have certain rights set out by law and there are penalties for breaching responsibilities. The Isle of Man is a progressive government that takes its responsibilities to policyholders seriously and its data protection regime mirrors the high standards of the EU General Data Protection Regulation.

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