

# Reasons you should consider investing in the Isle of Man

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# 1

## An enviable record of political stability

Friends Provident International Limited 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. 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 over 1,000 years of unbroken existence 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.

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.

# 2

## Financial strength and transparency

The Island has excellent financial strength ratings. Moody's rated the island Aa2 (stable) in 2017 and received an AA rating from Standard and Poor's. Moody's stated... 'the island's very high wealth levels provided a significant buffer against shocks with very low volatility'.

The island retained its top 'Compliant' rating from the OECD in 2017, which recognises global tax transparency, making it one of just six countries worldwide. The Isle of Man was an early adopter of the global Common Reporting Standard and fulfills its obligations to provide full automatic exchange of tax information with EU member states, the UK and the United States. The Isle of Man is ranked at 42 in the Financial Secrecy Index<sup>1</sup>, suggesting the Isle of Man enjoys a better reputation than countries such as Switzerland, Guernsey, Hong Kong, UAE, Japan and the United Kingdom.

Aside from legislative and political prestige, customers investing in the Isle of Man can count on the transparency of a strong financial base.

<sup>1</sup> Financial Secrecy Index – 2018 results, <https://www.financialsecrecyindex.com/introduction/fsi-2018-results>

# 3

## Highly developed regulation

The Isle of Man Financial Services Authority (FSA) has regulated the island's life insurance and pensions business since 2015. 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.

# 4

## 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.

## 5

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

The Isle of Man's Life Assurance (Compensation of Policyholders) Regulations 1991 ensure that in the event of a life insurance company being unable to meet its liabilities to its policyholders, the Policyholders' Compensation Fund will pay the investor a sum equal to 90% of the amount of the insurer's liability under the contract.

The Island's scheme operates globally, providing protection to policyholders no matter where they reside. It would be funded by a levy on the funds of the other life assurance companies.

The role of the Isle of Man FSA does not extend to acting as arbitrator for individual policyholder complaints. However, the Isle of Man has a Financial Services Ombudsman scheme which has a broader remit. This service is free and designed to handle consumer disputes in the areas of Insurance, Banking, Investment and Pensions from customers of Isle of Man regulated businesses around the world.

## 6

### **Investment choice**

The Isle of Man FSA understands that customers may seek access to a wide range of assets and investments within their policy. Unlike regulators in some countries who issue prescriptive rules regarding which assets can and cannot be purchased within an insurance policy, the Isle of Man regulator takes a pragmatic approach to asset permissibility by not stipulating which assets can be held in life insurance policies.

For Isle of Man companies, this decision rests with the Appointed Actuary of the insurer meaning that it can design policies in line with its intended customer targets (i.e. retail or high net worth) and not be obliged to limit the scope of investments on offer.

## 7

### **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 whomever 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.

## 8

### **Favourable policyholder taxation**

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 with-holding 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 so called, gross roll-up, can have a significantly positive impact on investment returns over time.

## 9

### **Data protection**

The Isle of Man data protection legislation aims to promote 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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## Data Privacy

We take the responsibility of handling your personal data very seriously and we will only ask you for details required to process your requests to us. Please be aware of our privacy policy – please visit [www.fpinternational.com/legal/privacy-and-cookies](http://www.fpinternational.com/legal/privacy-and-cookies) to view the full policy or this can be provided on request from our Data Protection Officer.

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