

SINGLE PREMIUM PLAN GUIDE



GLOBAL FREEDOM

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1. INTRODUCTION TO THE GLOBAL FREEDOM SINGLE PREMIUM PLAN

The Global Freedom SP Plan has been designed to provide worldwide investment opportunities to individuals and companies around the world. The Global Freedom SP Plan is issued by Colonial Life based in Bermuda.

2. OUTLINE OF THE PLAN

The Global Freedom SP Plan is a single premium unlimited term Plan providing a wide choice of investment funds managed by internationally renowned fund managers together with a sum assured payable on death.

Unlimited term means that the Plan remains in force until the Plan is surrendered unless, before then, the death occurs of the relevant life assured. To gain a fuller understanding of how the Plan works, you should read the remainder of this Plan guide.

3. AVAILABILITY

3.1 Ownership

The Plan is available to any applicant(s) provided they are not subject to any legislation which prohibits this type of investment. As a potential applicant you should discuss with your financial adviser the implications of investing in the plan. The applicant(s) will be the owner(s) of the chosen plan.

Applicants may be:

a) Individuals

Up to 2 individuals may apply. A single applicant will be the sole owner of the plan. Where there are joint applicants they will be treated as joint owners while they are both alive, but on the first death either the

policy will pay the death benefit and will terminate (joint life first death), or ownership will automatically pass to the survivor, who would then become the sole owner (joint life second death).

b) Trustees

Trustees may apply and would be treated as joint owners of the Plan which will become an asset of the trust fund.

c) Companies

A company may apply and would be the sole owner of the plan. The Plan may cover up to two lives assured who must be directors or key employees of the company.

3.2 Life/Lives Assured Basis

a) Single Life

The proceeds of a Plan effected on the life of an individual will become payable when that individual dies.

b) Joint Life First Death

The Plan ceases and the proceeds become payable on the first death of the two lives assured.

c) Joint Life Second Death

The Plan ceases and the proceeds become payable on the last death of the two lives assured.

3.3 Maximum Number of Lives Assured

The maximum number of lives assured is 2.

3.4 Age Requirements

All lives assured must be aged no older than age 80 at the start of the plan.

3.5 Appointment of Beneficiaries

The Plan owner may at any time nominate or change beneficiaries to receive the benefits. Further details are available from your financial adviser.

3.6 Assignment

The entire Plan can be assigned by the Plan owner to any third party. The beneficial ownership is transferred and no action affecting the Plan can be taken without the prior agreement of the new owner.

4. CURRENCY CHOICE

The Plan currency is used to determine the amount of the premium payable, the level of benefits selected and the amount of charges.

You can choose from US dollars, euros or pounds sterling.

5. PROTECTION BENEFITS

The sum assured is equal to 101% of the bid value of units allocated to the policy at time of death. You may choose to have the life cover paid on the death of a single life, first to die of two lives, or the last to die of two lives.

6. PLAN TERM

These Plans do not have a Maturity Date, and will normally continue until the Plan is surrendered or the death of the relevant life assured.

7. SURRENDER

7.1 Plan Surrender

You can fully surrender your Plan at any time.

The surrender value will be the value of all units then allocated to the Plan, using the Bid Prices and by using exchange rates next declared if appropriate) after receipt by the company of your written surrender request less a penalty if the Plan is surrendered in the early years (refer to table below). The company reserves the right to make similar charges to those outlined in the encashment section below.

| Policy Year | Penalty (percentage of bid value) |
|------------------|--------------------------------------|
| 1 | 4% |
| 2 | 3% |
| 3 | 2% |
| 4 | 1% |
| 5 and thereafter | Nil |

7.2 Encashments

You may make encashments at any time. Surrender Penalties as detailed above may apply to encashments if made in the early years.

Encashments are subject to minimum encashment amounts. These amounts, which the Company may increase during the course of your Plan, are currently UK£357, US\$500, or Euro €555, depending on your Plan Currency.

The Company reserves the right to make a charge in respect of each encashment. The encashment charges, and the circumstances in which they are made, may vary during the course of your Plan.

Regular encashments may be made yearly, half-yearly, quarterly or monthly.

Encashments will be subject to the minimum value of units remaining allocated to your Plan, which are UK £1000, US \$1600, or Euro €1600, depending on your Plan Currency.

8. PREMIUMS

8.1 Premium Payment Conditions.

The minimum level of single premium is UK£7,145, US\$10,000 or Euro €11,110.

8.2 Allocated Premium

The proportion of the premium that is used to purchase units at the bid price in your chosen Investment Fund(s) will depend upon the amount of your single premium in line with the following table.

| Single Premium Investment* | Allocation % |
|----------------------------|--------------|
| \$10,000 to \$24,999 | 94.0% |
| \$25,000 to \$49,999 | 94.5% |
| \$50,000 to \$74,999 | 95.0% |
| \$75,000 to \$99,999 | 95.5% |
| \$100,000 or greater | 96.0% |

* For amounts in other currencies use a conversion factor of £1 = \$1.4 or €1 = \$0.9

9. INVESTMENT FUNDS

Full details of the Investment Funds available are contained in the separate Fund Facts Leaflets.

9.1 Switching between Investment Funds

You may alter the Investment Fund(s) to which your Plan is linked by "switching" between different Funds. The encashment of, and reallocation to units, will be carried out at the Bid Price. Currently the first 12 switches in any Plan Year are free, after which there will be a charge of US\$50 per switch. These charges may increase during the course of your Plan.

9.2 Investment Fund Details

9.2.1 Valuation of Investment Funds

The way in which each Investment Fund is valued is set out in the Policy Conditions.

9.2.2 Investment Fund Expenses

The amounts that the Company is entitled to deduct from each Investment Fund to cover expenses are set out in the Policy Conditions.

9.2.3 Annual Management Charge

The Annual Management Charge is deducted weekly when valuing each Investment Fund, as described in the Policy Conditions.

The current annual level of this charge, which may increase during the course of your Plan, is 1.5%.

The underlying assets of any of the Investment Funds may bear an Annual Management Charge. Details are available from the Company.

10. TAXATION & LEGAL ASPECTS

10.1 Taxation of Investment Funds

The Company is not liable to tax on its Investment Funds, although withholding tax may be deducted at source on income arising on investments held in some countries. The above taxation information is based on the position as at 1st July 2002 which is subject to change in the future.

10.2 Personal Taxation

All payments made by the Company are paid without the deduction of tax. The recipients are responsible for the payment of any tax due on these payments in countries in which they are liable for tax. You are advised to consult your own Financial Adviser or Accountant on the tax consequences of acquiring, holding or encashing units in the light of the appropriate tax laws of your country of residence and/or domicile.

10.3 Legal Position

You should satisfy yourself that there are no legislative or exchange control restrictions which may affect your application.

10.4 Eligibility

You may be eligible to own a Plan if you are not a resident of Bermuda or the United States of America.

conditions and exclusions applicable to the Plans, you should refer to the Policy Conditions which are available on request.

11.2

The Company reserves the right to alter any of the Policy Conditions to such extent as it considers necessary, in the event of any legislation, or of any alteration in the current taxation provisions affecting the Company, or of any other alteration in circumstances which, in the opinion of the Company, materially affects the implementation of any of the terms of the policy.

11.3

Plans are written under Bermudan law and the English language version of documents shall prevail over versions in any other languages.

11.4

The Company reserves the right, in exceptional circumstances, to defer payments out of your Plan if the assets are not realisable for any reason. This right exists to protect the interest of other Policy Owners.

11.5

All correspondence from the Company concerning your Plan and your application for the Plan, including acknowledgement of safe receipt by the Company of your premium, will be sent to the person named as the First Applicant in your Application Form at the permanent address given for that Applicant, unless you have indicated that you require correspondence to be sent to a different address. In this event, all correspondence will be sent to the addressee you have indicated in

11. IMPORTANT NOTES

11.1 The information in the Plan Guide is provided for your general guidance only. For full details of the terms,

the applicant's declaration in the Application Form at the address for correspondence you have provided.

The Company recommends that you carefully select the most reliable addressee and address for correspondence in the interests of the security of your Plan and that you advise the Company of any subsequent change of name and address during the course of your Plan.

- 11.6 Each year, a Unit Statement will be forwarded to the address and addressee you have indicated on your Application Form as described in Section 11.5. This will show your current unit holding and value.
- 11.7 The information given in the Plan Guide is based on the Company's current understanding of tax legislation and whilst great care has been taken to ensure that the information is correct, the Company cannot accept responsibility for its interpretation, nor does it give legal or investment advice to Policy Owners
- 11.8 The value of units can go down as well as up, and the value of securities may rise and fall, purely on account of exchange rate fluctuations. Applicants may not receive the same amount as originally invested.
- 11.9 The Company reserves the right to vary the Investment Fund Charges and any other charges.

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