

key features of your collective redemption bond

not for use in the UK, Hong Kong and Singapore



enabling intelligent investment choice

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please read this document carefully

The purpose of this Key Features Document is to give you a clear and balanced summary of the information you need to help you make a decision about investing in the Collective Redemption Bond.

Reading financial literature can be daunting, so we try to make our brochures and other documents as clear as possible, with no 'small print'. If technical expressions are unavoidable, we also include an explanation in plain English. We test our literature regularly to make sure that it can be understood by our customers.

We look forward to welcoming you as a Royal Skandia customer.

thank you

about Royal Skandia

The Collective Redemption Bond is provided by Royal Skandia Life Assurance Limited, which is part of the Skandia Group of companies, owned by Old Mutual plc. Old Mutual is an international financial services group with headquarters in London. As a FTSE 100® Company, it is one of the 100 largest companies listed on the London Stock Exchange.

Royal Skandia has operated from the Isle of Man since 1984 and now manages £9,537 million* of policyholders' money in tax-efficient investment and savings products.

All references to Royal Skandia, we, us and our in this document mean Royal Skandia Life Assurance Limited.

* As at 30 September 2008. Source: Royal Skandia.

enabling intelligent investment choice

If the name Royal Skandia is not familiar to you, that's because we do not sell or promote our products directly to customers. Instead we deal only through professional financial advisers. We believe that decisions about your financial future are so important that you should always seek professional financial advice.

We do all we can to make sure that the people who are advising about our products fully understand them and the benefits and risks that need to be considered. We also try to make our product information as clear as possible in order to ensure you have all the information you need to make an intelligent investment choice.





Royal Skandia won 'Best International Life Product Range' for the fifth consecutive year in 2008 at the yearly International Investment Fund & Product Awards held in London.

aims

the Collective Redemption Bond and its benefits




The Collective Redemption Bond aims to provide a flexible method of investing your money with the potential for growth over the medium to long term. It is designed to allow your capital to grow and to offer the option for you to take regular withdrawals.

With the Collective Redemption Bond you can enjoy significant investment freedom by spreading and varying your investments across a wide range of funds and/or different assets, as you wish, according to your financial goals and your attitude to risk. 

Because it is structured as a capital redemption policy it may offer you the opportunity to take advantage of several tax planning benefits, including arrangements that can help to reduce any tax liability on your death. If so, your financial adviser will have discussed the tax issues which are relevant to you. 

A capital redemption policy does not have lives assured; therefore it will not come to an end on death. Instead the Collective Redemption Bond has a 99-year fixed term and your investment will continue to the end of the term (the maturity date), unless you fully cash it in before the maturity date. Each policy within your bond still in force at the maturity date has a minimum guaranteed value of the greater of twice the premium amount you have paid (less any withdrawals) or the encashment value on the maturity date, which we will pay to the owner(s) of the policies on maturity.


The Collective Redemption Bond enables you to:


- choose from many tax-efficient funds to match your investment objectives
- transfer in and consolidate your existing fund holdings into your bond (subject to our acceptance) giving you the convenience of holding all your funds in one place
- easily switch funds within your bond 
- have easy access to your money, either through regular withdrawals or through one-off payments 
- cash in the whole or part of your bond whenever you wish. 


definitions


Policy – your bond will consist of a number of policies and your premium will be spread equally across the number of policies you choose. The benefit of having more than one policy is to enhance the flexibility when you cash in or withdraw money from your bond. We will automatically issue ten policies if you have left the box for the number of policies in the application form blank.


Encashment value – this is the amount of money you will receive when you choose to cash in your bond, after any outstanding charges have been deducted. This is also sometimes referred to as a 'surrender value'.

See Q4 'what funds can I choose from?' 

See Q1 'could the Collective Redemption Bond be right for me?' 

See Q9 'where can I find out about the charges?' 

See Q11 'can I take money out?' 

See Q9 'where can I find out about the charges?' 

your commitment

what you have to do as the investor

You should be sure that you understand the features and risks of this product so you can decide whether it is likely to meet your needs and expectations in terms of flexibility, capital growth and taxation planning.

You must invest an initial sum of at least £25,000 (or other currency equivalent). **i**

You need to choose the fund or funds in which to invest your money. Your financial adviser can help you decide which funds are appropriate. **i**

To ensure that your Collective Redemption Bond and chosen funds continue to meet your needs, you should monitor their performance regularly, consider new funds that become available and make whatever changes (fund switches) may be necessary. Your financial adviser will be able to help you with this.

cash holding

We strongly recommend you maintain a cash holding of 5% of your total investment in a deposit-based or money-market fund in your chosen bond currency so that money is readily available to meet charges and any regular withdrawals, if applicable. **i**

If there is insufficient cash in your bond to meet charges or withdrawals then we will sell investments from the deposit fund and then the largest holdings in line with the Policy Terms and Conditions (available from your financial adviser). There may, therefore, be delays in paying any withdrawals until the money from these sales is available.

Because the Collective Redemption Bond is designed to be a medium- to long-term investment, you should aim to hold it for at least 5-10 years. You can cash it in earlier but there may be charges for doing so. **i**

You will also need to keep us informed about any future change of address or contact details so we can continue to keep in touch with you.

See Q8 'what currency flexibility does my Collective Redemption Bond offer?' **i**

See Q4 'what funds can I choose from?' **i**

See Q8 'what currency flexibility does my Collective Redemption Bond offer?' **i**

See Q9 'where can I find out about the charges?' **i**

go online

Go online now to find out more about the Collective Redemption Bond, the range of Royal Skandia funds available for you to invest in, and fund performance reports: www.royalskandia.com/investments

REGISTER ONLINE – When you become a policyholder you can monitor your investment simply and conveniently by registering for our online Client Centre.



If you are a trustee or representing a company which will be the policyholder then you will not be able to register for online facilities at this time.


risks


factors that could affect your bond's performance

All types of investment involve some risk. The Collective Redemption Bond gives you access to a wide variety of investment funds, the value of which may fall as well as rise. You accept this investment risk by taking out this bond. This means that we cannot guarantee the amount you get back when you cash in your bond. It may be less than you expected, or less than you invested, for the following reasons:


CHOICE OF FUNDS


- The funds available all have specific objectives and associated risks. These differ according to the assets held within them. If you choose 'emerging market' funds, for example, that are invested in parts of the world with less well-established economies, their value could be subject to considerable price changes – known as 'volatility'. Similarly some funds, such as those investing in property, can be difficult to sell and you might not be able to sell or switch from such funds as quickly as you want. Your financial adviser can provide you with information which describes the objectives and risks that relate to the funds chosen. 
- If you do not review the choice of funds within your bond regularly and monitor their performance, they may fail to meet your expectations.
- If the funds in your bond do not match your attitude to risk, they may not perform as you anticipate.
- Where a fund holds investments in a currency different to the one which it is denominated in and your bond is held in, there may be additional risks because of exchange rate fluctuations. 

See Q4 'what funds can I choose from?' 

See Q8 'what currency flexibility does my Collective Redemption Bond offer?' 

CHARGES AND WITHDRAWALS

- The charges may be higher than those explained by your financial adviser when your Collective Redemption Bond started. For example, you might decide to switch to funds with higher charges than those you initially invested in, or investment management costs may increase in the future. 
- If you take regular or one-off withdrawals then the value of your Collective Redemption Bond will reduce over time.

See Q9 'where can I find out about the charges?' 

TAX CHANGES

- Tax rules could change in the future.


CANCELLATION RISK


- If you decide to cancel your bond soon after it starts, its value could fall over this time. If so you will get back less than you invested.

The section [your commitment](#) (on page 6) will help you understand how you can reduce some of these risks.

questions and answers


Q1. could the Collective Redemption Bond be right for me?


This could be the right investment for your needs if you are looking for investment growth and/or the facility of taking withdrawals, and you can afford to commit a minimum investment of £25,000 (or other currency equivalent) for at least 5-10 years. It involves more risk than bank or building society savings accounts, but the potential for growth is greater. 

If you already hold individual collective investment funds or unit trusts as described on page 10, then you might also want to consider using our asset transfer facility when applying for your Collective Redemption Bond. This can make up part or all of your investment into your Collective Redemption Bond. If you would like to know more about our asset transfer facility then we recommend you speak to your financial adviser. Please note that the minimum sum you can transfer is £50,000 (or other currency equivalent). 

The benefit of the Collective Redemption Bond is that it can continue after your death. As your attitude to risk and your financial objectives change, you can switch your fund choices accordingly.


If you have any questions about the suitability of this bond, its features and the funds you are intending to invest in, we recommend you speak to your financial adviser.

See Q8 'what currency flexibility does my Collective Redemption Bond offer?' 

See Q6 'what are 'external funds'?' 

Q2. is my money guaranteed?


No, the value of your investment in the Collective Redemption Bond can go down as well as up and you may not get back the amount invested. 


See 'risks' on page 7. 

Q3. what might I get back?

Your financial adviser can provide you with an illustration which shows examples of what you might get back. The projections shown are based on a range of assumptions about future growth rates, none of which are guaranteed.



The amount you get back will depend on:


- how much you have invested
- how long your premiums have been invested for
- the investment performance of your chosen fund or funds
- how much you have previously withdrawn
- the charges that we have taken
- any tax due when you cash it in. 


See Q14 'what about tax?' 

Q4. what funds can I choose from?

You can choose from an extensive choice of collective investment funds and assets, including:

- Royal Skandia's own range of unit-linked funds, managed by some of the world's most prestigious fund management groups 
- any external collective investment funds, funds with UCITS status, SICAVS, FCPs or unit trusts agreed by us 
- bank deposits.

Our own range of unit-linked funds covers a wide spread of UK and overseas investments, including: shares, government stocks, fixed interest securities (such as gilts, corporate bonds and eurobonds) and commercial property. 

The Royal Skandia Deposit Fund can be used to hold cash to secure any gains or to decrease exposure to market movements. 

Your financial adviser can help you choose the most suitable funds for your circumstances and needs. You can invest in as many funds as you wish, subject to a minimum of £2,500 (or other currency equivalent) in each holding. Please note that some fund managers may have a higher minimum investment requirement than Royal Skandia. Your financial adviser can provide you with details on this.

As you are investing through a Collective Redemption Bond you may be able to access funds/assets which may not normally be available to you as an individual investor. Some of these are 'specialist' funds/assets and it is essential that you seek professional advice and review the underlying prospectus to ensure you are aware of the risks relating to this type of investment.

You can get information about individual funds from your financial adviser or alternatively, if you have selected Royal Skandia's own range of unit-linked funds, from us at:

www.royalskandia.com/funds/index.asp

See Q5 'what are 'unit-linked funds?'



See Q6 'what are 'external funds?'



See Q5 'what are 'unit-linked funds?'



See 'your commitment' on page 6



definitions

Collective investment – an arrangement where investors pool their assets and have them professionally managed by an independent manager. Typical examples are UK authorised unit trusts and open-ended investment companies (OEICs) (see definitions on page 10).

Fund management groups – investment management companies that employ the expertise of specialist fund managers to run their portfolio of funds on behalf of both private and institutional investors. Examples are HSBC, JP Morgan, BlackRock, Franklin Templeton, Schroders as well as many others.

Undertakings for collective investment in transferable securities (UCITS) – are collective investment schemes, which must comply with the European UCITS Directive, ie regulations and administrative provisions relating to undertakings for collective investments in transferable securities.

Société d'investissement à capital variable (SICAV) – are open-ended collective investments common in Western Europe, especially Luxembourg. These are increasingly sold under the UCITS Directive to allow wider marketing in the European Union.

Fonds commun de placement (FCPs) – are open-ended investments similar to SICAVs. They are typically issued in French-speaking countries in Europe.

Unit trusts – a pooled investment created under trust laws. Investors buy and sell units in the fund, based on the buying ('offer') and sale ('bid') prices set by the investment management firm.

Gilts, corporate bonds, eurobonds – these types of bond are fixed interest financial assets issued by governments, companies, banks, public utilities and other large entities. Bonds pay the owner a fixed rate of interest (also known as the coupon) at regular intervals and the capital is repaid at a future specified date (the maturity date).

Q5. what are 'unit-linked funds'?

Unit-linked funds, also known as mirror funds, are offered by life assurance companies as a way of making a range of investment opportunities available to their customers within their products.

Royal Skandia's unit-linked funds invest in a wide range of collective investment schemes, such as UCITS and unit trust funds, and also directly into shares. These are known as the 'underlying funds' or 'underlying assets'. The value of these funds/assets can fall as well as rise and they could, in exceptional circumstances, become valueless either temporarily, because of suspension, or permanently. You accept this risk by taking out this bond.

Please also note that both the unit-linked funds and all the underlying funds/assets in the Collective Redemption Bond are owned by Royal Skandia. All rights relating to these funds and assets belong to Royal Skandia. We accept no responsibility for the investment performance of an investment.


The charges and tax applicable to unit-linked funds are different from those applied to underlying funds, which is why the prices quoted in the press will be different.

In spite of these differences the bond which you own and the amount you get back is directly linked to the performance of the funds which you or your appointed fund adviser has chosen.

Q6. what are 'external funds'?

Investing in external funds means you invest directly into the 'underlying funds' as described in Q5, rather than using Royal Skandia's unit-linked funds. This provides you with a wider investment choice as you can hold most open-ended funds such as UK authorised collective investments, unit trusts and open-ended investment companies (OEICs).

In addition to the open-ended funds you can also hold UK authorised investment trusts. All external funds are subject to our acceptance criteria. Your financial adviser can provide you with more details on the permitted investments. The value of all these funds/assets can fall as well as rise and they, as well as bank deposits, could in exceptional circumstances become valueless either temporarily, because of suspension, or permanently. You accept this risk by taking out the Collective Redemption Bond.

Please note that all underlying assets in the Collective Redemption Bond are owned by Royal Skandia. All rights relating to these funds and assets belong to Royal Skandia. We accept no responsibility for the investment performance of an investment. However, the value of your Collective Redemption Bond which you own and the amount you get back will be directly linked to the performance of the funds you or your appointed fund adviser has chosen. 

See 'risks' on page 7




definitions

Open-ended investment companies (OEICs) – like unit trusts these are pooled investment opportunities, but unlike unit trusts they have a company structure rather than operating under trust law and they deal in shares rather than units. An OEIC has a single price, both for selling and buying shares in the fund, unlike unit trusts which have dual 'bid' and 'offer' pricing (see 'definitions' in Q4).

Investment trusts – a company quoted on a stock exchange which invests its shareholders' money in the shares of other companies. Investment trusts can only issue a fixed number of shares – which is why they are also referred to as 'closed-ended funds'. The price of these shares is determined like other quoted shares, by supply and demand.

Q7. can I change my fund choice?

You can change your choice of funds whenever you wish. Most fund switches involve a dealing charge. 

You should review your choice of funds regularly and change them if your selection no longer meets your needs. Your financial adviser will be able to help you with this.


See Q9 'where can I find out about the charges?'



Q8. what currency flexibility does my Collective Redemption Bond offer?

With the Collective Redemption Bond you can choose which currency you want for bond valuations, and premium payments. You can also hold funds in different currencies:

- **Bond currency** – your Collective Redemption Bond investment can be held in any of the currencies listed in the investment details of the [guidance notes for starting or adding to your royal skandia collective bond](#), which is part of the application form. If your application form does not have a guidance notes section you can find the details in the [bank instruction letter](#), available from your financial adviser. You can choose which currency you wish your bond valuations to be shown in on your valuations. This is known as the bond or policy currency. This is also the currency in which the deduction of bond charges will be made, or charges applying to fund switches.
- **Premium currency** – if you choose a bond currency other than that in which you make your investment payment, you should be aware that we will notionally convert your payment into your chosen bond currency. This means we will not physically convert the payment itself, just apply the converted amount to your bond. This currency conversion could expose you to exchange rate fluctuations. Any conversion that we make will be based on the closing mid-market rate* provided to us by a third-party currency rate provider on the date we receive your investment payment to our bank account. The converted investment payment will be the amount which is shown in your policy schedules.
- **Base currency of fund** – in addition to the above your Collective Redemption Bond can hold assets in different currencies, no matter what currency your Collective Redemption Bond is held in.

However, please note that although Royal Skandia's own unit-linked funds are priced in multiple currencies, they can only be held in your bond in the currency in which their underlying funds are denominated. Ask your financial adviser for more information about which currencies apply to which funds. 

See Q5 'what are 'unit-linked funds'?'



* All currencies have a market rate. Any provider dealing with currencies will independently set different 'buy' and 'sell' rates, which include overheads and profit margins. The mid-market rate is derived from the mid-point between 'buy' and 'sell' rates used in the global markets.

Q9. where can I find out about the charges?

Your financial adviser can provide you with details of the charges made for managing your bond and the investments within it, how the charges are taken, and the effect they could have on the value of your bond.

Full details about the charges that apply to your Collective Redemption Bond will be confirmed in the [charges schedule](#) which will be sent to you, together with your policy documents, after your bond has started.

continued over page

One-off and regular charges applied to your Collective Redemption Bond are used to pay:

- Royal Skandia, the provider of the bond, to cover the cost of setting it up and managing it
- the managers of the funds you have chosen to invest in, to cover their administrative costs
- the charge for advice given by your financial adviser.

We may increase these charges to reflect Isle of Man inflation and if the administrative costs associated with your bond, or our own range of unit-linked funds within it, increase. Reasons could also include, but are not limited to, changes in taxation, regulation and the law. If we have to do this we will let you know*.

** Due to the large number of external funds available for our policyholders to invest in, we are unable to monitor and notify our policyholders of any changes to external funds. We therefore recommend that a review of external funds forms part of your yearly review with your financial adviser.*

EARLY WITHDRAWAL

We make an early withdrawal charge under certain circumstances*.

These include:

- if you fully cash in your bond
- if you cash in some of the policies in your bond
- if you take a withdrawal across all policies and the withdrawal results in less than 25% of your total investment remaining in your bond and its encashment value falls below £10,000 (or other currency equivalent).

** The actual amount and time frame of any early withdrawal charge will vary, depending on the charging structure chosen.*

DEALING CHARGE

If you want to switch funds this will in most cases be subject to a dealing charge, currently £15 for each transaction. A switch consists of two transactions. Firstly you switch out of or sell holdings in the fund you are invested in. Secondly you switch into or buy holdings in the fund you wish to invest in. The total dealing charge would therefore be £30.

Your financial adviser can inform you if this charge applies to your bond.

If you hold non-Royal Skandia funds/assets there may also be third-party charges which apply, such as bank charges, which will be included in the net amount being switched.

Q10. how will I know how my Collective Redemption Bond is doing?

The majority of funds you can invest in are priced daily. The value of your Collective Redemption Bond is based on the total number of units you have in each fund. If the unit prices of the fund rise or fall, so will the value of your Royal Skandia bond.

See Q4 'what funds can I choose from?'

See Q6 'what are 'external funds'?'

For more information about the early encashment charge and third-party charges see the document [overview of royal skandia's collective bond charges](#) available from your financial adviser

See 'risks' on page 7

When you become a policyholder you will be able to register for our Client Centre at www.royalskandia.com

Here you can access:

- a summary view of all your Royal Skandia policies in one place
- personal valuations.

If you do not have internet access, we will keep you regularly informed about the value of your Collective Redemption Bond by sending a valuation statement each quarter. This shows the opening and closing value of your Collective Redemption Bond for each quarter, plus any premiums paid, benefits paid and the charges we have deducted. If you need additional valuation statements you can get these by asking your financial adviser for an update or by calling our valuation line on +44 (0)1624 655 500 .

Q11. can I take money out?

REGULAR WITHDRAWALS

You can make withdrawals monthly, quarterly, half-yearly or yearly. The minimum withdrawal is £500. To meet regular withdrawals, unless you specify otherwise, we will partially cash in the policies which make up your bond. In this instance no early withdrawal charge will apply as long as the amount remaining in the bond after any withdrawals fulfils both of the following criteria:


- 25% of your total investment remains invested; and
- the encashment value exceeds £10,000 (or other currency equivalent).

You should also consider any tax implications. 

See Q14
'what about tax?'



ONE-OFF WITHDRAWALS OR FULL ENCASHMENT

You can take one-off withdrawals or cash in your bond at any time by writing to us at our Head Office. If you take one-off withdrawals we will partially cash in the policies which make up your bond unless you tell us otherwise. You should discuss the alternatives with your financial adviser. Please note you must enclose the policy documents if you want to cash in all the policies in your bond. 

See Q9 'where can
I find out about the
charges?'




We may not accept a one-off withdrawal request, or we may limit the amount available, if the value remaining in the Collective Redemption Bond immediately after the withdrawal falls below the higher of 5% of your total investment or £10,000 (or other currency equivalent).


INTERNATIONAL BANK ACCOUNT

Alternatively, you can choose our international bank account facility, which means you can instruct us to pay your regular or one-off withdrawals from your Collective Redemption Bond directly into a personal bank account. This will give you access to your investment using a VISA debit card. Please note an early withdrawal charge may apply if the withdrawal does not fulfil the criteria described in regular withdrawals above.


If you are interested in our international bank account facility, please contact your financial adviser who can provide you with more information about this facility. Your financial adviser can also help you with the documentation you need to complete to open the bank account as this is provided by a third party and not Royal Skandia.


Q12. how can I make payments?

You can make your payment either by cheque or electronic bank transfer in most major currencies. All cheques must be made payable to Royal Skandia Life Assurance Limited*. If you wish to make an electronic bank transfer you can find full information on the banking details in the [guidance notes for starting or adding to your royal skandia collective bond](#), which is part of your application form. If your application form does not have a guidance notes section you can find the details in the [bank instruction letter](#), available from your financial adviser. 


You can add to your investment whenever you like by making further payments of at least £2,500 (or other currency equivalent). Please contact your financial adviser or write to us at our Head Office address. 

** Please note that cheque payments in currencies other than pound sterling (£) may take longer to clear and some non-UK banks may apply high charges.*

See Q8 'what currency flexibility does my Collective Redemption Bond offer?' 


See 'contact details' on page 15 


Q13. what happens to my Collective Redemption Bond if I die?

The Collective Redemption Bond will continue until its maturity date, unless it is fully cashed in by you before your death, or by your executors following your death, or by the trustees if it is held under trust. 

If you have put your bond under trust, we will pay the benefit to the trustees to distribute.

Such payments may in certain circumstances be subject to an early withdrawal charge. 

See page 5 for more information on capital redemption 

See Q9 'where can I find out about the charges?' 

Q14. what about tax?

PERSONAL TAX

The taxation of your bond will depend upon the country in which you live. Therefore, we strongly recommend that you seek financial and taxation advice before you apply for a Collective Redemption Bond.

TAX ON FUNDS

The funds in which you invest are not currently liable to taxes in the Isle of Man, where Royal Skandia is based. However, investment income building up in any fund/asset may be subject to a tax deduction in the country where the income was produced.

Q15. what if I put my bond into a trust?

It is possible to place your bond under trust. If you do, this means that the trust conditions will need to be followed when making changes to the bond. Details of how the trust works can be found in the relevant trust literature and in the trust documents. It is important for trustees to ensure that any changes they make to the bond do not breach the trust conditions.

We strongly recommend that you speak to your financial adviser before making any decisions regarding trusts.

other information

contact details

If you need any further information about this product, please contact your financial adviser in the first instance. If you wish to contact us directly, you can do so in the following ways:

Phone: +44 (0)1624 655 555

Fax: +44 (0)1624 611 715

By writing to: Royal Skandia Life Assurance Limited
Skandia House
King Edward Road
Onchan
Isle of Man IM99 1NU

complaint procedures

Customer satisfaction is very important to us at Royal Skandia, but if you do have any cause to complain about the service provided, either by your financial adviser or by Royal Skandia, you should proceed as shown below.

You should write in the first instance either to your financial adviser – if your complaint relates to the advice you have been given – or if it concerns the service you have received from Royal Skandia, to the Complaints Team Manager at the address above, and we will do everything we can to resolve your problem.

If you are not satisfied with the response you receive and your complaint relates to the administration or service of your Collective Redemption Bond then you can complain to:

The Financial Ombudsman Service for the Isle of Man
Government Buildings
Lord Street
Douglas
Isle of Man IM1 1LE

Complaining to the Ombudsman will not affect your legal rights.

other information (continued)

about the policy terms and conditions

This Key Features Document gives a summary of our Collective Redemption Bond. It does not include all the definitions, exclusions, or Policy Terms and Conditions.

For a copy of the relevant Policy Terms and Conditions, or for more information about the Collective Redemption Bond or the fund range, please ask your financial adviser or contact us directly.

We reserve the right to amend certain contractual terms, some without prior notice, as explained in the Policy Terms and Conditions. If we do so we will let you know in writing and you may, if you wish, cash in your policy.

The contract you are applying for is subject to Manx Law. If your application is accepted, we will send you the Policy Terms and Conditions confirming the law applying to the contract. You can also obtain a copy of the Policy Terms and Conditions from your financial adviser.

All our literature and future communications to you will be in English.

compensation and investor protection

Policyholder protection schemes are regarded as a safety net for policyholders of a life assurance company and allow policyholders to claim for compensation in the unlikely event the life assurance company becomes insolvent. The rules governing schemes and specific rights for each policyholder vary from one jurisdiction to another and in some jurisdictions there is no scheme at all.

On the Isle of Man there is a statutory protection scheme which covers Royal Skandia policyholders. This compensation scheme is a result of the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 which protect all investors whose policies are effected on or after 1 February 1991.

- Eligible investors in policies issued by Isle of Man authorised life assurance companies are protected no matter where in the world they reside.
- In the unlikely event that a life assurance company is unable to meet its liabilities, the policyholder will be protected by this compensation scheme.
- The compensation scheme offers investors up to 90% of the policy benefit. For the purposes of the scheme this is calculated as the policy value less any contractual charges associated with the policy, no upper monetary limit applies to the calculation of the policy benefit.

continued over page

other information (continued)

Please note that this protection only applies if Royal Skandia is unable to meet its liabilities.

Royal Skandia only writes unit-linked business therefore there is always a close link between the value of the company's assets and the liabilities to its policyholders. Assets linked to Royal Skandia policies are segregated from Royal Skandia's business assets in order to comply with the Isle of Man Insurance Act 2008.

The value of your Royal Skandia Collective Redemption Bond is linked to the value of bank deposits and investments generally managed by third parties such as banks and fund managers. In the event that the provider of an asset, including bank deposits, fails, compensation will depend on the scheme in place where that provider is registered. You should be aware that any compensation arrangements are likely to relate only to Royal Skandia's aggregate holdings across all affected policies rather than to individual investors. As a result you may not benefit from any scheme.

Full details are available from Royal Skandia on request.

As you are invested into funds/assets through a Collective Redemption Bond you are unlikely to be eligible for any compensation schemes which may apply to individuals investing directly. If this is a concern, please discuss this with your financial adviser so you are aware of the possible risks.



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Royal Skandia Life Assurance Limited is a provider of long-term life assurance.

Skandia International is the divisional name for the international companies within the Skandia group.

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Royal Skandia Life Assurance Limited is registered in the Isle of Man under number 24916.

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