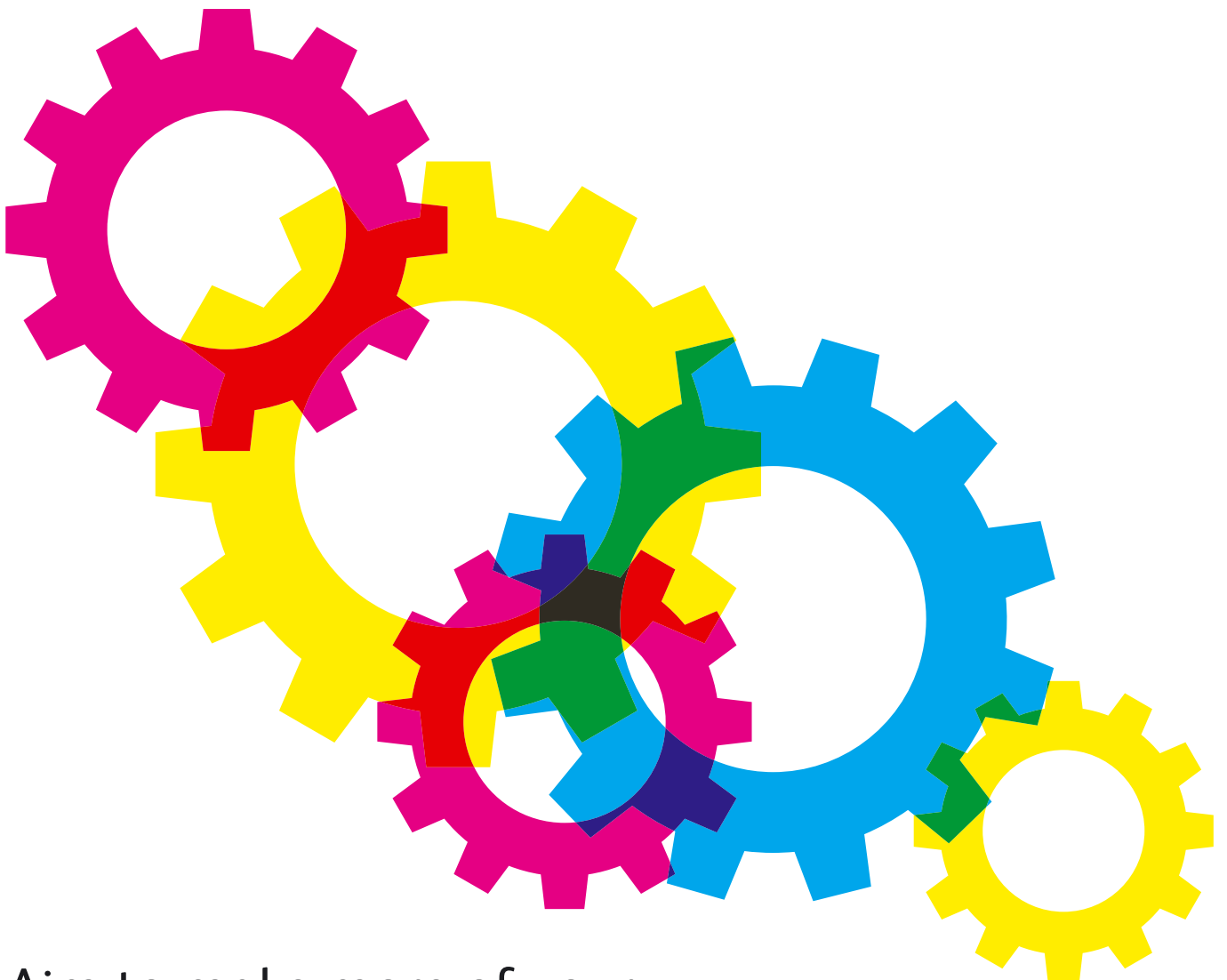


CMI Corporate Investor



Aim to make more of your
company's cash reserves

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Please note: Where we refer to 'you' or 'your' in this brochure, we are referring to your company, organisation or partnership.

Introduction

Why move your money to CMI Corporate Investor?

It's highly likely that your cash reserves are held in a bank or building society deposit account.

Capital in deposit accounts is generally secure, readily accessible and usually provides steady growth. However, the low interest rates they offer also means that any returns you get are often lower than returns you could get elsewhere.

Of course, it's important for every business to keep some money on deposit as a contingency fund. But we've discovered that many corporate investors are looking for a low risk way to get better potential returns on their cash.

That's one of the reasons we've introduced CMI Corporate Investor, an offshore bond offering you an alternative to deposit accounts. With its significant investment benefits, it's an easy way to invest your cash reserves in a well established offshore environment. CMI Corporate Investor offers a great solution for your investment needs, as well as giving you easy access to your cash.

the product

What is CMI Corporate Investor?

CMI Corporate Investor is an offshore life assurance investment bond designed for UK companies, organisations or partnerships who wish to make the most of their cash reserves in a competitively priced offshore wrapper.

CMI Corporate Investor offers you:

- Easy access to your money
- The potential for capital growth
- A choice of investments
- Competitive pricing.

And there's a further benefit with CMI Corporate Investor – you just deal with one central point of administration, rather than several different banks or building societies. This eases your administrative burden and helps you and your financial adviser to monitor and manage your investment portfolio much more efficiently.

Choose from a wide range of investments

CMI Corporate Investor allows you and your financial adviser to choose from a wide range of funds to meet your investment requirements. To help keep things as simple as possible, we've constructed a small portfolio of specially selected CMI Insurance funds across a lower risk spectrum. These offer you attractive alternatives to deposit accounts.

However, if you're prepared to take a little more risk with some of your portfolio for the chance of more substantial returns, we've selected one CMI Insurance Multi-Manager Equity Fund. This may be suitable for investors who want broader exposure to financial markets.

Our range of specially selected CMI Insurance funds

Fund asset types	Fund name
Cash Plus Fund	CMI Liquidity-Plus Fund
Gilt & Fixed Interest Fund	CMI UK Government All Maturities Bond Fund CMI UK Corporate All Maturities Bond Fund
Cautious Managed Fund	CMI Diversified Target Return
Equity Fund of Funds (Growth)	CMI UK Dynamic Managed Fund

Your minimum initial investment is £100,000 (with additional investments from £10,000), which you can invest in as many funds as you wish.

CMI Insurance funds are managed by Insight Investment Fund Management Limited.

Attractive offshore deposit rates are also available, as well as access to a very wide range of external funds. To find out details of our complete fund range, please speak to your financial adviser.

Whichever type of investments you choose, you have the option to nominate an investment adviser to look after the investment management of your bond. You should use the 'Appointment of investment adviser' form to nominate an adviser.

Valuations and fund information

You'll receive valuations of your CMI Corporate Investor every quarter, though you can ask for more frequent valuations if you'd like (subject to charge). And you'll be offered unlimited transactions between our core range of CMI Insurance funds free of charge, as well as four free transactions per year involving any external fund. (Once you reach our 'free' limit, all further transactions are chargeable.)

If you choose a unit-linked fund, remember that while this can prove a rewarding and flexible way to invest, unit prices can go down as well as up depending on market conditions. The value of your investment, therefore, may fall as well as rise and you may get back less than you originally invested.

Please note:

- The range of funds available to you could also change in the future. If the change is likely to have an effect on your investment, we'll let you know what your options are.
- A transaction is either a 'buy' or a 'sell'. A switch between two funds within the same management company will be treated as one transaction. Deposits such as placement, closure or withdrawal all constitute a transaction, whereas a renewal of a deposit on existing terms with the same institution does not.

About your cash account

The cash account is an integral part of CMI Corporate Investor and is designed to make payments in and out of your bond easier. It's very similar to a bank account as **all** payments go through the cash account. And, just like a bank account, it needs to be managed carefully to make sure that there's always enough money in it to fund any transactions.

A cash account is set up as soon as you take out your bond. It will be in the same currency that you chose for the bond. All charges and fees (eg quarterly bond charge, administration charge, dealing charges, trail commission etc) are paid from this cash account, so it's important that you or your investment adviser, if you have appointed one, make sure the account remains in credit and that there's always enough cash to cover any transactions. The cash account will usually earn interest on any credit balances and interest will be charged on any overdrawn cash accounts.

Please note: The cash account is not designed as an investment option. It simply facilitates the movement of money into, out of, and within the bond. For 'true' cash-based investments there's a wide range of investment funds available.

Security of cash accounts

Cash held within the cash account is deposited with one or more banks, each of which has a Standard and Poor's credit rating equal to at least A. 'A' has very strong fundamental strength compared with that of its global peers. Standard and Poor's is the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research and risk analysis.

CMI Insurance Company Limited does not accept any liability for the loss in value of a bond because of the failure by a bank to return cash in the cash accounts' linked to it.

For more information, please ask for a copy of our 'Management of cash accounts' leaflet (reference X1625).

Competitive charging structure

Your illustration and key features document give you basic details of the charging structure for your investment. Your financial adviser has arranged these competitive terms for you and will be able to give you full details.

What about tax?

CMI Insurance Company Limited doesn't pay tax on the income and gains from its funds or other investments held within the CMI Corporate Investor.

For a company using the historic basis of accounting or for a non-corporate, this virtually tax-free status¹ improves the potential for growth on the investments you choose – often considerably.

Corporates

The following guidelines apply for accounting periods that start on or after 1 April 2008².

The tax you have to pay will depend on the accounting basis you use.

If you use the fair value accounting basis, you will have to pay tax on:

- any growth reported in your company accounts from year to year, and
- any profit you make from:
 - cashing in your bond or segments/policies that make up your bond, or
 - withdrawals you make from your bond, or
 - assigning it, or
 - making a claim on the death of someone whose life is assured.

The date that the above started to apply to you will depend on the date to which you make up your accounts. For example, if you make your accounts up to 31 March, it applied from 1 April 2008; if you make them up to 31 December, it applied from 1 January 2009.

You have to work out the profit your bond would have made if you had cashed it in immediately before that date. However, you won't have to pay tax on **this** profit until you:

- cash in your bond or segments/policies that make up your bond, or
- make withdrawals from your bond, or
- assign the bond to someone else, or
- make a claim on the death of someone whose life is assured.

This is also the case for subsequent profits if you use the historic cost accounting basis, provided you don't revalue the bond in your accounts.

This means that if you use the historic cost basis of accounting, you have the flexibility to choose when to realise gains. In this way, you can maximise the taxation position of your company by deferring paying corporation tax until one of the above happens.

It may be possible to defer gains to a year when the company will pay a lower rate of tax. If your company has trading losses you can also choose to cash in your funds. You can do this at a time that may allow investment profits to be set off against trading losses. This gives you a high degree of control over the timing and amount of any future tax charge.

Notes

- 1 Some dividends may be subject to withholding tax in their country of origin and the funds in which the CMI Corporate Investor invests may also be liable to tax.
- 2 For accounting periods that start before 1 April 2008 you might have to pay tax if:
 - you cash in your bond or segments/policies that make up your bond
 - assign the bond to someone else
 - you take partial encashments or regular withdrawals in any year of more than 5% of the amount invested, or if the cumulative total is more than 100% of the amount invested
 - make a claim on the death of someone whose life is assured.

Non-corporates

Non-corporate entities (eg partnerships) are subject to a different tax regime. Please discuss this with your financial adviser.

How you access your money

Investments are often an important source of income, and you can choose to take regular fixed sum withdrawals from your bond.

You can also cash in all or part of your bond at any time. The minimum partial withdrawal is £10,000 (where the total investment is less than £200,000, withdrawals of 5% will be allowed once a year) and you must keep a minimum of £10,000 invested in the bond at all times.

If you take money out of your bond in the early years, you may have to pay an early encashment charge depending on the charging structure selected for the bond. The amount of charge depends upon when you make the encashment. Your adviser can give you further details.

For more information about tax, please see page 6. We recommend that you discuss your tax position with your accountant and financial adviser before you make withdrawals from your bond. This is based on our understanding of current taxation law and HM Revenue & Customs (HMRC) practice, which may change.

What next

What to do next

You will need to talk to your financial adviser. If your adviser recommends that the CMI Corporate Investor is right for you, and there are no legislation or exchange control restrictions that could affect your application, here's what you should do:

- 1** Complete the Corporate Investor application form.
You will be asked for details of your company's identity to meet the Isle of Man 'Know your client' and 'Anti-money laundering' guidelines.
- 2** Pass all documentation and your payment (if cheque, please make this payable to CMI Insurance Company Limited) to your adviser.

About us

CMI Insurance Company Limited

The CMI Corporate Investor is issued by CMI Insurance Company Limited, Clerical Medical's specialist offshore life insurance company. It started operations in 1987.

Clerical Medical was one of the first life assurance companies to set up an offshore operation in the Isle of Man. Over the last 20 years CMI Insurance Company Limited has played a major influential role in shaping the Isle of Man finance industry and promoting best practice.

CMI Insurance Company Limited has won a number of industry awards over the years. Winning the Queen's Award for Export Achievement was a major landmark in 1992. CMI Insurance Company Limited was the first Isle of Man company to win this award.

It's also one of the largest employers in the Isle of Man finance sector, employing over 150 people.

Clerical Medical

Founded in 1824, Clerical Medical is significant as a UK provider of pensions, investments and life assurance products.

Clerical Medical has always specialised in satisfying the long-term financial needs of individuals and companies. As such it has an enviable reputation for financial strength and stability.

Clerical Medical is part of the Lloyds Banking Group.

Insight Investment

Launched in 2002, Insight Investment manages money for private investors, pension funds, insurance groups and other institutions. In late 2009 Insight Investment was bought by Bank of New York Mellon.

Protection and security

Policyholders can claim under the Isle of Man's Life Assurance (Compensation of Policyholders) Regulations 1991 if CMI Insurance Company Limited cannot meet its obligations. This scheme covers up to 90% of the liability due to the policyholder. The Financial Services Compensation Scheme (FSCS) will not protect the holders of policies issued by CMI Insurance Company Limited if it should become unable to meet its liabilities to them.

If a fund manager or bank based in the Isle of Man, chosen by you or your adviser becomes insolvent, the Isle of Man's Life Assurance (Compensation of Policyholders) Regulations 1991 don't apply.

As the legal and beneficial owner of any deposits held within its products, CMI Insurance Company Limited is the depositor and can claim under different legislation, the Isle of Man Compensation of Depositors Regulations 2008, for deposits placed with a bank which is licensed under the Isle of Man Banking Act. Under this scheme CMI Insurance Company Limited can only make one claim. This is up to a maximum of £20,000, on all deposits held at an individual bank and this amount would have to be spread proportionately across all policyholders invested in that particular bank.

If deposits are placed with a bank which is not licensed under the Isle of Man Banking Act, (eg banks based in the UK, Ireland, Jersey, Guernsey, Europe etc) and that bank should become insolvent, then CMI Insurance Company Limited will not be able to claim compensation under the Isle of Man Compensation of Depositors Regulations 2008. In this case, CMI Insurance Company Limited would seek compensation under any equivalent compensation scheme in the bank's home country.

Most types of UK based investment business (including OEICs and Unit Trusts) are covered by the UK's FSCS. Where your bond invests in UK based investments it will not be covered by the FSCS. This is because the FSCS is designed to protect individual investors and, therefore, it does not apply to investments placed by institutional investors like CMI Insurance Company Limited.

The Isle of Man was the first jurisdiction to gain Designated Territory Status under the UK Financial Services Act 1986. This means that the UK regulatory authorities accept that in the principal areas of investor protection and regulations, the Isle of Man standards are equivalent to those in the UK. Isle of Man based insurance companies such as CMI Insurance Company Limited are permitted to market their products in the UK.

This information is based upon our understanding and application of current legislation and HMRC practice. These can, of course, change.

Further information

Further details of the CMI Corporate Investor are set out in the policy provisions, which you can get from your financial adviser or the Isle of Man address on the back cover. It is recommended that investors read the policy provisions before investing.

If you would like more information about investing in the CMI Corporate Investor, please contact your financial adviser.

Clerical Medical Financial Services Limited is entered on the Financial Services Authority's Register and its register number is 142779.

Clerical Medical has been helping people plan for the future since 1824. We understand that investment decisions can be among the most important you make in life. After all, your financial choices today may determine what is possible in future years. We believe these decisions should be well informed, so we support our investors and their advisers with products and services that are comprehensive but uncomplicated.

www.clericalmedical.co.uk

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Clerical Medical Financial Services Limited is authorised and regulated by the Financial Services Authority.

Financial Services Authority rules are made under the Financial Services and Markets Act 2000 for the protection of investors and apply to investment business conducted in or from the UK. Holders of policies issued by CMI Insurance Company Limited will not be protected by the Financial Services Compensation Scheme if the company becomes unable to meet its liabilities to them. CMI Insurance Company Limited is supervised by the Isle of Man Insurance & Pensions Authority and its policyholders receive the protection of the Life Assurance (Compensation of Policyholders) Regulations 1991.