



GLOBAL FREEDOM

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1. INTRODUCTION TO THE GLOBAL FREEDOM WHOLE OF LIFE (WOL) PLAN

The Global Freedom WOL Plan has been designed to meet the diverse financial needs of individuals and companies around the world. The Global Freedom Plan is issued by Colonial Life based in Bermuda and the risk benefits are reassured with leading reinsurers around the world.

2. OUTLINE OF THE PLAN

The Global Freedom WOL Plan is a regular premium unlimited term Plan providing a guaranteed sum assured payable on death and a number of other optional Protection Benefits. Unlimited term means that the Plan remains in force until the death of the relevant life assured, or the payment of terminal illness benefit, or the fund value expires, unless the Plan is surrendered before then. 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 or when terminal illness is diagnosed.

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 at least 17 and should be no older than age 64 at the start of the plan. Additional age restrictions apply to lives assured in respect of certain Protection Benefits.

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 (through completion in advance of the necessary form) 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.

The Recommended premiums will be calculated such that the Life Cover Protection Benefits will be projected as to be sustainable at an assumed fund growth rate up to 10.5% until the insured life reaches age 95. Any level of premium may be chosen equal to or greater than that sustainable at an assumed growth rate of 10.5%.

In practice however the ability of your plan to sustain these levels will depend on such factors as investment returns, the premiums paid and the charges levied on your plan.

4. CURRENCY CHOICE

You can choose from US dollars, Euros or pounds Sterling.

If the value of your plan is likely to be insufficient to sustain the cost of your benefits it may be necessary for you to reduce the level of the selected benefits or increase contributions to the Plan.

5. PROTECTION BENEFITS

5.1 Life Cover
The minimum sum assured is UK £10,000, US \$16,000 or Euro €16,000. You may choose to have the minimum life cover paid on the death of a single life, first to die of two lives, or the last to die of two lives.

Important - The description of benefits in this section are intended as a guide only and for full details of the terms and exclusions applicable to these benefits you should refer to the policy conditions which are available separately.

5.2 Protection Benefits
Not all selected Protection Benefits are available for lives assured resident in certain regions of the world. All selected Protection Benefits are subject to minimum and maximum levels.

Life cover benefit will not be paid as a result of suicide in the first twelve months of the plan. Other exclusions may apply in certain regions of the world.

You can select payment of the life cover in a number of ways.

Life cover benefit may be selected to be payable on the death of a single life, the first to die of two lives, or the last to die of two lives.

The life cover will be the greater of the selected sum assured or the bid value of units allocated. In calculating the regular premium payable, allowance is made for charges and assumed investment returns at the growth rate you have chosen.

5.3 Other Protection Benefits

If the plan is effected as a single life or joint life first death plan then there are optional Protection Benefits which you may select at the start of your plan. These are subject to such evidence as the company may require.

You may choose to include any one or more of the following benefits in your plan.

a) Accident cover

This benefit is payable if the death of the life assured is caused wholly and exclusively by bodily injury resulting directly and immediately from external, violent and accidental means within 90 days of such injury being inflicted on the life assured.

The benefits will not be payable in the following events:-

- war, rebellion, civil unrest etc
- aviation accident other than as a suicide
- breach of the law or assault provoked by life insured

- misuse of alcohol or drugs
- hazardous pursuit
- nuclear fission, fusion or radioactive contamination
- service in any army, navy or airforce

The benefit is only available on single life and joint life first death plans.

b) Waiver of premium

Under this benefit, which can only be selected at the start of your Plan, the Company will pay the regular premiums if the life assured suffers an illness or accident and becomes unable to work.

The benefit is only available on single life and joint life first death plans.

The definition of "unable to work" varies according whether you choose the medical or non-medical plan. Refer to the Policy Conditions for more detail.

The Plan Owner must inform the Company of any change in occupation of the life assured (including unemployment and retirement). This may result in the definition being changed or, on a change in occupation, in the benefit being cancelled.

Regular premiums falling due under your Plan will be paid by the Company after 26 weeks of disability and will continue to be paid by the Company until the earlier of:

- a) recovery of the life assured,
- b) the life assured reaching the age of 65
- c) the end of any limited premium payment term you have selected.

While your premiums are being paid, all Protection Benefits in your Plan will be maintained, providing there are sufficient funds to support the charges.

Waiver of premium benefits will not be paid if a claim arises directly or indirectly from:-

- Unreasonable failure to seek or follow medical advice
- Drug or alcohol abuse
- Wilful self-inflicted injury
- Any acquired immune-deficiency syndrome(aids) or infection by any human immune-deficiency virus(hiv)
- Hazardous pursuits
- War, rebellion, civil unrest.
- Aviation other than as a fare paying passenger
- Engaging in illegal acts
- Pregnancy, childbirth or complications

5.4 Reducing Protection Benefits

One or more of your Selected Protection Benefits may be reduced upon request.

5.5 Minimum and Maximum Ages of Lives Assured

The minimum and maximum ages on entry to the Plan vary with the types of Protection Benefit or Option, as follows:

- Non Medical ages 17-49 at entry
- Medical ages 17-64 at entry

5.6 Additional Automatic Benefit

Terminal illness cover pre-pays the sum assured on diagnosis of a terminal illness such that the expectation of life is less than six months as certified by two independent medical practitioners. In joint life second death plans this

only applies after the first life has already died.

6. PLAN TERM

This Plan does not have a Maturity Date, and will normally continue until the death of the relevant life assured.

7. SURRENDER

7.1 Surrender

You can fully surrender your Plan at any time after three years premiums have been paid.

Upon surrender all premiums, options and benefits will cease. The surrender value will be the value of all units then allocated to the Plan, using the Bid Prices (see Section 11.2.2) (and by using exchange rates next declared if appropriate) after receipt by the Company of your written surrender request. The company reserves the right to make similar charges to those outlined in the encashment section below.

7.2 Encashments

Encashments are subject to minimum encashment amounts. These amounts, which the Company may increase during the course of your Plan, are currently UK £300, US \$500, or Euro €500, depending on your Plan Currency.

(continued)

The Company reserves the right to make a charge in respect of each encashment, which may vary with the payment method and the type of encashment. The encashment charges, and the circumstances in which they are made, may vary during the course of your Plan. You may wish to make encashments at regular intervals. Regular encashments may be made yearly, half-yearly, quarterly or monthly.

The Company will check whether your Plan can sustain the benefits. The procedure and responsibilities are described in Section 13.7.

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. LOYALTY BONUS

Subject to eight years premiums having been paid the company will pay an annual loyalty bonus. The bonus will be paid at each policy anniversary provided the policy is paid up to date.

9. PREMIUMS

9.1. Premium Payment Conditions.

Regular premiums may be paid yearly, half-yearly or monthly, provided that the Company is able to collect them by an acceptable method.

All regular premiums must be paid with the same frequency, but you may request a change of frequency for the whole Plan, subject to any alteration in the regular premium that the Company may require.

Regular premiums are payable until the death of the relevant life assured.

The minimum levels of annual regular premiums at the start of your Plan are currently UK£1,000, \$1,600 or Euro €1,600. Selected Protection Benefits may only be maintained while your regular premiums are paid when due, unless one of the following is operating:

- a) Premium Suspension Options (see Section 9.2.1)
- b) Waiver of Premium (see Section 5.4)

9.2. Ceasing Premiums

9.2.1 Premium Suspension Options

You may stop paying regular premiums in the following ways. These options are available after regular premiums have been paid in full for at least 4 years.

a) Premium Holiday

You can suspend regular premiums without affecting the levels of your Protection Benefits by informing the Company, in writing, of the premium(s) you intend to miss at least 1 month before the due date of the first premium you intend to miss. The regular charges for your selected Protection Benefits and any other regular charges will continue to be levied against your previously accumulated units whilst the premiums are not being paid.

Should the value of units in your plan reduce to zero your policy will lapse without value. Premiums may be recommenced at any time prior to the value of units reducing to zero.

b) Paid Up

If you state your intention to permanently discontinue payment of premiums your plan will be made paid up. Any attaching Waiver of Premium benefit will lapse. The charges for the remaining Protection Benefits and any other regular charges will continue to be levied against your previously accumulated units. Should the value of units in your plan reduce to zero your policy will lapse without value. You may opt to recommence payment of premiums before the expiry of your unit holding, however, you will be unable to reinstate your Waiver of Premium benefit. If you fail to pay a regular premium within 30 days after the due date, the Company will assume this option is to apply.

9.3 Premium Reduction Option

Premiums may not be reduced prior to four years complete contributions having been made. Any Selected Protection Benefits will be maintained at the original level until such time as the Company receives written instructions from the policyholder to alter the protection levels. Paying a lower premium may mean that the benefit levels cannot be maintained for the expected duration of the policy.

Any Selected Protection Benefits reduced under this option cannot be reinstated.

NOTE: In the event of the expiry of a Selected Protection Benefit (e.g. Accident Cover expiring when the life assured attains age 65) the regular premium payable will continue at the level applicable before the benefit was removed. On request, the Company will calculate a revised level of premium.

9.4 Allocated Premium

The proportion of each premium that is used to purchase units in your chosen Investment Fund(s) will depend on how long your Plan (and any increased levels of regular premium) have been in existence. No units will be allocated for the first two years. In year 3, 95% of your premium will purchase units in your chosen investment fund(s) at the offer price. This increases to %100 from year 4 onwards.

10. PLAN CHARGES

10.1 Administration Charge

An Administration Charge will be deducted each month by cancelling sufficient units to provide the amount of the charge. The charge will be increased on the 1st of January each year, in line with the increase in the cost of living in Bermuda. Currently the charge is US\$ 4.50, Euro € 4.50, Sterling £ 3.00. The Company reserves the right to make higher charges, to reflect the higher cost of collecting regular premiums by certain methods.

10.2 Charges Exceeding the Value of the Fund

In the early years of your Plan there will be insufficient units to meet all the charges (administrative, start-up and selected Protection Benefit charges). These charges will form a debt against the plan that will be recouped when sufficient units are allocated.

10.3 Charges for Selected Protection Benefits

A charge is made monthly to cover the cost of providing your Selected Protection Benefits. The charge is taken by cancelling the appropriate number of units to meet the cost. The cost of providing your Selected Protection Benefits is based on factors relating to the life or lives assured including:

- age / sex
- smoker status
- country of residence
- underwriting assessment e.g. health
- conditions, occupation, pastimes

Account is also taken of the value of units in relation to the level of your Selected Protection Benefits.

The Company maintains tables which it uses to calculate the cost of the various Protection Benefits. The rates in these tables reflect the claims experience of the Company. These rates may be varied from time to time so that, for example, an improvement in the Company's experience can be passed on to the client.

10.4 Investment Fund Charges

Refer to Section 11. for details of the charges which relate to the Investment Fund(s).

10.5 Start Up Charge

The company reserves the right to levy a charge in the first year of the plan in respect of medical fees.

11. INVESTMENT FUNDS

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

11.1 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 (see Section 11.2.2). 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. There is no charge for altering the Investment Fund(s) into which you require future regular premiums to be invested.

11.2 Investment Fund Details

11.2.1 Valuation of Investment Funds

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

11.2.2 Unit Prices

All units in each Investment Fund have a Bid Price and an Offer Price. The Bid Price is based on the market price of the underlying assets of the Investment Fund.

The current Bid/Offer spread (that is, the difference between the Bid Price and the Offer Price) is 7% plus a possible rounding of up to 1%.

The basis for calculating the Bid/Offer spread is set out in the Policy Conditions.

The underlying assets of any of the Investment Funds may involve a Bid/Offer spread. Details are available from the Company.

11.2.3 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.

11.2.4 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.

12. TAXATION & LEGAL ASPECTS

12.1 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.

12.2 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.

12.3 Legal Position

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

12.4 Eligibility

You may be eligible to own a Plan if you are age 17 or over and not a resident of Bermuda or the United States of America.

13. IMPORTANT NOTES

13.1

The information in the Plan Guide is provided for your general guidance only. For full details of the terms, conditions and exclusions applicable to the Plans, you should refer to the Policy Conditions which are available on request.

13.2

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.

13.3

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

13.4

If any material information supplied by the applicant(s) or the life/lives assured is found to have been incorrectly stated the Company shall have discretion to alter the premiums or benefits.

13.5

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.

13.6

All correspondence from the Company concerning your Plan and your application for the Plan, including acknowledgement of safe receipt by the Company of your premiums, notification of renewal premiums due and of premiums not received by the Company when due, 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 the applicant's declaration in the Application Form at the address for correspondence you have provided. In the case of premium payments made by credit card the Company will only notify the policyholder of any changes to the authorised regular debit.

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.

13.7

Each year, a Unit Statement will be forwarded to the address and addressee you have indicated on your Application Form as described in Section 13.6. This will show your current unit holding and benefits. Each year from the Tenth Plan Anniversary the Company will check the likelihood of your Plan being unable to sustain cover in respect of any Selected Protection Benefits and any Encashments you have specified, for the following two and a half years. If funds are unlikely to be sufficient, your Unit Statement will be accompanied by a statement to this effect, in which case you will be invited to request a full Benefit Review within 6 months to find out what action is necessary to sustain your Plan objectives in the long term.

a) If the value of your Plan reduces to zero after the first 3 years, your Plan will lapse without value and any Selected Protection Benefits may only be reinstated if you provide satisfactory evidence of health of the life/lives assured or other evidence as the Company may require. It is your responsibility to ensure that the Plan will meet your objectives.

b) Premiums for your Selected Protection Benefits are calculated based on the assumed unit fund growth rate you have chosen. The higher the rate chosen, the more likely it is that the Benefits will not be sustained during the course of your Plan.

13.8 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.

13.9 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.

13.10 The Company reserves the right to vary the Administration Charge, the Investment Fund Charges and any other charges.

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