



## Policyholder protection

### About Canada Life International Limited

Canada Life International Limited (CLI) is part of the Great-West Lifeco Inc group of companies. CLI was established in 1987 and is based in the Isle of Man, a jurisdiction recognised for its stable government, strong regulatory controls and policyholder protection measures. CLI continues to receive exceptional ratings from specialist, independent agencies in relation to financial strength, unit-linked business and commitment to service.

Since formation in 1987, CLI has continually developed expertise in providing wealth management solutions for UK and international clients alike. With assets under administration of £15.5bn (as at 30 June 2018), CLI works in close partnership with some of the world's largest investment specialists.

Great West Lifeco Inc and member companies serve the financial security needs of individuals and organisations in Canada, the United States and Europe, providing retirement savings and income plans, as well as comprehensive protection contracts for individuals and families. With assets under administration of £820bn (as at 30 June 2018), Great-West Lifeco is the largest Canadian life and health insurance company and Great-West Life has been given a Standard & Poor's rating of AA (as at 18 September 2018).

### AKG 5-star rating

AKG is an actuarial consultancy specialising in the provision of information and market assistance to the financial services industry. Each year, AKG representatives visit the head offices of a number of investment companies. From an International investment perspective, every major insurer that operates in an International jurisdiction takes part in the assessment. The AKG ratings, whilst considering the financial strength of the parent group, focuses on assisting intermediaries on evaluating the strength, solvency, business processes and practices of companies such as Canada Life International Limited, Canada Life International Assurance (Ireland) DAC and CLI Institutional Limited.

The 2018 report reaffirmed that CLI is a key player in the International investment market and remains amongst the leading International providers. Furthermore, CLI was the only International insurer to have maintained an overall 5-star Annual Review rating for the sixteenth consecutive year.

### About the Isle of Man

The Isle of Man is an internally self-governing dependent territory of the British Crown, and is not part of the United Kingdom (UK). The UK, however, has responsibility for the Isle of Man's external affairs in matters such as defence.

Isle of Man residents exercise their extensive political and legislative independence through their ancient parliament, Tynwald, which is the oldest legislature in continuous existence. Tynwald celebrated 1,000 years of continuous parliament in 1979.

The ratings agency Moody's has awarded the Isle of Man a rating of Aa2 (as at 24 July 2018).

## What happens if...

### **CLI becomes insolvent?**

The Isle of Man Insurance Act 2008, Section 32, Schedule 3 Paragraph 7(a) states 'the assets in the company's long term business fund shall be available only for meeting the liabilities of the company attributable to its long term business'. CLI is authorised to conduct both Class 1 and Class 2 long-term business.

Policyholders of CLI policies will be protected by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 if the company becomes unable to meet its liabilities to them. Should such a situation arise, the compensation scheme would meet up to 90% of CLI's liabilities to its policyholders.

### **Another Isle of Man life assurance company becomes insolvent?**

Should another Isle of Man life assurance company become insolvent, the Isle of Man Government has, through a duly appointed Scheme Manager under the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991, the authority to levy a charge of up to 2% of each Isle of Man life assurance company's long-term business fund to meet the compensation being claimed by policyholders of the insolvent company. The purpose of the compensation scheme is to meet up to 90% of the insolvent company's liabilities to its policyholders, in the event that the insolvent company cannot itself meet those liabilities.

### **An asset the policy is linked to becomes insolvent?**

The individual assets a policy is linked to are not covered by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991, as this legislation only applies to an authorised Isle of Man life assurance company which has itself become insolvent.

The compensation offered for an individual policy asset depends upon what type of asset is involved (that is, whether it is a unit trust, a cash deposit or other), what jurisdiction the asset is constituted in and whether it is authorised by a regulatory body.

Therefore, where there is concern about the level of compensation offered for an individual policy asset, we would recommend contacting the individual organisation whose investments are being considered.

Some compensation schemes in other jurisdictions have a maximum amount they will pay out to each client of the asset in question. As the policy assets belong to CLI, there will only be one holder of an asset, and although several investors may have their policy linked to the asset value, the compensation scheme would only treat CLI as one investor. Therefore, any compensation received would have to be split between all relevant policyholders of CLI – as would be the case with any life assurance or other company in this situation.

## What is the possibility of these events occurring?

### **CLI becoming insolvent?**

CLI has no with-profits fund and no guaranteed book. CLI's investment business is unit-linked life assurance, the vast majority of which is sold into the UK market. Its 'risk' life assurance and critical illness business is re-insured out into the market for the entirety of the sum assured in excess of £100,000 (£25,000 for all policies which commenced before 4 July 2007). CLI therefore carries a very limited amount of exposure to risk within its long-term business fund.

CLI is authorised and regulated by the Financial Services Authority (FSA), which monitors the management and financial strength of such companies. In addition, CLI has low fixed costs in relation to the size of its long-term business fund and new premium income, and operates stringent financial controls.

### **Another Isle of Man life assurance company becoming insolvent?**

Given that most Isle of Man life companies focus predominantly on unit-linked business, and the regulators closely monitor the activities and financial strength of these companies, this is a more remote possibility than in some other jurisdictions.

### **An asset the policy is linked to becoming insolvent?**

CLI is not responsible for the selection and performance of the assets selected by its policyholders and is unable to comment on the stability or suitability of those assets. Assessment of the individual assets should be a matter of discussion between the policyholder and their professional or investment adviser.

Past performance information and volatility ratings regarding our own internal range of funds are available from our website: [www.canadalifeint.com](http://www.canadalifeint.com) or by request Phone: +44 (0) 1624 820200 Email: [focus@canadalifeint.com](mailto:focus@canadalifeint.com).

#### **Important notes**

**It should be noted that the price of units may go down as well as up. Currency fluctuations may affect performance. Past performance is not a guide to future returns.**

**This document is based on Canada Life International Limited's understanding of applicable legislation, as at September 2018. It is provided solely for general consideration.**

