

UK Compliant PPLI Policy - Frequently Asked Questions (FAQ)

Providing UK-Compliant Life Insurance Solutions

Tailored for UK-Based Intermediaries and Clients

1. About the UK-Compliant Policy

Q What is the Solid Oak UK-Compliant PPLI Policy?

A It is a life assurance policy issued from the Seychelles, specifically structured to avoid being classified as a “personal portfolio bond” (PPB) under UK tax legislation. The policy is designed for high-net-worth UK residents seeking compliant investment-linked insurance solutions.

Q What documentation is included in the UK policy literature?

- A
- Key Features document
 - Application form
 - General Terms and Conditions
 - In-Specie Transfer form (if applicable)
 - Discretionary Investment Mandate selection form

Q What is a personal portfolio bond under UK tax law?

A Defined under Sections 515–526 of the UK Income Tax (Trading and Other Income) Act 2005, a PPB is a policy where benefits are linked to investments selected by, or on behalf of, the policyholder. Policies that fall into this category trigger a deemed annual income charge on 15% of the premium.

Q What are the tax consequences if classified as a PPB?

A Policyholders face annual income tax on a notional 15% gain of the original premium, even if no actual gain occurs. This deemed gain compounds each year the policy remains in force.

2. Structuring to Avoid PPB Classification

Q How does Solid Oak ensure the policy is not treated as a PPB?

- A To comply with UK rules, Solid Oak policies are structured to ensure:
- Portfolio Managers are appointed by the insurer
 - Investment selection is not influenced by the policyholder or any connected person
 - Investment portfolios follow broad-based Discretionary Investment Mandates (DIMs)
 - DIMs are not overly narrow or tailored to an individual

Q Who manages the policy’s investments?

A A regulated Portfolio Manager, independently appointed by Solid Oak, manages all investments under a pre-defined Discretionary Investment Manager (DIM), selected/appointed by Solid Oak. The policyholder cannot direct or alter these investments once the policy is in force.

Q Can the policyholder contact the Portfolio Manager?

A Limited pre-policy engagement is allowed to define risk appetite and choose from available mandates. Post-issuance, the policyholder cannot communicate with the DIM in a manner that influences investment selection.

Q What is a Discretionary Investment Mandate (DIM)?

A A DIM is an investment strategy created solely by the Portfolio Manager. The policyholder can select from available DIMs but cannot customize them or direct investment decisions.

3. Policy Features for UK Residents

Q How does segmentation benefit UK policyholders?

- A Segmentation allows:
- Improved risk pricing and policy customisation
 - Potential tax deferral through withdrawal planning
 - Enhanced flexibility in surrender, switching, or succession planning

Q What are the tax rules on withdrawals for UK residents?

- A
- Policyholders may withdraw up to 5% of the original premium each insurance year without triggering an immediate gain
 - Unused 5% allowances are carried forward (e.g., 10% in Year 2 if unused in Year 1)
 - Upon final surrender, all withdrawals are included in gain calculations

Q Can the policy accept in-specie contributions?

- A Yes, provided the Portfolio Manager:
- Confirms the assets were not selected by the policyholder or related parties
 - Certifies alignment with a qualifying DIM
 - Continues to manage the assets independently post-transfer

Q Can the policy be transferred to another insurer?

- A In some cases, policies may be transferred to another appropriately licensed insurer, subject to regulatory and tax review.

Q Can this structure support estate planning?

- A Yes. Depending on specific goals, characteristics of policies from Solid Oak Seychelles can support estate planning goals through nomination features, segmentation, and jurisdictional planning — always under guidance from your wealth structuring, legal and tax advisors.

4. Legal and Regulatory Overview

Q From which jurisdictions can Solid Oak issue a UK-compliant policy?

- A Currently Solid Oak issues UK compliant policies from the **Seychelles** via Solid Oak Insurance PCC Ltd. (Reg. No. 8417764-4; License NDI011)

Q What safeguards are in place for clients?

- A Solid Oak Seychelles policies use Protected Cell Company (PCC) structures for ring-fenced asset protection

Q As a jurisdiction, is the Seychelles compliant with global standards?

- A Yes. The Seychelles maintains high regulatory standards and comply with FATF, OECD, IAIS, and the requirements of other international regulatory bodies’.

4. Compliance and Reporting

Q What onboarding documentation is required?

- A Intermediaries must submit:
- Certified client ID and proof of address
 - Source of wealth and funds documents
 - Any supporting material required for underwriting and KYC

Q What reporting is provided?

- A Solid Oak provides policy documents, annual statements, and additional reports on request. Detailed valuation reports may be available depending on the chosen custodian and investment platform.

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