

# Guaranteed Investment **Agreement**<sup>™</sup>



Contract Highlights - 5.0

## Guaranteed Investment **Agreement**<sup>TM</sup>

- Guaranteed Investment Agreements<sup>TM</sup> are senior secured obligations of an IAC<sup>TM</sup> Insurer (Investors Guaranty Assurance [Type] –
  - with high credit quality,
  - maturities of 1 day to 100 years,
  - floating and/or fixed interest crediting rates,
  - periodic interest crediting as agreed,
  - interest payments as agreed,
  - prepayable by the IAC<sup>TM</sup> Insurer,
  - may be subject to redemption by the holder, and
  - available in multiple currencies
- Principal repayment and payment of credited and accrued interest is fully secured by eligible government obligations



## Summary of Terms

### Maturity –

1 day – 100 years

### Prepayment –

At option of IAC™ Insurer, if applicable

### Redemption –

At option of Holder, subject to penalty

### Interest Rate –

Floating and/or Fixed

### Security –

Principal and accrued Interest fully secured by qualified government obligations

Held by government approved custodians

Periodically certified by independent accountants

### Credit Rating –

High Credit Quality

### Currency –

Multiple Fiat and Digital Currencies

Similar to guaranteed  
investment contract

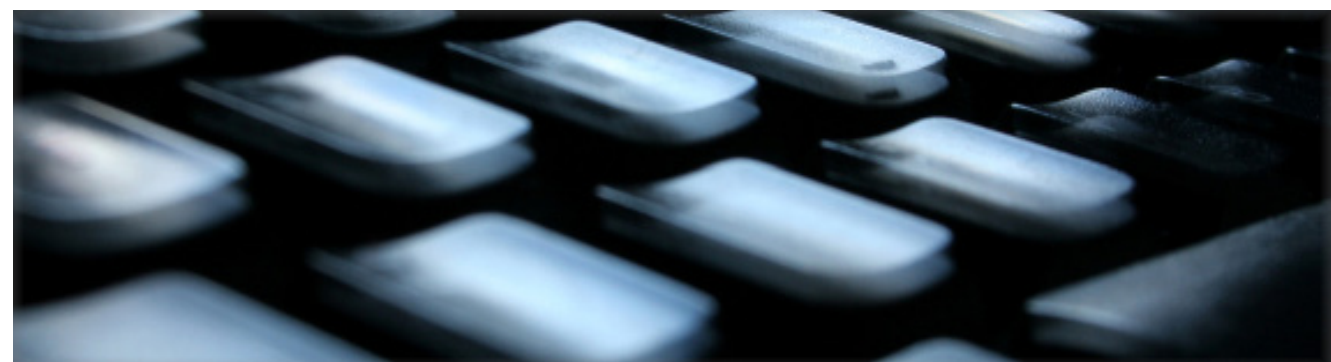
## Insurer

### IAC Insurer™ (Investors Guaranty Assurance Type)

- a statutory reserve life assurance company
- organised under Bermuda law, as an IAC™ Insurer

The IAC™ Insurer is subject to the *Investors Guaranty Fund, Ltd. (Policyholder Reserves) Act, 1991* and various contractual terms of GIA™ which require it to

- maintain with government approved custodians
- sufficient cash, cash equivalents and eligible government obligations to fully repay Principal and pay credited and accrued interest on all GIA™ and all other policy obligations of IAC™ Insurer



## Features

Guaranteed Investment Agreements™ feature high credit quality, term flexibility, multi-currency capability, and may include annuity features.

### Features -

- Principal and interest fully backed by government obligations matched to currency and timing of payment;
- Maturities may be from 1 day to 100 years;
- Interest may be set at a fixed rate, set at stepped fixed rates, established at a floating rate, linked to an index, or various combinations of fixed and floating interest crediting rates;
- Interest may be credited periodically from daily to annual;
- Interest may be paid quarterly, annually, at maturity or on specific payment dates;
- Principal and interest may be prepaid by IAC Insurer™, unless otherwise restricted;
- Principal and/or interest may be redeemed by the holder, subject to any applicable penalty;
- Principal may be subject to a mandatory or optional scheduled prepayment;
- Payments may be established for a predetermined number of payments and payment dates, the distribution of which may incorporate varying allocations of principal and/or interest, as established by the preferences set at issuance;
- Principal and interest payments may be in one or more currencies;
- Payments may be linked to specific currencies or converted into alternate currencies at time of payment; and
- Payments may be made to the holder, other beneficiaries, assigned, and/or transferred, as agreed, subject to applicable anti-terrorism and sanctions restrictions.

## Benefits

GIA™ provide a variety of benefits -

- Payments may be used as security for holder obligations;
- Payments may be directed to beneficiaries and others;
- GIA™ provide a unique means of benefiting from the security of government obligations, without directly holding such securities;
- Timing of principal vs. interest payments may provide various tax, accounting and regulatory benefits for holders and other contract parties;
- GIA™ provide a bespoke approach to matching cash flow payments to holder obligations, related to timing and currency; and
- GIA™ may be a means of liquifying or mitigating valuation volatility related to government assets held by parties who are restricted in their ability to readily sell such securities.

## Contract Parties

The Guaranteed Investment Agreement™ is similar to a “GIC” (guaranteed investment/interest contract) or a corporate annuity.

Contract parties may include -

- Owner – the holder of the Guaranteed Investment Agreement™;
- Payee – party(ies) to whom payments are to be made;
- Beneficiary(ies) – alternate party(ies) to whom one or more payments are to be made;
- Assignee(s) – party(ies) to whom one or more payments are assigned; and
- Transferee(s) – party(ies) to whom the Agreement or one or more payments are to be transferred.

The contract provides substantial flexibility in ownership, payment direction, and allocation of principal, interest and/or payments.

## 1 Introduction

Policy Form - Guaranteed Investment Agreement™ Policy Form provides a unique form of contract to facilitate a purchaser's cash funding, scheduling and payout requirements.

*Scheduling**Amount**Currency* - This Policy Form is designed to create a unique form of multiple payment bond designed to schedule date of payment, amount and currency of each payment.

*Payee* - Whether an owner of a Policy, a beneficiary, a transferee, assignee, or creditor, GIA™ may accommodate payments for the benefit of a Policyholder.

The IGF Act provides an advanced statutory non-disclosure system to protect policyholders from disclosures about their coverage details primarily for the purpose of reducing unintended consequence and for restricting parties who may wish to use such information in a manner adverse to the mutual interests of the Policyholder and the IAC™ Insurer.

The GIA™ Policy is issued to a qualified Policy "holder". There may be one or more parties with interests identified on a single Policy.

## 3 Disclosure

There are three steps in the mutual disclosure process -

- Approved descriptive product and program information is available only through accredited insurance and capital markets professionals, and consulting advisors.
- After receipt of a Request for Quotation and "know your client" clearance by an accredited IAC™ Insurance Intermediary, additional disclosure information is provided between the parties, based on requirements applicable to the proposed transaction(s).
- After receipt of a Purchase Offer to acquire a GIA™ series, an IAC™ Insurer, in conjunction with the Bermuda licensed IAC™ Insurance Intermediary, provides access by prospective purchaser and its advisors to confidential disclosure and terms information applicable to the transaction.

## 2 Request for Quotation/Purchase Offer

Request for Quotation - A prospective purchaser commences the processing by submitting a Request for Quotation for a GIA™ to an accredited insurance broker, Insurance Intermediary or Insurance Marketplace Provider ("IMP"), directly or through their applicable securities professional.

The parties proceed to due diligence and structuring of proposed terms and strategies or series participation, identification of an IAC™ Insurer for issuance, and applicable transaction participants.

Purchase Offer - Similar to issuance of guaranteed investment contracts by other insurance companies, prospective purchasers execute a "purchase offer" requesting the IAC™ Insurer issue a GIA™ after final terms are established.

This request is submitted to an accredited IAC™ Insurance Intermediary or IMP in Bermuda for presentation to an IAC™ Insurer.

The IAC™ Insurer may only accept applications through Bermuda licensed intermediaries or an IMP and only issues policy and securities obligations in Bermuda. These activities are subject to the Investors Guaranty Fund, Ltd. (Policyholder Reserves) Act, 1991.

## 4 Closing

Generally, a GIA™ is issued on a "delivery vs. payment" basis. The purchaser wires their funds to an approved trustee or transaction closing intermediary. The IAC™ Insurer issues the GIA™ in Bermuda and presents it to the purchaser's trustee or transaction closing intermediary for payment.

## 5 Reporting | Payments

An IAC™ Insurer is a Reporting Model 2 Foreign Financial Institution for FATCA purposes. Payments to an IAC™ Insurer are subject to anti-money laundering analysis. Payments from an IAC™ Insurer may be subject to anti-terrorism and sanctions conditions.



## Questions & Answers

### Who is the IAC Insurer™?

GIA™ are issued by an IAC™ Insurer which has been licensed as a life assurance company (“Investors Guaranty Assurance Type”) and is subject to the IGF Act. The IAC™ Principals have been active in developing advanced credit, security and guaranty structures since the 1985 formation in Bermuda of Investors Guaranty Fund, Ltd. (“IGF”), one of the earliest financial guaranty insurance companies. Since 1998, a number of new insurance companies continue to be added to the IAC™ Insurers. Obligations insured and issued by IAC™ Insurers have been rated in the highest rating category by several international rating agencies.

### What benefit does the IGF Act provide?

Subject to the *Investors Guaranty Fund, Ltd. (Policyholder Reserves) Act, 1991* (“IGF Act”), the IAC™ Insurer holds a significant portion of its assets in government obligations, held by government approved custodians, matched to currency, country risk and timing of payments, which are commingled, actively managed and in aggregate are always sufficient to assure the IAC™ Insurer’s ability to pay the maximum of all of its policy payment liabilities, including Principal and interest on applicable GIA™ series. While these portfolios support and enable IAC™ Issuer’s ability to pay its obligations in amount and form as required by law, the structure is not a defeasance.

### When did the issuance of GIA™ commence?

IGF commenced issuance of GIA™ in 1989. These activities were moved to Investors Guaranty Assurance, Ltd. in 1999. Licensed IAC™ Insurers - 2015.

### Is the GIA™ Debt of an IAC Insurer™?

A GIA™ may be classed as a senior debt obligation or annuity of an IAC™ Insurer. The full benefits of the *Investors Guaranty Fund, Ltd. (Policyholder Reserves) Act, 1991*, apply to the GIA™ as a policy obligation of the IAC™ Insurer, to protect policyholders and provide a high degree of safety, security and assurance of timely payment. For certain purposes, the Government of Bermuda has specifically acknowledged this senior secured obligation as a debt obligation of the Issuer.

**GIA™ Holder Default Rights** — In the unlikely event of a payment default, the GIA™ Holder is empowered to cause the IAC™ Insurer’s applicable government approved custodian to distribute cash and/or government obligations to the Holder as applicable. The IAC™ Insurer cannot pay less than the full amount of principal and interest on GIA™ and there are no provisions to defer payment.

**Confidentiality** — The IGF Act limits the disclosure of transactional information and imposes statutory fines on IGA directors and management, thereby protecting client and transactional confidentiality.

