



PART 1

Advisory for holders of **Short Term Investment Products (STIPs) valued over \$75,000** issued by **Colonial Life Insurance Company (Trinidad) Limited CLICO** and **British American Insurance Company (Trinidad) Limited (BAT)**

Q1. Which products are covered under the Government's revised Bond payout plan?

- Executive Flexible Premium Annuities, Executive Single Premium Annuities (including EFPA II and EFPA IV), Group Advanced Protection or Guaranteed Annuity Advanced Protection Policies issued by CLICO, in respect of which the principal balances exceed the sum of \$75,000;
- Executive Flexible Premium Annuities, Single Premium Annuities, Corporate Savings Contracts and Flexible Premium Annuities II issued by BAT, in respect of which the principal balances exceed the sum of \$75,000

Q2. When will persons who are the holders of Colonial Life Core Fund Series 6, in respect of which the principal balance exceeds the sum of \$75,000 be addressed?

- Holders of this product will be advised through advertisements of payment processing dates.

Q3. Please explain the revised Government offer.

Investors in the products detailed in Question 1 above will receive an initial amount of between \$75,000 to \$75,999. This payment will be made by deposits to their accounts or, in cases where the eligible payees do not have an account at a commercial bank, payment will be made by cheque. The remaining balance will be paid in 20 Zero coupon Bonds with maturities ranging from 1 year to 20 years. The zero coupon Bonds with maturities from 11 to 20 years may be exchanged dollar for dollar, at the sole discretion of the investor, in an entity currently known as NEL 2. This entity is to be established within the next year as an investment vehicle which will have as its primary assets CLICO's shareholdings in Republic Bank Limited.

Q4. When will payment be made to me?

Processing of applications will begin at various Processing Centres throughout Trinidad and Tobago from Thursday 1st December, 2011. Cash payments will be made within seven (7) working days of your acceptance of Government's offer.

Letters of confirmation of bond holdings (Allotment Letter) shall be provided within ten (10) working days at the Processing Centres on the dates indicated at the processing centre following your acceptance of the Government's offer.

Q5. What is a zero coupon bond?

A zero coupon bond is a debt security that does not pay interest (a coupon) but can be purchased or sold after issue at a discount of its face value.

Q6. In what form will these Bonds be issued and maintained?

The Bonds will be issued and held, similar to other government bonds, in a dematerialized (paperless) form in an electronic depository maintained by the Central Bank, which will act as Registrar. This means that no paper certificates of ownership will be issued, but all records of ownership, liens and transfers will be recorded by the Registrar. Bondholders will receive regular statements of their holdings from the Registrar.

Q7. What evidence will I have that I am the owner of the Bonds?

The evidence of ownership will be the allotment letter issued by the Registrar. This letter confirms the Registrar's record of your holdings/ownership in the Bonds. Prior to receipt of the allotment letter, the signed Deed of Assignment and Declaration of Trust would show the amount of your bond holdings.

Q8. Would I be able sell my Bonds?

The bonds may be sold at specified branches of participating commercial banks, stock brokers and several other financial institutions. These institutions would advertise in the local media in the coming weeks. They would publicise their processes and the locations where bondholders may sell these bonds.



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Q9. What sort of return can I expect if I cash in bonds with maturities of 1–10 years?

A number of financial institutions have committed to making a market for the zero coupon bonds, meaning that bondholders will have a readily available option to sell part or all of their bond holdings at market rates. For example given the current government yield curve, if one sells all of his/her holdings in zero coupon bonds with maturities with 1 to 10 years, it is estimated that they would realize approximately **eighty percent of the face value or eighty cents on the dollar.**

Q10. What will my cash and bond allotment be if my principal balance is, for example:

In the case of having a principal balance of \$300,000 the allotment will be:

- Cash: \$75,000
- Bonds: \$225,000 total (distributed as shown below)

Term (years)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Allotment (\$1000)	12	12	12	12	12	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11

Q11. Do I need a Bank Account?

Yes, you will need to have a local bank account. If you do not already have one, please inquire at any local bank as to the procedure for opening a bank account.

Q12. How will bonds be issued where there is Joint Ownership?

Bonds will be issued in equal amounts to each owner to reflect each individual's holdings.

Q13. What type of Identification is required for the Transfer or Sale of Bonds?

Personal identification used at the Payment Processing Centres must be used at participating commercial banks, stockbrokers and other financial institutions when transacting business. You will also be required to provide an additional photo Identification at this point.

Q14. How will Assigned Bonds be issued?

Bonds will be issued in the names of the contract owner. Any assignment by the contract owner will be noted on the records at the Registrar, the Central Bank of Trinidad and Tobago (CBTT).

Q15. Can I transfer my Bonds to my Children/Grand Children?

In order for an investor to subscribe for or hold a bond, he or she must enter into a contract with the issuer. However, the law in Trinidad and Tobago does not permit minors (persons under the age of eighteen years) to enter into contracts. As such, like other financial instruments, these bonds may not be transferred directly to minors. These bonds may, however, be held by a trustee for the benefit of a minor until he or she attains the age of majority.

Trusteeship services of financial institutions may be utilised to ensure that children that are minors benefit from your asset when they come of age. These bonds may be transferred directly to your children/grandchildren who are eighteen years or more.

For further information please contact

CLICO Hotline at: 671 – 7224 or BAT Hotline at 674- 7876 during business hours from 8.00am-4:00pm (Monday – Friday) or email: stipsqueries@clico.com