LIGHTHOUSE

Lighthouse Capital Insurance Company is a Cayman Islands insurance company that offers life insurance and annuity products worldwide.

Lighthouse has traditionally issued variable life insurance and annuity products on a private placement basis to high net worth individuals with a connection to the United States. The policies are specifically designed to conform to the relevant U.S. tax codes and to obtain favourable treatment for tax purposes. In the case of an annuity, this normally allows for a deferral of income tax, while an appropriately structured life policy may also provide a mitigation of estate tax. The company has subsequently developed a number of tax and estate planning solutions for residents of other countries.

The products of Lighthouse are international private placement policies designed to offer primarily financial, tax and estate planning solutions for clients with a net worth capable of sustaining a policy with a single, or combined multiple, premium in excess of US$1million

The principal products are:

- **Variable life insurance**
  providing tax-free lifetime accumulation together with a tax-free death benefit. In addition, certain policies allow for tax-free lifetime access to the policy assets by way of surrenders and policy loans

- **Variable annuity**
  a retirement planning tool providing tax free lifetime accumulation

The features of the Lighthouse policies include:

- real and recognised economic substance and business purpose providing tax effectiveness and compliance
- substantial flexibility in the choice of investments, managers and custodians
- an efficient means of passing assets to future beneficiaries, with the minimum of probate and executorship administration and cost
- compliance with 'Know Your Client' and 'Due Diligence' requirements, yet still allowing confidentiality of transactions and dealings

Some of the typical uses of a Lighthouse policy in the context of the U.S. include:

- **high-wealth U.S. clients wishing to invest outside the United States**
  this might include clients: seeking to invest with non-U.S. managers and investments; with non-U.S. business activities or family members; or seeking international asset protection

- **high-wealth non-U.S. clients proposing to move to the United States**
  non-U.S. citizens or residents planning to move to the U.S. or individuals presently resident in the U.S. who plan to terminate their U.S. status in the future

- **high-wealth non-U.S. clients or trusts with US beneficiaries**
  a life policy used in with an international 'dynasty' trust may help a non-U.S. client with intended U.S. beneficiaries to avoid significant accumulated distribution tax penalties and income tax on future distributions to U.S. beneficiaries.

In non-U.S. related situations, Lighthouse has provided custom policies for clients in Latin America, Canada, Europe and Asia; where client needs and goals require a tax efficient international product

Lighthouse has developed a number of proven strategies to satisfy the needs of high net worth clients and offers:

- custom policy construction providing policies that are personalised, flexible and cost-efficient
- policies issued by a regulated insurance company with the security of Segregated Account laws that protect the policy assets
- a 'Best-in-Class' infrastructure; using the services of industry recognised leaders, such as Aon, Hannover Re, KPMG, and Fortis
- the flexibility of a private company, rather than being a branch or subsidiary of a global insurer, thus avoiding extensive internal regulation and standardisation
- an open architecture with complete visibility of all component providers and costs
- low costs, without sales or surrender charges
- mortality insurance coverage at the 'wholesale' reinsurance market cost
- the opportunity for the policy to have a tailored investment strategy and the ability for a client to control the selection of service providers, such as the investment manager and custodian

Lighthouse was established in the Cayman Islands to take advantage of the Separate Account Statute. This means the assets of each policy are held entirely separately, providing a significant level of comfort in fully protecting the assets of a policy from any risks and liabilities of the insurance company and from the other policies. This segregation also means that each policy can pursue an investment strategy, independent of all other policies

It is normally the case that the investment manager has freedom to invest in virtually any asset class, including listed stocks, government bonds, unlisted securities, hedge funds, foreign stocks and bonds, private company shares, limited and other forms of partnerships and real estate. In addition, there is a growing number of insurance dedicated investment funds, that enable a policy to invest in a single investment fund without the need for individual diversification

In addition to the product benefits, Lighthouse believes that as a provider of insurance and annuity products it has possibly a unique service offering with policies that are amongst the best available. In some markets, it considers similar death benefits may not actually be available to individual clients. It is important to stress that the solutions provided by Lighthouse policies are practical, they are being used to satisfy actual client needs and they are true insurance and annuity structures

When providing the policy premium, clients have the flexibility of paying by cash and/or by the direct transfer of an investment portfolio or other assets

Lighthouse will always act with impartiality when offering policies to clients and a particularly attractive aspect of a Lighthouse policy is its cost effectiveness. There are no loads or similar charges and the policyholder has direct access to life insurance at wholesale prices
Not just in pricing, but in every aspect of its business, Lighthouse adopts an open architecture where all the components and costs are completely visible to the client

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