



Abbey Life



PHOENIX LIFE

## SCHEME GUIDE

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FOR TRANSFERRING ANNUITY POLICYHOLDERS

This guide summarises our proposals to transfer all policies of Abbey Life Assurance Company Limited (Abbey Life) to Phoenix Life Limited (Phoenix) as they affect you as a holder of an annuity policy with Abbey Life. We refer to these proposals as 'the Scheme'. Abbey Life and Phoenix are both companies within the Phoenix Group.

Please read this guide carefully. We suggest you keep this guide with your original policy documents.

If you have any questions about the information in this guide, please call our helpline on **0800 046 2009**.

The helpline is open 9am to 5pm, Monday to Friday, except if a Bank Holiday in England. Calls from the UK are free but may be charged from the Channel Islands.

If you are calling from outside the UK, please call +44 (0)1202 076 190. There may be a charge when dialling from overseas.

We may monitor or record calls.

A separate guide for transferring policyholders who have other types of policies is available on our website at [www.abbeylife.co.uk/FM18](http://www.abbeylife.co.uk/FM18) or from our helpline. There is also a separate guide for Phoenix policyholders.

**August 2018**

**If you would like this information in large print, braille or audio please call us on 0800 046 2009.**

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# 1. WHAT WE ARE DOING AND THE PROCESS WE ARE FOLLOWING

Abbey Life and Phoenix have applied to the High Court for permission to transfer all Abbey Life policies to Phoenix. The High Court will only give permission if it is satisfied that all the necessary legal requirements have been met and that the proposals treat policyholders appropriately.

We expect the hearing to be held at the High Court of Justice of England and Wales, The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL on 5 December 2018. If the High Court approves the Scheme, we expect the transfer to take place on 31 December 2018 (the transfer date).

An Independent Expert, Tim Roff, who is a partner at Grant Thornton LLP and whose appointment has been approved by the Prudential Regulation Authority (PRA), has written a report providing detailed independent, expert opinion on how the proposals are likely to affect policyholders. This report, which has been reviewed by our regulators the PRA and the Financial Conduct Authority (FCA), will help the High Court reach their decision. A summary of his report is included in this guide and you can see the full report on our website.

For policyholders resident in Jersey and Guernsey, there will be separate schemes. If you are resident in Jersey or Guernsey, details of the court process relating to these schemes are set out in the letter accompanying this guide. However, the content of this guide, other than the description of the court process, applies to policyholders resident in Jersey and Guernsey. Policyholders who live overseas or in the Isle of Man will be covered by the Scheme.

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## 2. WHAT THIS MEANS FOR YOU

If the Scheme goes ahead, your policy will transfer to Phoenix, who will be responsible for your policy, and you will become a policyholder of Phoenix.

The Scheme will not affect your policy terms and conditions or the amount of your annuity, which will be paid in the same way. You will keep the same policy number.

Financial security for your policy will be maintained. Your policy will be covered by the Phoenix Capital Policy, under which Phoenix holds more capital than the minimum required by regulation. The aim is to ensure that Phoenix can withstand extreme financial conditions.

Following the transfer, the level of service you receive will be maintained. There will be no changes to the way we service your policy and you will be able to call the same customer team on the same number. However, you may notice some small changes including:

- the Phoenix Life logo and name will start to appear on any letters we send you;
- information that is available at [www.abbeylife.co.uk](http://www.abbeylife.co.uk) will instead be available at [www.phoenixlife.co.uk](http://www.phoenixlife.co.uk); and
- if you receive payments, these will come from Phoenix and any direct debits payable to Abbey Life will automatically become payable to Phoenix without you having to do anything. The name Phoenix Life will appear on your bank statements.

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## 3. WHAT YOU SHOULD DO NEXT

Please read this guide and the accompanying letter carefully. If anyone else has an interest in your policy (for example a beneficiary, trustee in bankruptcy, executor, personal representative or assignee), please make them aware of these proposals.

If you need further information, please read the 'Your questions answered' leaflet at [www.abbeylife.co.uk/FM18](http://www.abbeylife.co.uk/FM18). You can also see the Scheme document and the full Independent Expert's report on this website. If you have any more questions or would like paper copies of these documents, please call our helpline on **0800 046 2009**, use our website enquiry form, or write to:

Abbey Life Transfer Team  
100 Holdenhurst Road  
BOURNEMOUTH  
BH8 8AL

If you believe you may be adversely affected by the Scheme, you can put your objection to the High Court. You can do this by calling our helpline or by writing to us. Alternatively, you or your representative can present your objection in person at the High Court hearing. Your representative can be a friend or relative.

If you contact us with an objection, we will reply to you and send your objection and our reply to the High Court, the Independent Expert and our regulators before the hearing at the High Court. You should raise any objection with us as soon as possible and ideally before 16 November 2018. When you contact us, please quote FM18 and your reference number, which you will find at the top of the letter accompanying this guide.

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## 4. OTHER RELEVANT INFORMATION ABOUT THE SCHEME

If the High Court approves the Scheme, all Abbey Life policies will transfer to Phoenix on the transfer date and Phoenix will become responsible for the transferred policies. Phoenix will take over Abbey Life's rights and obligations in relation to the transferred policies and you will be entitled to the same rights against Phoenix in respect of your policy as you currently have against Abbey Life. Any contracts that Abbey Life has with other organisations will also transfer so that they will be between Phoenix and that organisation.

Following the transfer, Phoenix will become the 'data controller', meaning that it will take over the rights and responsibilities in respect of personal data which is associated with the business of Abbey Life.

Phoenix and Abbey Life can defer the transfer date, although it can take place no later than 31 March 2019. Any change to the transfer date will be announced on our website.

If, for technical reasons, we are unable to transfer any policy or group of policies (for example, because the schemes in Jersey and Guernsey have not yet been approved), we will treat these policies for all practical purposes as if they had transferred, by way of a reinsurance arrangement between Abbey Life and Phoenix.

None of the costs and expenses relating to the preparation of the Scheme or the High Court process will be met by policyholders.

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## 5. SUMMARY OF THE INDEPENDENT EXPERT'S REPORT

The following is a summary of the report written by the Independent Expert, Tim Roff, who is a senior actuary and partner at Grant Thornton LLP. He is independent of the companies involved in the Scheme and his appointment has been approved by the PRA in consultation with the FCA. You can see the full version of the report on our website, or you can get a paper copy by calling our helpline or writing to us. The summary is for Abbey Life policyholders who only hold an annuity in payment or a deferred annuity (Annuity Policyholders).

### **The impact of the Scheme on Abbey Life Annuity Policyholders**

#### **Benefit expectations and contractual rights**

I am satisfied that the Scheme will not have any material impact on the benefit expectations and will not affect the contractual rights of the Annuity Policyholders. I have reached this conclusion because:

- the policy terms and conditions do not change as a result of the Scheme; and
- there is no change to the way discretion will be applied to non-profit business nor the governance around the discretion.

#### **Security of Annuity Policyholders' benefits**

The analysis of Phoenix's financial strength and solvency I have considered indicates that Phoenix would continue to meet its regulatory capital requirements, including the Solvency Capital Requirement (SCR) as well as the requirements of its own capital policy after the transfer. Although the percentage SCR cover in Phoenix after the transfer is less than it is in Abbey Life, I am satisfied that this will not have a material effect on the security of the benefits of the Annuity Policyholders. This is because:

- capital policies and governance of the capital policies are the same for both companies;

- both companies are capitalised above their target capital level and this position does not change, even after the dividend payment from the excess capital of Abbey Life of June 2018;
- both companies operate similar risk management frameworks, policies, risk appetite and limits and these are similar to the general market practice in the UK;
- both companies operate under the same risk based regulatory regimes;
- as both companies operate under the same regulatory framework, the Financial Services Compensation Scheme provides the same additional protection to policyholders after the transfer; and
- I consider the higher SCR ratio of Abbey Life to be a temporary feature and understand that it would normally be distributed to shareholders so as to operate at a level close to target.

### **Governance arrangements**

The annuity policies will be subject to the governance arrangement under Phoenix. The Phoenix Board has the same composition as the Abbey Board, with the same number of independent members. The same committees of the Board will oversee the day-to-day governance in Phoenix as those currently in Abbey Life.

### **Service standards**

The agreed service standards will continue post transfer and therefore there is no reason to expect the quality and level of service provided to the Annuity Policyholders to deteriorate as a consequence of the Scheme.

### **Communications with policyholders**

Annuity Policyholders for whom Abbey Life holds current address details on its computerised systems will receive a communications pack. I have reviewed the communications packs and I am satisfied that they are appropriate and not misleading.

## **Rights of policyholders who object to the Scheme**

Any policyholder who feels they may be adversely affected by the Scheme may put their objections to Abbey Life, Phoenix or the High Court. I will consider any such objections when concluding on the impact of the Scheme when I issue my Supplemental Report.

## **Overall conclusion**

- In summary, it is my opinion that the Scheme will not have a material adverse effect on the security of benefits or the future benefit expectations of the Annuity Policyholders.
- It is also my opinion that the Scheme will have no material impact on the service standards and governance experienced by the Annuity Policyholders.
- Overall, I see no reason why the Scheme should not go ahead.

Tim Roff FIA  
Partner  
Grant Thornton UK LLP



## **Appendix: Legal Notice**

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT**

**CR-2018-0019764**

**IN THE MATTER OF ABBEY LIFE ASSURANCE COMPANY LIMITED**

**- and -**

**IN THE MATTER OF PHOENIX LIFE LIMITED**

**- and -**

**IN THE MATTER OF THE FINANCIAL SERVICES AND MARKETS ACT 2000**

NOTICE IS HEREBY GIVEN that on 23 July 2018 Abbey Life Assurance Company Limited (“Abbey Life”) and Phoenix Life Limited (“Phoenix”) applied to the High Court of Justice of England and Wales, pursuant to section 107(1) of the Financial Services and Markets Act 2000 (the “Act”), for an Order under section 111 of the Act sanctioning a scheme (the “Scheme”) for the transfer to Phoenix of the entire business of Abbey Life (the “Business”) and for the making of ancillary provisions in connection with the implementation of the Scheme under section 112 of the Act.

The proposed transfer will result in the Business which is currently carried on by Abbey Life being carried on by Phoenix. Under the terms of the Scheme, all liabilities in respect of the Business as at the date of transfer shall be transferred to and become liabilities of Phoenix. All claims in respect of the policies comprised within the Business shall, upon the transfer becoming effective, be dealt with by Phoenix.

Copies of the report on the terms of the Scheme prepared by an Independent Expert in accordance with section 109 of the Act (the “Independent Expert’s Report”), Scheme guides (which contain a statement setting out the terms of the Scheme and a summary of the Independent Expert’s Report), and copies of the Scheme document itself can be obtained free of charge by contacting Abbey Life or Phoenix using the telephone number or address set out below. These and other documents relating to the Scheme (including actuarial reports and sample copies of the communications to policyholders) are also available on the websites of Abbey Life and Phoenix at [www.abbeylife.co.uk/FM18](http://www.abbeylife.co.uk/FM18) and [www.phoenixlife.co.uk/FM18](http://www.phoenixlife.co.uk/FM18).

Any questions or concerns relating to the proposed transfer should be referred to Abbey Life or Phoenix using the following telephone number or address:

- By post: Abbey Life Transfer Team, 100 Holdenhurst Road, Bournemouth BH8 8AL.

- By telephone: if calling from the UK 0800 046 2009, or if calling from outside the UK +44 (0)1202 076 190. Telephone lines are open from 09:00 to 17:00 Monday to Friday, except if a Bank Holiday in England.

If you have a policy with Abbey Life or Phoenix, please quote your policy number in any correspondence. This can be found on your policy documents.

The application is due to be heard on 5 December 2018 before a Judge of the Chancery Division of the High Court at The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL. If approved by the Court, it is currently proposed that the Scheme will take effect at 23:59 GMT on 31 December 2018.

Any person (including any policyholder or employee of Abbey Life or Phoenix) who thinks that he or she may be adversely affected by the carrying out of the Scheme may attend the hearing and make representations in person or instruct a legal representative to act on his or her behalf.

Any person intending to attend is requested, but not required, to give notice of such intention as soon as possible and preferably before 16 November 2018, setting out their grounds of objection or how they may be adversely affected, either to Abbey Life or Phoenix by calling the number above or by writing to the address above, or by writing to the solicitors named below.

Any person who thinks that he or she may be adversely affected by the Scheme but does not intend to attend the hearing may also make representations about the Scheme by giving notice of such representations, as soon as possible and preferably before 16 November 2018, either to Abbey Life or Phoenix by calling the number above or by writing to the address above, or by writing to the solicitors named below.

If the Scheme is sanctioned by the Court, it will result in the transfer of all the contracts, property, assets and liabilities of Abbey Life to Phoenix.

Clyde & Co LLP  
The St Botolph Building  
138 Houndsditch  
London  
EC3A 7AR  
Ref: WOH/JYP/10095741

**Solicitors to Abbey Life Assurance Company Limited and Phoenix Life Limited**

Abbey Life Assurance Company Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Abbey Life is registered in England No. 710383

Registered Office: 1 Wythall Green Way, Wythall, Birmingham B47 6WG.