

CR-2021-002127

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF**  
**ENGLAND AND WALES**  
**COMPANIES COURT (ChD)**

**IN THE MATTER OF  
REASSURE LIFE LIMITED**

**and**

**IN THE MATTER OF  
PHOENIX LIFE LIMITED**

**and**

**IN THE MATTER OF  
PHOENIX LIFE ASSURANCE EUROPE DESIGNATED ACTIVITY COMPANY**

**and**

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

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**SCHEME**  
**(pursuant to Part VII of the**  
**Financial Services and Markets Act**  
**2000)**

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## PART A - DEFINITIONS AND INTERPRETATION

### 1 Definitions and interpretation

1.1 In this Scheme, unless the subject or context requires otherwise, the following expressions bear the meanings respectively set opposite them

<b>"1909 Act"</b>	means the Assurance Companies Act, 1909 of the Republic of Ireland (as amended)
<b>"1936 Act"</b>	means the Insurance Act, 1936 of the Republic of Ireland (as amended)
<b>"1989 Act"</b>	means the Insurance Act, 1989 of the Republic of Ireland (as amended)
<b>"Agreed Assets"</b>	means assets, the nature and value of which are agreed from time to time by the Transferors and PLAE and identified as such in writing or, failing such agreement by the due date for payment provided herein, cash
<b>"Annuity Benefit"</b>	means a non-profit immediate annuity or non-profit deferred annuity to be provided on vesting of a PLAE WP Fund Policy (including where such vesting arises on retirement or death, or where a deferred annuity comes into payment) where: (i) the principal benefits of the Policy are expressed in terms of an annuity; or (ii) the Policy contains an option and/or contains another term, which requires annuities to be issued at a guaranteed rate or for a guaranteed minimum amount per annum
<b>"Annuity Benefit Cost"</b>	has the meaning given to it in paragraph 25.1.1
<b>"Back-Book Assets"</b>	means Transferred Assets which are equal in value to what the relevant Transferor determines to be the aggregate amount of the Back-Book Premium due to that Transferor
<b>"Back-Book Premium"</b>	means the "Back-Book Premium" (as defined in each of the With-Profits Reinsurance Agreements) and the "Back-book Reinsurance Premium" (as defined in each of the Unit-Linked Reinsurance Agreements) payable pursuant to each Scheme Reinsurance Agreement
<b>"Capitalisation Requirement"</b>	means such amount of assets which the Transferors' Boards, having regard to appropriate actuarial advice from the respective Transferor Actuaries, shall determine and agree are sufficient to ensure that PLAE has Eligible Own Funds at least equal in value to

	the amount required by the PLAE Capital Policy immediately after the Scheme has become effective (including the transfer of the Transferred Assets pursuant to this Scheme and the Scheme Reinsurance Agreements becoming effective)
<b>"CBI"</b>	means the Central Bank of Ireland or such other governmental, statutory or other authority or authorities as shall from time to time perform such regulatory and supervisory functions in relation to life assurance business carried on in Ireland as are at the date of this Scheme allocated to the Central Bank of Ireland
<b>"Chief Actuary"</b>	means, in relation to Phoenix and ReAssure Life, the person approved to perform the "Chief Actuary function" on behalf of Phoenix or ReAssure Life, as the case may be, in accordance with the Insurance – Senior Management Functions part of the PRA Rulebook, or such other person performing an equivalent role under any amended or replacement regulatory requirement
<b>"Closing Phoenix WP Fund"</b>	has the meaning given to it in paragraph 20.2.1
<b>"Closure Uplift"</b>	means such increase (if any) in the benefit entitlement of a Policy, on a guaranteed or non-guaranteed basis as determined by the PLAE Board: <ul style="list-style-type: none"> <li>(a) where paragraph 20.2.1 applies, being no less than the Minimum Closure Uplift, having regard to paragraph 16 and the Phoenix 2009 Scheme; and</li> <li>(b) in all other cases, taking into account the guiding principles in paragraph 20.6, resulting from applying the termination amount received by PLAE under the relevant With-Profits Reinsurance Agreement on PLAE ceasing to maintain the relevant PLAE WP Fund in accordance with paragraph 20 of this Scheme</li> </ul>
<b>"Court"</b>	means the High Court of Justice in England and Wales
<b>"Data Protection Legislation"</b>	means: <ul style="list-style-type: none"> <li>(a) EU General Data Protection Regulation (EU) 2016/679 (the "EU GDPR");</li> <li>(b) the EU GDPR in such form as incorporated into the law of England, Wales, Scotland and Northern Ireland by virtue of the European Union (Withdrawal) Act 2018 and any regulations thereunder;</li> </ul>

- (c) the Data Protection Act 2018;
  - (d) the Privacy and Electronic Communication (EU Directive) Regulations 2003 (SI 2003/2426); and/or
  - (e) any other applicable laws, directives, statutes, regulations or codes of practice (to the extent that such codes of practice have legal effect) in relation to data protection or the privacy of individuals
- "Deposit"** has the meaning given to it in paragraph 26.3.1
- "EEA"** means the European Economic Area
- "EEA Agreement"** means the agreement on the European Economic Area signed at Oporto on 2 May 1992, together with the Protocol adjusting that Agreement signed at Brussels on 17 March 1993, as modified or supplemented from time to time, but does not include any retained direct EU legislation
- "EEA State"** means:
- (a) a state which at that time is a member state of the European Economic Area; or
  - (b) any other state which at that time is party to the EEA Agreement
- "Effective Date"** means the time and date on which this Scheme shall take effect in accordance with paragraph 28.1
- "Eligible Own Funds"** has the meaning given to it under Solvency II
- "Encumbrance"** means any mortgage, charge, pledge, security assignment, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, any other encumbrance or security interest of any kind and any other type of preferential arrangement (including title transfer and retention agreements) having a similar effect
- "Excluded Assets"** means:
- (a) the corporate minute books, records and files of the Transferors that the Transferors are required by regulatory requirements to retain (and any other books and records to the extent relating to any other Excluded Asset);
  - (b) all property or part thereof not used in the conduct of the operation of the Transferred Business;

- (c) the Retained Records; and/or
- (d) any property of the Transferors attributable to the Transferred Business (including any right or benefit of the Transferor under any Transferred Policy) which the Transferors and PLAE agree prior to the Effective Date should not be transferred at all

**"Excluded Liabilities"**

means any liability whatsoever of the Transferors:

- (a) that is attributable to or connected with an Excluded Asset;
- (b) which the Transferors and PLAE agree prior to the Effective Date should not be transferred at all;
- (c) that is to make a payment of or in respect of or of an amount representing, equal to, equivalent to, or deemed to be, Tax (whether actual, present, future, contingent or deferred); and/or
- (d) any Mis-selling/Mal-administration Liabilities and/or any other liability of a Transferor arising from a breach of any statutory or regulatory duty prior to the Effective Date including any fine, penalty, levy or other amount imposed on a Transferor by any regulatory or governmental authority (including the Regulators, Her Majesty's Revenue and Customs and the Irish Revenue Commissioners)

**"Expenses Cashflow Amount"**

has the meaning given to it in the With-Profits Reinsurance Agreements

**"FCA"**

means the Financial Conduct Authority, or such other governmental, statutory or other authority or authorities as shall from time to time perform such regulatory and supervisory functions in relation to Long-Term Business carried on in the United Kingdom as are at the date of this Scheme allocated to the Financial Conduct Authority under FSMA

**"FCA Glossary"**

means the Glossary of the FCA Handbook

**"FCA Handbook"**

means the handbook of rules and guidance issued by the FCA from time to time pursuant to FSMA

**"Financial Ombudsman Service"**

means the scheme provided under Part XVI of FSMA (the Ombudsman Scheme) under which certain disputes may be resolved by an independent person

<b>"Fixed Charge Arrangements"</b>	means the deed of fixed charge between Phoenix as chargor and PLAE as secured party which will be executed prior to the sanction of this Scheme by the Court, the Account Control Agreement and Custody Agreement (each as defined in the deed of fixed charge)
<b>"Floating Charges"</b>	means the deeds of floating charge, which will be executed prior to the sanction of this Scheme by the Court, between: <ul style="list-style-type: none"> <li>(a) Phoenix as chargor and PLAE as secured party; and</li> <li>(b) ReAssure Life as chargor and PLAE as secured party</li> </ul>
<b>"Freedom of Establishment"</b>	means the right of an insurer in an EEA State to pursue business in an EEA State other than its Home State, pursuant to articles 145-146 of Directive 2009/138/EC
<b>"Freedom of Services"</b>	means the right of an insurer in an EEA State to pursue business in an EEA State other than its Home State, pursuant to articles 147-149 of Directive 2009/138/EC
<b>"FSMA"</b>	means the Financial Services and Markets Act 2000
<b>"Group"</b>	means: <ul style="list-style-type: none"> <li>(a) the company concerned;</li> <li>(b) any of its holding companies from time to time;</li> <li>(c) any of its subsidiaries from time to time; and</li> <li>(d) each of the subsidiaries from time to time of any such holding company</li> </ul>
<b>"Guaranteed Annuity Option"</b>	means a term of a Transferred Policy giving the holder the right to elect to convert a cash benefit under the policy into an annuity at a guaranteed rate
<b>"Home State"</b>	means, in relation to an insurance undertaking, the EEA State (if any) in which the registered office of the insurance undertaking is situated
<b>"Hybrid Policy"</b>	has the meaning given to it in paragraph 27.1
<b>"Independent Person"</b>	means Mr. Philip Simpson of Milliman LLP or any other independent expert approved pursuant to section 109(2)(b) of FSMA
<b>"Intermediary"</b>	means any broker, agent, employee benefit consultant, independent financial adviser or other intermediary that is not an appointed representative (which has the meaning set out in the FCA Glossary) and that has entered into an agreement (whether or not reduced to writing) with a Transferor to administer (including

	collecting premiums in respect of) that Transferor's products in respect of the Transferred Business from time to time
<b>"Irish Policyholder Principles"</b>	means the following general principles contained within the CBI's Consumer Protection Code 2012 (as updated with effect from 1 January 2015) which, among other matters, require that a regulated entity: <ul style="list-style-type: none"> <li>(a) acts honestly, fairly and professionally in the best interests of its customers and the integrity of the market; and</li> <li>(b) acts with due skill, care and diligence in the best interests of its customers</li> </ul>
<b>"Irish Regulations"</b>	means the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485/2015)
<b>"Irish Transfer Scheme"</b>	means the insurance business transfer scheme (under the 1909 Act, the 1989 Act and the Irish Regulations) transferring the Transferred Policies of Phoenix to PLAE (as amended, modified or replaced from time to time)
<b>"liability to Tax"</b>	means a liability to make an actual payment of Tax
<b>"Linked Assets"</b>	means, in relation to an insurer, assets that are, for the time being, identified in the records of the insurer as being assets by reference to the value of which benefits under Linked Policies are to be determined
<b>"Linked Funds"</b>	means the internal linked funds maintained by the Transferors or (as the context requires) PLAE for the purposes of calculating benefits, other than benefits determined by reference to the value of the WP Units, payable under the Linked Policies
<b>"Linked Policy"</b>	means any Policy which falls within paragraph III of Part II of Schedule 1 to the RAO, or Paragraph 3 of Schedule 2 to the Irish Regulations, under which the benefits are wholly or partly determined by reference to the value of, or the income from, property of any description (whether or not specified in those Policies) or by reference to fluctuations in, or in an index of, the value of specified property of any description (whether or not so specified)
<b>"Longstop Date"</b>	means 1 April 2023
<b>"Long-Term Business"</b>	means the business of effecting or carrying out long-term insurance contracts as principal, being contracts falling within Part II of Schedule 1 to the RAO or (as the context requires) within Schedule 2 to the Irish Regulations

**"Minimum Closure Uplift"**

has the meaning given to it in paragraph 20.2.1(ii)

**"Mis-selling/Mal-administration Liabilities"**

means any liabilities, losses, costs and/or expenses (whether incurred as a result of any agreed settlement or compromise (including any ex gratia payment) or otherwise and including the costs of investigating, dealing with, challenging or defending any matter from time to time) in respect of the promotion, marketing, arrangement, sale, administration or investment performance of, or investment management service provided under or in connection with, any Transferred Policy (or any policies or options whose proceeds were used, wholly or in part, to pay the premium for a Transferred Policy) by or on behalf of a Transferor or its predecessors (including advice provided by or on behalf of a Transferor and whether in written, electronic or other form), including liabilities, losses, costs and/or expenses arising from:

- (a) any complaint, claim, legal action or proceedings (including arbitration, mediation or any other dispute resolution procedure) brought against a Transferor by or on behalf of any person or group of persons, including pursuant to the Financial Ombudsman Service or any successor thereto or replacement thereof;
- (b) a Transferor complying with (or failing to comply with) applicable law or with rules, regulations, directions, guidance or industry practice (whether formal or informal) set by or given by any regulatory or governmental authority;
- (c) a Transferor complying with (or failing to comply with) the Code of Conduct on Retirement Options of the Association of British Insurers or any other code of conduct in relation to the exercise of the open market option in respect of the Transferred Policies; and/or
- (d) any penalty or fine levied, or which results from or arises in connection with any disciplinary action undertaken, by any regulatory or governmental authority

**"MSA Agreements"**

shall have the meaning given in the With-Profits Reinsurance Agreements

**"Non-Profit Policy(ies)"**

means a Policy falling within Part II of Schedule 1 to the RAO that is not a With-Profits Policy

**"NTMA"**

means the National Treasury Management Agency or such other successor or replacement body or authority performing similar

	functions in relation to dormant or unclaimed life assurance policies in Ireland
<b>"NTMA Policies"</b>	means the Phoenix (Ireland Branch) Policies registered with the NTMA
<b>"Order"</b>	means an order made by the Court pursuant to section 111 of FSMA sanctioning this Scheme and any order (including any subsequent order) in relation to this Scheme made by the Court pursuant to section 112 of FSMA
<b>"Original Linked Fund"</b>	means the relevant Linked Fund of each Transferor units in which are allocated to Transferred Policies immediately prior to the Effective Date
<b>"Part 4A permission"</b>	means a permission to carry on regulated activities granted under part 4A of FSMA, or having effect as if so given
<b>"Passporting Regulations"</b>	means the Financial Services and Markets Act 2000 (EEA Passport Rights) Regulations 2001 (SI 2001/2511)
<b>"Payment"</b>	has the meaning set out in paragraph 10.5
<b>"Phoenix"</b>	means Phoenix Life Limited, a company incorporated in England and Wales with registered number 1016269 whose registered office is at 1 Wythall Green Way, Wythall, Birmingham, B47 6WG
<b>"Phoenix 2009 Scheme"</b>	means the scheme providing for the transfer to Phoenix of the business of Scottish Mutual Assurance Limited and Scottish Provident Limited in February 2009 (as amended, modified or replaced from time to time)
<b>"Phoenix 90% WP Fund"</b>	means the with-profits fund bearing the name "90% With-Profits Fund" maintained by Phoenix as at the Effective Date
<b>"Phoenix Alba WP Fund"</b>	means the with-profits fund bearing the name "Alba With-Profits Fund" maintained by Phoenix as at the Effective Date
<b>"Phoenix Board"</b>	means the board of directors of Phoenix from time to time
<b>"Phoenix (Ireland Branch)"</b>	means the third-country branch of Phoenix, established in Ireland pursuant to Regulation 176 of the Irish Regulations, with registered number 906073 and registered address at 90 St. Stephen's Green, Dublin 2, Dublin, D02DY27, Ireland
<b>"Phoenix (Ireland Branch) Policies"</b>	means any and all of the Policies (whether or not in force as at the Effective Date and in respect of which liability has not been extinguished) written or assumed by or on behalf of Phoenix and allocated to Phoenix (Ireland Branch) on the Effective Date (including, for the avoidance of doubt, any Suspended Policies falling within this definition), excluding any such Policies that are

contracts of reinsurance, and **"Phoenix (Ireland Branch) Policy"** shall mean any one of them

**"Phoenix Non-Profit Fund"** means the fund bearing the name "Non-Profit Fund" which is maintained by Phoenix as at the Effective Date for accounting purposes to identify Long-Term Business which is shareholder-backed business and is not allocated to a Phoenix WP Fund (and which includes shareholder surpluses (if any) relating to that Long-Term Business)

**"Phoenix Phx WP Fund"** means the with-profits fund bearing the name "Phoenix With-Profits Fund" maintained by Phoenix as at the Effective Date

**"Phoenix Policies"** means the Phoenix (Ireland Branch) Policies together with any and all of the Policies (whether or not in force as at the Effective Date) written on a Freedom of Services basis or assumed by Phoenix or a member of Phoenix's Group in accordance with the Passporting Regulations (or predecessor legislation) in: (i) Germany; (ii) Iceland; or (iii) Ireland (including, for the avoidance of doubt, any Suspended Policies falling within this definition where the Policies were concluded in Iceland, Ireland or Germany) and **"Phoenix Policy"** shall mean any one of them

**"Phoenix SPI WP Fund"** means the with-profits fund bearing the name "SPI With-Profits Fund" maintained by Phoenix as at the Effective Date

**"Phoenix With-Profits Actuary"** means the person appointed by Phoenix or from time to time to perform the "with-profits actuary function", as set out in SUP 4.3.16AR, in respect of the relevant Phoenix WP Fund

**"Phoenix With-Profits Committee"** means the With-Profits and Supervisory Committee of Phoenix from time to time fulfilling the role of a "with-profits committee" in accordance with the FCA Handbook and the SPI With-Profits Fund Supervisory Committee

**"Phoenix WP Fund(s)"** means the Phoenix 90% WP Fund, the Phoenix Alba WP Fund, the Phoenix Phx WP Fund and/or the Phoenix SPI WP Fund, as the case may be

**"PLAE"** means Phoenix Life Assurance Europe DAC, a designated activity company incorporated in the Republic of Ireland with registered number 684882 whose registered office is at 90 St Stephen's Green, Dublin, D02 F653

**"PLAE 90% WP Fund "** means the with-profits fund bearing the name "PLAE 90% With-Profits Fund" maintained by PLAE with effect from the Effective Date

<b>"PLAE Actuary"</b>	means PLAE's head of actuarial function within the meaning of Solvency II or, if those requirements are no longer in effect, the person appointed by PLAE from time to time as head of the function described at Regulation 50 of the Irish Regulations or, if PLAE is no longer required to maintain such a function, a person possessing appropriate actuarial qualifications nominated for the purposes of this Scheme by PLAE
<b>"PLAE Alba WP Fund"</b>	means the with-profits fund bearing the name "PLAE Alba With-Profits Fund" maintained by PLAE with effect from the Effective Date
<b>"PLAE Board"</b>	means the board of directors of PLAE from time to time
<b>"PLAE Capital Policy"</b>	means the capital policy adopted by the PLAE Board as at the Effective Date;
<b>"PLAE Fund"</b>	means (as the context requires) the PLAE Non-Profit Fund, a PLAE WP Fund or any other fund or sub-fund (including a with-profits fund) from time to time within PLAE
<b>"PLAE Non-Profit Fund"</b>	means the fund bearing the name "Non-Profit Fund" which is maintained by PLAE as at the Effective Date for accounting purposes to identify Long-Term Business which is shareholder-backed business and is not allocated to a PLAE WP Fund (and which includes shareholder surpluses (if any) relating to that Long-Term Business)
<b>"PLAE Phoenix WP Fund"</b>	means the with-profits fund bearing the name "PLAE Phoenix With-Profits Fund" maintained by PLAE with effect from the Effective Date
<b>"PLAE SPI WP Fund"</b>	means the with-profits fund bearing the name "PLAE SPI With-Profits Fund" maintained by PLAE with effect from the Effective Date
<b>"PLAE WP Fund Policies"</b>	means policies from time to time allocated or reinsured to a PLAE WP Fund
<b>"PLAE WP Funds"</b>	means the PLAE 90% WP Fund, the PLAE Alba WP Fund, the PLAE Phoenix WP Fund and the PLAE SPI WP Fund
<b>"Policy"</b>	means as the context requires: <ul style="list-style-type: none"> <li>(a) any "policy" within the meaning set out in the Financial Services and Markets Act 2000 (Meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361);</li> </ul>

- (b) any "policy" that has the meaning assigned to it by section 3 of the 1936 Act; and/or
- (c) any constituent part of such a policy which, in the reasonable opinion of the PLAE Board, gives rise to any separately identifiable benefit and which the PLAE Board determines is a Policy,

and "**Policies**" will be interpreted accordingly

<b>"policyholder"</b>	has the meaning set out in the Policyholder Order
<b>"Policyholder Order"</b>	means the Financial Services and Markets Act 2000 (Meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361)
<b>"PPFM"</b>	means the Principles and Practices of Financial Management maintained by Phoenix in effect from time to time in accordance with applicable law and regulation for each of the relevant Phoenix WP Funds
<b>"PRA"</b>	means the Prudential Regulation Authority, or such other governmental, statutory or other authority or authorities as shall from time to time perform such prudential and supervisory functions in relation to Long-Term Business carried on in the United Kingdom as are at the date of this Scheme allocated to the Prudential Regulation Authority under FSMA
<b>"PRA Rulebook"</b>	means the rulebook of rules and guidance applicable to insurers incorporated in the United Kingdom that are subject to the Solvency II regime issued by the PRA from time to time pursuant to FSMA
<b>"Proceedings"</b>	means any action or other legal or administrative proceedings or step (whether direct or indirect, by way of a claim, demand, legal proceedings, execution of judgment, arbitration, complaint or otherwise howsoever), whether pending, current or future, including: (a) any judicial, quasi-judicial, administrative or regulatory review or process; (b) any complaint or claim to any ombudsman, including the Financial Ombudsman Service; (c) arbitration; (d) mediation; and (e) any other dispute resolution procedure (whether or not it involves submission to any court)
<b>"RAO"</b>	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)
<b>"ReAssure Life"</b>	means a company incorporated in England and Wales with registered number 01363932 whose registered office is at Windsor House, Telford Centre, Telford, TF3 4NB

<b>"ReAssure Life Board"</b>	means the board of directors of ReAssure Life from time to time
<b>"ReAssure Life Non-Profit Fund"</b>	means the fund bearing the name "Non-Profit Fund" which is maintained by ReAssure Life as at the Effective Date for accounting purposes to identify Long-Term Business which is shareholder-backed business (and which includes shareholder surpluses (if any) relating to that Long-Term Business)
<b>"ReAssure Life Policies"</b>	<p>means any and all of the Policies (whether or not in force as at the Effective Date) of ReAssure Life written or assumed:</p> <ul style="list-style-type: none"> <li>(a) by ReAssure Life's former branch in Norway;</li> <li>(b) by a member of ReAssure Life's Group in Germany or Sweden; and</li> <li>(c) on a Freedom of Services basis in accordance with the Passporting Regulations (or predecessor legislation) in: (i) Germany; (ii) Norway; or (iii) Sweden,</li> </ul> <p>where the Policies were concluded in Germany, Norway or Sweden and <b>"ReAssure Policy"</b> shall mean any one of them</p>
<b>"Regulators"</b>	means the CBI, the PRA and the FCA or any one or more of them (as the context may require)
<b>"Residual Assets"</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) the Residual Policies and the rights, benefits and powers of the relevant Transferor under or by virtue of the Residual Policies;</li> <li>(b) any property of a Transferor attributable to Residual Policies (including a premium paid by a customer under a Residual Policy to a Transferor) or the Transferred Business (including any right, benefit or power of a Transferor under any Transferred Policy) in respect of which the Court has declined to order the transfer to PLAE under section 112(2) of FSMA on the Effective Date (or the High Court of Ireland has declined, under the parallel process described in paragraph 2.10, to order the transfer to PLAE);</li> <li>(c) any Agreed Assets held by a Transferor in an amount equal to the best estimate liabilities for Residual Policies as reflected in the books and records of the relevant Transferor (to the extent not transferred to PLAE in accordance with paragraph 7.1.3);</li> </ul>

- (d) any property of a Transferor attributable to Residual Policies or the Transferred Business which is outside the jurisdiction of the Court or in respect of which the transfer pursuant to an order of the Court is not recognised by the laws of the jurisdiction in which the property is situated or in respect of which further steps are necessary to effect the transfer pursuant to the laws of the jurisdiction in which such property is situated;
- (e) any property of a Transferor attributable to Residual Policies or the Transferred Business which cannot be transferred to or vested in PLAЕ on the Effective Date for any other reason;
- (f) any other property of a Transferor attributable to Residual Policies or the Transferred Business (including any right, benefit or power under a Residual Policy, a Transferred Policy or a Transferred Reinsurance Agreement) in respect of which:
  - (i) the Court makes an order as to the enforceability of an interest or right as referred to in section 112A(2)(b) of FSMA;
  - (ii) the High Court of Ireland makes (under the parallel process described in paragraph 2.10) an order providing for the delay of (or exclusion from) transfer of a particular asset or property; or
  - (iii) the relevant Transferor and PLAЕ have agreed in writing prior to the Effective Date that its transfer should be delayed;
- (g) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, earned or received from time to time after the Effective Date but prior to any relevant Subsequent Transfer Date in respect of any such property referred to in paragraphs (a) to (f) of this definition; and/or
- (h) assets of an amount which would have been calculated under paragraphs (e) and (f) of the definition of Transferred Assets in relation to any Transferred Policies falling within paragraph (a) or (b) of the definition of Transferred Policies,

for as long as one or more of paragraphs (a) to (h) above applies to them but excluding any Excluded Assets

**"Residual Liability"**

means any liability whatsoever of a Transferor relating to the Transferred Business:

- (a) to the extent that is attributable to or connected with a Residual Asset or Residual Policy and arises at any time before the Subsequent Transfer Date applicable to that Residual Asset or, as the case may be, Residual Policy;
- (b) in respect of which the Court has declined to order the transfer to PLAE under section 112(2) of FSMA on the Effective Date;
- (c) in respect of which the High Court of Ireland makes (under the parallel process described in paragraph 2.10) an order providing for the delay of (or exclusion from) transfer of a particular liability;
- (d) in respect of which the relevant Transferor and PLAE agree prior to the Effective Date that its transfer should be delayed; and/or
- (e) which cannot be transferred to or vested in PLAE for any other reason on the Effective Date,

for as long as one or more of paragraphs (a) to (e) above applies to them but excluding any Excluded Liabilities

**"Residual Policies"**

means Policies comprised in the Transferred Business:

- (a) written or assumed by a Transferor in the course of carrying on insurance business in the United Kingdom or any EEA State:
  - (i) which, for the purpose of paragraph 1(2) of Schedule 12 to FSMA, are to be transferred from Phoenix (Ireland Branch) and in respect of which the PRA has not prior to the making of the Order by which the Court sanctions this Scheme provided the certificate(s) referred to in paragraph 3 of Schedule 12 to FSMA with respect to the Republic of Ireland; and/or
  - (ii) in respect of which, for the purpose of paragraph 1(2A) of Schedule 12 to FSMA, an EEA State other than the United Kingdom is the state in which the contract was concluded (for the purposes of FSMA) and the PRA has not prior to the making of the Order by which the Court sanctions this Scheme provided the certificate referred to in paragraph 3A of Schedule 12 to FSMA

with respect to the relevant EEA State which is the state in which the contract was concluded (for the purposes of FSMA); and/or

- (iii) for the purpose of Regulation 178(1) of the Irish Regulations an EEA State where the risks are situated or which is the state of the commitment has not consented to its assignment pursuant to Regulation 178(2)(b) of the Irish Regulations or is not deemed to have so consented pursuant to Regulation 178(3) of the Irish Regulations;
- (b) written or assumed by the relevant Transferor in the course of carrying on Long-Term Business but which are not otherwise capable of being transferred pursuant to FSMA or under the Irish Transfer Scheme at the Effective Date;
- (c) in respect of which the Court has declined to order the transfer to PLAE under section 112 of FSMA on the Effective Date;
- (d) in respect of which the High Court of Ireland (under the parallel process described in paragraph 2.10) has declined to order the transfer to PLAE under the Irish Transfer Scheme; and/or
- (e) in respect of which further steps are necessary to be taken following the Order before any such Policies can be transferred and the relevant Transferor and PLAE agree that such steps should be taken,

but excluding any Policy that is or becomes a Transferred Policy as described in paragraph 7.2

**"Residual Policies Reinsurance Agreement"** means the reinsurance arrangement implemented in respect of Residual Policies pursuant to and in accordance with paragraph 7.1

**"Retained Records"** means any accounting and financial and other records of a Transferor which that Transferor is required by law or regulation to retain, including ad valorem Tax records

**"Scheme"** means this scheme in its original form or with or subject to any modification, addition or condition which may be approved, imposed or made in accordance with paragraph 30

**"Scheme Reinsurance Agreements"**

means:

- (a) the With-Profits Reinsurance Agreements; and
- (b) the Unit-Linked Reinsurance Agreements,

and **"Scheme Reinsurance Agreement"** means any one of them

**"Solvency II"**

means:

- (a) in relation to PLAE, Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance and legislation made pursuant to it; and
- (b) in relation to the Transferors, the law and regulation relating to the Transferors concerning the authorisation and supervision of insurance undertakings

**"Solvency Capital Requirement" or "SCR"**

means the level of capital, currently of that name, that the parties are required to maintain under Solvency II

**"Subsequent Transfer Date"**

means in relation to any Residual Asset or Residual Liability, the date (and each date) after the Effective Date on which such Residual Asset or Residual Liability as the case may be is or is to be transferred to PLAE, namely:

- (a) in respect of any Residual Asset falling within paragraphs (a), (b), (c), (d), (e) and (f)(i) or (ii) of the definition of Residual Assets and of any Residual Liability which is attributable to or connected with that Residual Asset or which falls within paragraphs (a), (b), (c) or (e) of the definition of Residual Liability, the date on which any impediment to its transfer shall have been removed or overcome;
- (b) in respect of any Residual Asset falling within paragraph (f)(iii) of the definition of Residual Assets and of any Residual Liability which is attributable to or connected with that Residual Asset or which falls within paragraph (d) of the definition of Residual Liability, the date on which the relevant Transferor and PLAE agree the transfer should take effect;
- (c) in respect of any Residual Asset falling within paragraph (g) of the definition of Residual Assets and of any Residual Liability which is attributable to or connected with that Residual Asset, the date on which such Residual Asset is received or earned by the relevant Transferor, and

	(d) in respect of any Residual Asset falling within paragraph (h) of the definition of Residual Assets, the date on which such Transferred Policy is reinstated or underwritten, as the case may be, by PLAE (with such assets to be allocated to the same PLAE Fund as such Transferred Policies)
<b>"Suspended Policies"</b>	means any Phoenix (Ireland Branch) Policies which are (1) annuities considered suspended because death is suspected to have occurred and in respect of which Phoenix no longer holds any reserves, and (2) the NTMA Policies
<b>"Tax"</b>	means: <ul style="list-style-type: none"> <li>(a) all forms of tax, levy, duty, charge, impost, withholding or other amount whenever created or imposed and whether of the United Kingdom, Republic of Ireland, Iceland, Germany, Norway, Sweden or elsewhere, payable to or imposed by any authority responsible for the collection or management of any such tax, levy, duty, charge, impost, withholding or other amount; and</li> <li>(b) all charges, interest, penalties and fines incidental or relating to any sum falling within paragraph (a) above or which arise as a result of the failure to pay that sum on the due date or to comply with any obligation relating to it</li> </ul>
<b>"Transferor"</b>	means ReAssure Life or Phoenix as the context requires (and together the <b>"Transferors"</b> )
<b>"Transferor Actuary"</b>	means the Phoenix Chief Actuary or the ReAssure Life Chief Actuary as the context requires
<b>"Transferor's Board"</b>	means the Phoenix Board or the ReAssure Life Board as the context requires and <b>"Transferors' Boards"</b> means both of them
<b>"Transferred Assets"</b>	means any and all property of the Transferors whatsoever and wheresoever situated comprised in or attributable to the Transferred Business as at the Effective Date (with each Transferor to transfer the Transferred Assets falling within paragraphs (e) and (f) in relation to the Transferred Policies for which they are the Transferor) including (without prejudice to the generality of the foregoing): <ul style="list-style-type: none"> <li>(a) the rights, benefits and powers of the Transferors under or by virtue of the Transferred Policies;</li> <li>(b) all rights and claims (present or future, actual or contingent and known or unknown) against any third party in relation to</li> </ul>

the Transferred Business or arising as a result of the Transferors having carried on the Transferred Business;

- (c) the rights, benefits and powers of the Transferors under the Transferred Reinsurance Agreements;
- (d) the rights, benefits and powers of the Transferors under the Transferred Contracts;
- (e) the Linked Assets held to match the bid value of the allocated units in respect of the Transferred Policies which are Linked Policies;
- (f) Agreed Assets with an aggregate market value at the Effective Date equal to the amount of:
  - (i) (A) 108% of the best estimate liabilities for the Transferred Policies which are annuities to be allocated to the PLAE Non-Profit Fund; and  
(B) 100% of the best estimate liabilities of the other Transferred Policies (excluding an amount equal to the bid value of allocated units in respect of the Linked Policies covered in paragraph (e) above), less  
(C) 25% of:
    - (I) the best estimate liabilities for the ReAssure Life Policies which are Linked Policies; less
    - (II) the bid value of the allocated units in respect of those Linked Policies
- in each case, calculated using generally accepted actuarial techniques and in a manner consistent with the applicable PPFM and Solvency II (and in the case of the Phoenix (Ireland Branch) Policies, using the assumptions and methodology of the Phoenix (Ireland Branch) reporting); and
- (ii) any other Transferred Liabilities (excluding any amount covered in paragraphs (a) to (e) above);
- (g) all bank accounts, notes, premiums (including, for the avoidance of doubt, any increments or top up premiums relating to the Policies), reinsurance, retrocession and subrogation recoveries and other receivables that primarily relate to the Transferred Business;

(h) all books, records, files and papers, whether in hard copy or computer format, of the Transferred Business, including insurance contracts, claims and underwriting files, sales and promotional literature, manuals and data, sales and purchase correspondence and lists of present and former customers, excluding the Retained Records; and

(i) all goodwill associated with the Transferred Assets,

but excluding: (A) the Residual Assets; (B) any rights, benefits and powers under or relating to the Residual Policies or any Residual Policies Reinsurance Agreement; (C) the Excluded Assets; (D) any right to repayment of Tax or any available Tax credits (other than any repayment of Tax or Tax credit to which paragraph 9.4 applies or any repayment of Tax or Tax credit which is a Linked Asset); and (E) the benefit of any charges attaching to any Transferred Reinsurance Agreement relating to the period prior to the Effective Date

**"Transferred Business"**

means the business of the Transferors relating to the Transferred Policies and all activities carried on in connection therewith which also includes:

- (a) the Transferred Contracts;
- (b) the Transferred Reinsurance Agreements;
- (c) the Transferred Assets; and
- (d) the Transferred Liabilities

**"Transferred Contracts"**

means each intermediary terms of business agreement between a Transferor and an Intermediary relating to the Transferred Business

**"Transferred Liabilities"**

means any and all liabilities whatsoever of the Transferors comprised in or attributable to the Transferred Business or otherwise arising in connection with or in relation to the carrying on of the Transferred Business as at the Effective Date including (without prejudice to the generality of the foregoing):

- (a) all liabilities under and in connection with the Transferred Policies;
- (b) all liabilities under and in connection with the Transferred Reinsurance Agreements; and/or
- (c) all liabilities under and in connection with the Transferred Contracts,

but excluding: (A) the Residual Liabilities; (B) any liabilities under or relating to the Residual Policies or any Residual Policies Reinsurance Agreement; (C) the Excluded Liabilities; (D) any liability to Tax of the Transferor; (E) the liabilities under the Transferred Reinsurance Agreements relating to the period prior to the Effective Date; and (F) the burden of any charges attaching to any Transferred Reinsurance Agreement relating to the period prior to the Effective Date

**"Transferred Policies"**

means the Phoenix Policies and ReAssure Life Policies under which any liability remains unsatisfied or outstanding at the Effective Date, but also to include:

- (a) Phoenix Policies and ReAssure Life Policies written or assumed by a Transferor which have lapsed on or before the Transfer Date and which are reinstated by PLAE after the Transfer Date (which will become Transferred Policies in all respects as from the date they are reinstated, in line with paragraph (d) of the definition of Subsequent Transfer Date); and
- (b) all proposals for insurance made to a Transferor and every offer or invitation for insurance made by a Transferor before the Transfer Date which would have become Phoenix Policies and ReAssure Life Policies if they had been accepted by Phoenix or ReAssure Life (as the case may be) prior to the Effective Date but which are subsequently accepted by PLAE after the Effective Date (which will become Transferred Policies in all respects as from the date on which they become Transferred Policies, in line with paragraph (d) of the definition of Subsequent Transfer Date);

but (subject to paragraphs 7.1 to 7.3 inclusive) excluding the Residual Policies

**"Transferred Policyholder"**

means a holder of a Transferred Policy

**"Transferred Reinsurance Agreements"**

means the contracts, agreements, policies and other arrangements made between a Transferor and a third party in the nature of reinsurance under or in connection with the Transferred Business which are listed in Schedule 2

**"UL Units"**

mean notional units whose value or number vary by reference to the value of a Linked Fund for the purposes of calculating benefits

payable under Linked Policies and Hybrid Policies, excluding WP Units

**"Unit-Linked Reinsurance Agreements"**

means:

- (a) the unit-linked reinsurance agreement between PLAE and ReAssure Life in relation to the investment by the Transferred Policies transferred from ReAssure Life in Linked Funds of ReAssure Life; and
- (b) the unit-linked reinsurance agreement between PLAE and Phoenix in relation to the investment by the Transferred Policies transferred from Phoenix in Linked Funds of Phoenix

**"Unit-Linked Reinsured Business"**

means the "Business Reinsured" as defined in each of the Unit-Linked Reinsurance Agreements, being the investment element of the Transferred Policies that are Linked Policies and increments to those Policies other than WP Units

**"With-Profits Policy(ies)"**

means any Policy (i) in respect of which from time to time the relevant policyholder is eligible to participate in any part of any established surplus, or (ii) to which WP Units are from time to time allocated

**"With-Profits Reinsurance Agreements"**

means:

- (a) the with-profits reinsurance agreement between PLAE and Phoenix in relation to the PLAE 90% WP Fund;
- (b) the with-profits reinsurance agreement between PLAE and Phoenix in relation to the PLAE Alba WP Fund;
- (c) the with-profits reinsurance agreement between PLAE and Phoenix in relation to the PLAE Phoenix WP Fund; and
- (d) the with-profits reinsurance agreement between PLAE and Phoenix in relation to the PLAE SPI WP Fund (the "**PLAE SPI WP Fund Reinsurance Agreement**"),

and "**With-Profits Reinsurance Agreement**" means any one of them

**"WP Investment Element"**

means that part of any premium (including any amount derived from a rebate of charges) in respect of a Policy as has been applied or is applicable to investment in a with-profits investment (whether by the allocation of WP Units or otherwise) after any adjustment in accordance with the terms of the relevant Policy (including any policy charges and the bid/offer spread) or the liabilities referable to such WP Units as the context shall require, and

**"WP Unit"** means a notional unit whose value or number varies, by reference to premiums paid and bonuses declared or surpluses distributed, for the purposes of calculating benefits payable under unitised with-profit policies and Hybrid Policies, or which can have a smoothed price on cancellation.

**1.2** In this Scheme:

- (a) **"assets"** and **"property"** include property, assets, interests, rights, benefits and powers of every description (whether present or future, actual or contingent) and include property held on trust and securities, benefits, powers of any description and any interest whatsoever in any of the foregoing;
- (b) **"liabilities"** includes duties and obligations of every description (whether present or future, actual or contingent);
- (c) **"transfer"** includes (as the context may require) **"assign"**, **"assignment"** or **"assignment"**, **"dispose"** or **"disposal"** or **"convey"** or **"conveyance"**;
- (d) any words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;
- (e) any reference to an enactment, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, statutory provision or subordinate legislation as amended, replaced or re-enacted from time to time and to any instrument or order made from time to time under such enactment, statutory provision or subordinate legislation;
- (f) any reference to any rules, regulations or guidance made by the PRA and/or the FCA (as applicable), or the CBI (as applicable), shall be deemed to include a reference to such rules or regulations as amended or replaced from time to time, and any reference to any provision of the PRA Rulebook or the FCA Handbook, or any requirement of the CBI, which is not in force at the date of this Scheme but will be in force by the Effective Date shall, in respect of the period before it comes into force, be deemed to include a reference to such rules or regulations issued by the PRA and/or the FCA (as applicable), or the CBI (as applicable), as most closely corresponded to that provision at the date of this Scheme;
- (g) expressions used which have meanings under FSMA or the Irish legislation referred to in this Scheme shall bear those meanings;
- (h) the expressions **"subsidiary"** and **"holding company"** shall have the meanings given in section 1159 of the Companies Act 2006, save that for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c) of the Companies Act 2006 a company shall be treated as a member of another company:

- (i) if any shares in that other company are held by a person acting on behalf of the company or any of its subsidiaries;
  - (ii) if any of its subsidiaries is a member of that other company; or
  - (iii) if any shares in that other company are held by a person (or that person's nominee) by way of security or in connection with the taking of security granted by the company or any of its subsidiaries;
- (i) the expression "**subsidiary undertaking**" shall have the meaning given in section 1162 of the Companies Act 2006, save that for the purposes of section 1162(2) of the Companies Act 2006, an undertaking shall also be treated as a member of another undertaking if any shares in that other undertaking are held by a person (or that person's nominee) by way of security or in connection with the taking of security granted by the undertaking or any of its subsidiary undertakings;
- (j) any reference to "**this Scheme**" shall include the Schedules to it and, except as the context may otherwise require, references to paragraphs or Schedules are to paragraphs of or Schedules to this Scheme;
- (k) headings are inserted for convenience only and shall not affect the construction/interpretation of this Scheme;
- (l) any references in this Scheme to legislation shall;
- be to UK legislation, unless otherwise stated; and
  - include a reference to any legislation subordinate to such legislation,
- and, save where the context otherwise requires, words and expressions used in such legislation and any regulations made under any of the foregoing shall have the same meanings in this Scheme;
- (m) any reference to a "**person**" shall be construed to include a reference to any individual, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing. Any reference to a person includes his successors, personal representatives, executors or administrators and permitted assigns and, for the avoidance of doubt, shall include a trustee;
- (n) unless otherwise specified, if a period of time is specified from a given day or date or from the day or date of an actual event, it shall be calculated exclusive of that day or date;
- (o) any reference to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (p) any reference to a calculation, decision, determination or opinion of the PLAE Board or a Transferor's Board (or any similar expression) shall be deemed to

include a calculation, decision, determination or opinion of a duly constituted committee or duly authorised representative of the PLAE Board or a Transferor's Board (as appropriate);

- (q) the expression "**variation**" shall include any variation, amendment, modification, supplement, deletion, replacement or termination, however effected;
- (r) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
- (s) "**including**" or "**includes**" means including or includes without limitation;
- (t) any reference to an amount shall be exclusive of any applicable value added or other Tax;
- (u) any reference to time is to London and Dublin time; and
- (v) a document expressed to be in the "**agreed form**" means a document in a form which has been agreed by the parties on or before the date of this Scheme and signed or initialled by them or on their behalf or agreed through email exchange through their respective solicitors, for the purposes of identification.

**1.3** Where, in this Scheme, it is stated that a certificate is required from an independent actuary, such certificate must be accompanied by a report that is based on the latest financial information that can reasonably be made available to the independent actuary at the time of the report.

## **PART B - INTRODUCTION**

### **2 Introduction**

- 2.1** ReAssure Life is a company incorporated in England and Wales with registered number 01363932. The registered office of ReAssure Life is at Windsor House, Telford Centre, Telford, TF3 4NB. ReAssure Life is authorised by the PRA and regulated by the PRA and the FCA.
- 2.2** Phoenix is a company incorporated in England and Wales with registered number 1016269. The registered office of Phoenix is 1 Wythall Green Way, Wythall, Birmingham, B47 6WG. Phoenix is authorised by the PRA and regulated by the PRA and the FCA.
- 2.3** Phoenix (Ireland Branch) is the third-country branch of Phoenix in Ireland, with registered number 906073. The registered address of Phoenix (Ireland Branch) is 90 St. Stephen's Green, Dublin 2, Dublin, D02DY27, Ireland.
- 2.4** PLAE is a designated activity company incorporated in the Republic of Ireland with registered number 684882. The registered office of PLAE is 90 St Stephen's Green, Dublin, D02 F653, Ireland. An application for the authorisation of PLAE was submitted to the CBI on 2 August 2021 and it is anticipated that PLAE will receive confirmation of its authorisation as a life insurance undertaking in September 2022.
- 2.5** ReAssure Life has Part 4A permission under FSMA to carry on Long-Term Business in the United Kingdom in classes I, II, III, IV, VI and VII as set out in Part II of Schedule 1 to the RAO.
- 2.6** Phoenix has Part 4A permission under FSMA to carry on Long Term-Business in the United Kingdom in classes I, II, III, IV, VI and VII as set out in Part II of Schedule 1 to the RAO.
- 2.7** Phoenix (Ireland Branch) is authorised as the branch of a third-country insurance undertaking pursuant to Regulation 176 of the Irish Regulations and is authorised to carry on Long-Term Business in Ireland in classes I, II, III, IV and VII as set out in Schedule 2 to the Irish Regulations.
- 2.8** PLAE has applied to the CBI to become an insurance undertaking (as defined in Regulation 3 of the Irish Regulations) to carry on Long-Term Business in the Republic of Ireland in classes I, III, IV and VII as referred to in Schedule 2 to the Irish Regulations. An application for the authorisation of PLAE was submitted to the CBI on 2 August 2021 and it is anticipated that PLAE will receive confirmation of its authorisation as a life insurance undertaking in September 2022. Once authorised, PLAE will be authorised to write business across the EEA and will passport on a Freedom of Services basis, prior to the Effective Date, into all of the jurisdictions in which the Transferors marketed business (i.e. Iceland, Germany, Norway and Sweden) and as a result of the Scheme and

wider proposal noted in paragraph 2.10 below, in each member state in which a holder of a Transferred Policy has been identified, as at the date of this Scheme, as currently being resident, i.e. in Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Holland, Iceland, Italy, Luxembourg, Norway, Poland, Portugal, Slovenia, Spain, Sweden.

- 2.9** It is proposed that, subject to the sanction of this Scheme by the Court, the Transferred Business carried on by the Transferors shall pursuant to, and in accordance with this Scheme, be transferred to PLAE.
- 2.10** Phoenix (Ireland Branch) holds a distinct authorisation from the CBI in its capacity as branch of a third-country insurance undertaking and must, in addition to this Scheme, utilise the Irish portfolio transfer mechanism provided for under the Irish Regulations in order to transfer the Phoenix (Ireland Branch) Policies under the laws of the Republic of Ireland. Accordingly, the Irish Transfer Scheme and this Scheme are inter-conditional.
- 2.11** For completeness in this context, ReAssure Life is a Group company of both Phoenix and PLAE.

## **PART C - THE TRANSFER**

### **3 Transfer of the Transferred Business**

- 3.1** Each part of the Transferred Business, the Residual Assets and the Residual Liabilities shall be transferred to and be vested in PLAE in accordance with this Scheme, so that:
- 3.1.1** subject to paragraphs 3.2 and 7, with effect on and from the Effective Date, each Transferred Asset and all the property of the relevant Transferor in it shall, by the Order and without any further act or instrument, be transferred to and be vested in PLAE, subject to all Encumbrances (if any) affecting such property in accordance with this Scheme;
  - 3.1.2** subject to paragraph 7, with effect on and from each Subsequent Transfer Date, each Residual Asset to which such Subsequent Transfer Date applies and all the property of the relevant Transferor in it shall, by the Order and without any further act or instrument, be transferred to and be vested in PLAE, subject to all Encumbrances (if any) affecting such property in accordance with this Scheme;
  - 3.1.3** with effect on and from the Effective Date, each Transferred Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of PLAE in accordance with this Scheme and shall cease to be a liability of the relevant Transferor; and
  - 3.1.4** with effect on and from each Subsequent Transfer Date, each Residual Liability to which such Subsequent Transfer Date applies shall, by the Order and without any further act or instrument, be transferred to and become a liability of PLAE in accordance with this Scheme and shall cease to be a liability of the relevant Transferor.
- 3.2** The obligation of each Transferor to transfer the Transferred Assets to PLAE pursuant to this Scheme shall be set off against the relevant obligation of PLAE to pay the Back-Book Premium to the relevant Transferor pursuant to each Scheme Reinsurance Agreement with that Transferor such that:
- 3.2.1** the Back-Book Assets shall be used to settle the aggregate amount of the Back-Book Premium; and
  - 3.2.2** the payment of the aggregate amount of the Back-Book Premium shall be satisfied by the retention by the relevant Transferor of the Back-Book Assets.
- 3.3** PLAE shall accept without investigation or requisition such title as the relevant Transferor shall have at the Effective Date to the Transferred Assets and, at any Subsequent Transfer Date, to each Residual Asset then transferred and the

relevant Transferor shall not be liable for any charges, expenses, costs, claims, losses or any other liabilities in connection thereto that arise after the Effective Date, save as otherwise agreed between the parties in writing or as set out in this Scheme.

- 3.4** Each Transferor and PLAE shall take all such steps, and execute all such documents, as may be necessary or desirable:
  - 3.4.1** to effect or perfect the transfer to and vesting in PLAE of any Transferred Asset or Residual Asset pursuant to this Scheme;
  - 3.4.2** to correct any errors in the identity or amount of the property so transferred; and
  - 3.4.3** to effect or perfect the transfer to and assumption by PLAE of any Transferred Liability or Residual Liability pursuant to this Scheme.
- 3.5** The Transferred Assets, Residual Assets, Transferred Liabilities and Residual Liabilities shall be allocated in accordance with Part D.
- 3.6** The transfer under this Scheme of the Transferred Business, each Transferred Asset and each Transferred Liability shall, by the Order and without any further act or instrument, prevail over and take effect notwithstanding:
  - 3.6.1** any requirement that would otherwise exist for the consent or waiver of any person (other than the Court) to the transfer; and/or
  - 3.6.2** any right that any third party would otherwise have to terminate an agreement with the relevant Transferor or claim compensation in damages or otherwise, in each case as a result of the transfer.
- 3.7** On and from the Effective Date, PLAE shall:
  - 3.7.1** succeed to all rights, liabilities and obligations of the Transferors in respect of any personal data which relates to the Transferred Business and which is subject to the Data Protection Legislation;
  - 3.7.2** become the controller of any personal data which relates to the Transferred Business and which is subject to the Data Protection Legislation in place of the Transferors and shall be deemed to have been the controller of all such data at all times when personal data was processed; and
  - 3.7.3** in respect of any personal data which relates to the Transferred Business, be subject to the same duty, by virtue of any law to which each of the Transferors was subject, to respect the confidentiality and privacy of each data subject of that personal data and shall be bound by any specific notice or consent given, or request made by, the data subject which was binding on each Transferor including those which

required a Transferor not to use the personal data for marketing purposes,

and in any consent given by a data subject in respect of such data as is mentioned in this paragraph 3.7, any reference to a Transferor (or to any member of a Transferor's Group) shall be deemed to include a reference to PLAE (and to any member of PLAE's Group).

**3.8** In paragraph 3.7, the expressions **controller**, **personal data** and **data subject** shall have the meanings set out in the Data Protection Legislation.

**3.9** On and from the Effective Date, PLAE shall owe to the policyholders of the Transferred Business or to any other person the same duties of confidentiality and privacy (whether pursuant to statute or contract) as those which the Transferor owed under the Transferred Business immediately prior to the Effective Date.

#### **4 Proceedings**

**4.1** With effect on and from the Effective Date, any Proceedings (or any relevant part thereof) which:

**4.1.1** prior to the Effective Date, have been issued, served, commenced, threatened or contemplated;

**4.1.2** as at the Effective Date are pending or are continued, or which are issued, served, commenced, threatened or contemplated;

**4.1.3** as at the Effective Date may be brought in the future including those not yet in contemplation; or

**4.1.4** as at the Effective Date, are pending or are continued on or after the Effective Date,

by or against a Transferor in connection with the Transferred Business, the Transferred Policies, the Transferred Assets (excluding the Back-Book Assets) or the Transferred Liabilities, shall be continued or commenced by, against or in relation to PLAE (and for the avoidance of doubt any future Proceedings (or any relevant part thereof) in connection with the Transferred Business, the Transferred Policies, the Transferred Assets (excluding the Back-Book Assets) or the Transferred Liabilities shall be brought by, against or in relation to PLAE) and PLAE shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off, rights of subrogation and any other rights that would have been available to the relevant Transferor in relation to the Transferred Business, the Transferred Policies, the Transferred Assets (excluding the Back-Book Assets) or the Transferred Liabilities in any such Proceedings (or any relevant part thereof).

- 4.2** With effect on and from the Subsequent Transfer Date applicable thereto, any Proceedings (or any relevant part thereof) which:
- 4.2.1** prior to the Subsequent Transfer Date, have been issued, served, commenced or threatened or contemplated;
  - 4.2.2** as at the Subsequent Transfer Date, are pending or are continued, or which are issued, served, or commenced, threatened or contemplated;
  - 4.2.3** as at the Subsequent Transfer Date, may be brought in the future, including those not yet in contemplation; or
  - 4.2.4** as at the Subsequent Transfer Date, are pending or are continued on or after the Subsequent Transfer Date,

by or against a Transferor in connection with the Residual Policies, the Residual Assets or the Residual Liabilities which are to be transferred on such Subsequent Transfer Date, shall be continued or commenced by, against or in relation to PLAE (and for the avoidance of doubt any future Proceedings (or any relevant part thereof) in connection with such Residual Policies, Residual Assets or Residual Liabilities shall be brought by, against or in relation to PLAE) and PLAE shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off, rights of subrogation and any other rights that would have been available to the relevant Transferor in relation to the Residual Policies, the Residual Assets and the Residual Liabilities. Until such Subsequent Transfer Date, the relevant Proceedings (or any relevant part thereof) shall be commenced or continued by or against the relevant Transferor and the relevant Transferor shall conduct such Proceedings (or any relevant part thereof) in accordance with the reasonable instructions of PLAE and at the cost of PLAE.

- 4.3** Any judgment, settlement, order or award (or any relevant part thereof) obtained by or against a Transferor whether before or after the Effective Date to the extent that it relates to any part of the Transferred Business, the Transferred Policies, the Transferred Assets (excluding the Back-Book Assets), the Transferred Liabilities, the Residual Policies, the Residual Assets or the Residual Liabilities and which is not fully satisfied before the Effective Date or, as the case may be, the applicable Subsequent Transfer Date, shall, on that date and to the extent to which it was enforceable by or against a Transferor immediately prior to such date (or, if later, the date on which the judgment, settlement, order or award (or any relevant part thereof) is obtained), become enforceable by or against PLAE (to the exclusion of the relevant Transferor).
- 4.4** All documents which would before the Effective Date have been evidence in respect of any matter for or against the relevant Transferor shall on and from the Effective Date be evidence in respect of the same matter for or against PLAE.

**4.5** In respect of any Proceedings in relation to the Transferred Policies (excluding any Proceedings relating to Excluded Liabilities) which are (a) commenced but not settled before the Effective Date, or (b) commenced after the Effective Date in respect of acts or omissions of a Transferor prior to the Effective Date, PLAE undertakes to comply with:

**4.5.1** the relevant provisions of the DISP Dispute Resolution: Complaints part of the FCA Handbook that would apply to the handling of any complaints brought to the Financial Ombudsman Service that fall under the jurisdiction of the Financial Ombudsman Service; and

**4.5.2** any valid judgment, settlement, order or award (or relevant part thereof) of the Financial Ombudsman Service, made under its jurisdiction as set out in the DISP Dispute Resolution: Complaints part of the FCA Handbook,

to the extent that such compliance is compatible with applicable law and regulation and any such judgment, settlement, order or award as is referred to in paragraph 4.5.2 shall be enforceable against PLAE (to the exclusion of the relevant Transferor).

**4.6** ReAssure Life, Phoenix and PLAE hereby each undertake to the Court that they:

**4.6.1** will not challenge the validity, effectiveness and/or enforceability of the Scheme and/or the Irish Transfer Scheme in any court in any jurisdiction;

**4.6.2** will not assert or claim to any person that the Scheme and/or the Irish Transfer Scheme is/are not valid, effective and/or enforceable in accordance with its/their terms; and

**4.6.3** will meet their respective commitments to Transferred Policyholders in the manner envisaged under the Scheme and/or the Irish Transfer Scheme (only addressing any such invalidity, ineffectiveness or lack of enforceability as a matter solely between the Transferors and PLAE in each case).

## **5 Rights and obligations in relation to the Transferred Business**

**5.1** With effect on and from the Effective Date, PLAE shall become entitled to all the rights, benefits, powers and other property, and subject to all the obligations, of the Transferors whatsoever subsisting on the Effective Date under or by virtue of the Transferred Policies.

**5.2** Without prejudice to the generality of paragraph 5.1, where the benefits of any Transferred Policy are held under the terms of a trust, such terms (together with the terms of any rules applicable to any pension scheme in the case of any

pension scheme under which benefits are referable to a Transferred Policy) shall operate and be construed on and with effect from the Effective Date on a basis which is consistent with the transfer of such Transferred Policy in accordance with the provisions of this Scheme. For the avoidance of doubt:

5.2.1 where the consent of a Transferor is required under any such terms, the consent of PLAE shall, on and with effect from the Effective Date, instead be required; and

5.2.2 where a power to appoint trustees under such terms is conferred on the relevant Transferor, that power shall, with effect from the Effective Date, instead be conferred on PLAE.

5.3 Every person who is a policyholder of any of the Transferred Policies or is a party to, or has the benefit of, any of the agreements with a Transferor comprising the Transferred Business shall with effect on and from the Effective Date become entitled, in succession to, and to the exclusion of, any rights which he may have had against the relevant Transferor under any of the Transferred Policies or any other such agreement comprising the Transferred Business, to the same rights against PLAE subject to the terms of this Scheme as were available to him against the relevant Transferor under such Transferred Policies or such other agreement comprising the Transferred Business and (as regards Transferred Policies under which premiums or other sums attributable or referable thereto continue to be payable) shall with effect on and from the Effective Date account to PLAE for any further or additional premiums or other sums attributable or referable thereto as and when the same become due and payable.

5.4 If any person entitled to do so with respect to a Transferred Policy exercises any right or option granted at law or under the terms of that Policy and either:

5.4.1 the right or option provides for a new, additional or replacement Policy to be issued; or

5.4.2 it is appropriate, in the opinion of PLAE, to issue a new Policy in order to comply with that right or option,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue by PLAE of a Policy which complies with the terms of such right or option. Without prejudice to the right of such person to have the right or option satisfied by the issue by PLAE of such a Policy, if PLAE is not at the time of the exercise of such right or option writing Policies complying exactly with the Policy to which the right or option refers, PLAE shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) a Policy commonly offered by PLAE (or any other member of PLAE's Group). Any such alternative Policy shall be a Policy which PLAE considers to be the nearest equivalent Policy by reference to the terms and conditions applicable to Policies

of PLAE at that time, provided that where the issue of such alternative Policy would, in the opinion of the PLAE Board (having taken appropriate actuarial advice) either: (i) result in a liability; (ii) result in an increase in liability to Tax of the holder of such Policy or (iii) otherwise fail to satisfy the reasonable expectations of the holder of such Policy, PLAE shall indemnify the policyholder in full for any such: (a) liability; (b) increase in liability to Tax or (c) failure to satisfy the reasonable expectations of the holder of such policy arising from the issue of such alternative Policy and issue, or procure the issue by another member of PLAE's Group of, such alternative Policy pursuant to this paragraph 5.4.

- 5.5** All references in any Transferred Policy or other agreement comprising the Transferred Business to a Transferor, a Transferor's Board, a Transferor Actuary or any other officers, employees or agents of a Transferor shall from and after the Effective Date be read as references to PLAE, the PLAE Board, the PLAE Actuary or any other officers or employees of PLAE or, where appropriate, agents of PLAE to which the administration of the relevant part of the business carried on by PLAE has been delegated. In particular, but without limitation, all rights and duties exercisable or expressed to be exercisable or responsibilities to be performed by the relevant Transferor, the relevant Transferor's Board, the relevant Transferor Actuary or any other officers, employees or agents of the relevant Transferor in relation to any of the Transferred Policies or other agreements relating to the Transferred Business shall, from and after the Effective Date, be exercisable or required to be performed by PLAE, the PLAE Board, the PLAE Actuary or any other officers, employees or agents of PLAE.
- 5.6** The transfer of any rights, benefits, liabilities and obligations under or in connection with any Transferred Policy, Transferred Asset, Residual Policy, Residual Asset, Transferred Liability or Residual Liability pursuant to this Scheme shall take effect and shall be valid and binding on all parties having any interest in the same notwithstanding any restriction howsoever arising (including at law, in equity, tort or by contract) on transferring, assigning or otherwise dealing with the same and such transfer shall be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified or to treat any obligations or liabilities as discharged, modified or released.

## **6 Transferred Reinsurance Agreements**

- 6.1** With effect on and from the Effective Date, all the rights, benefits and powers conferred on or vested in each Transferor and all the liabilities imposed on each of the Transferors by or under the Transferred Reinsurance Agreements, whether express or implied, shall, by the Order and without any further act or

instrument, be transferred to and vest in PLAE who shall, where appropriate, be substituted as a party in place of the relevant Transferor as if PLAE had always been the original party to such agreements from inception.

- 6.2** All references in the Transferred Reinsurance Agreements to a Transferor, a Transferor's Board, or any other officers, employees or agents of the Transferors shall from and after the Effective Date be read as references to PLAE, the PLAE Board, or any other officers or employees of PLAE or, where appropriate, agents of PLAE to which the administration of the business carried on by PLAE has been delegated. In particular, but without limitation, all rights and/or duties exercisable or expressed to be exercisable or responsibilities to be performed by a Transferor, a Transferor's Board, or any other officers, employees or agents of a Transferor in relation to any of the Transferred Reinsurance Agreements shall, from and after the Effective Date, be exercisable or required to be performed by PLAE, the PLAE Board or any other officers, employees or agents of PLAE.

## **7 Residual Policies**

- 7.1** Subject to paragraphs 7.2 and 7.3, the Residual Policies shall not be transferred to PLAE by this Scheme on the Effective Date and all liabilities attributable to the Residual Policies shall remain liabilities of the relevant Transferor and be fully reinsured to PLAE with effect from the Effective Date on the following basis:
- 7.1.1** all liabilities of the relevant Transferor attributable to and arising under the Residual Policies shall be reinsured in full to PLAE with effect on and from the Effective Date;
  - 7.1.2** the liability of PLAE with effect on and from the Effective Date shall be such that the rights, benefits and powers provided to holders of Residual Policies shall, to the extent possible, be the same as the rights, benefits and powers which would have been provided to such holders if the Residual Policies had been Transferred Policies;
  - 7.1.3** the premiums payable by the Transferors to PLAE in connection with the provision of the reinsurance described in this paragraph 7.1 shall comprise an amount equal to the sum of:
    - (i) the aggregate amount of the best estimate liabilities reflected in the books and records of the relevant Transferor relating to those Residual Policies immediately prior to the Effective Date, provided that such amounts shall be deemed to have been satisfied by the transfer to PLAE of the appropriate proportion of the Transferred Assets and such assets shall be allocated to the Fund to which they would have been allocated had the Residual Policies been Transferred Policies (having regard also to paragraph 3.2);

- (ii) all premiums received by each Transferor in respect of such Residual Policies at any time after the Effective Date, which premiums shall be paid to PLAE as soon as practicable after they are received; and
  - (iii) all charges due to or deductible by each Transferor in accordance with the relevant Residual Policy's terms and conditions; less
  - (iv) any fees, charges and expenses in respect of the Residual Policies to the extent that such fees, charges and expenses are deducted from amounts received by each Transferor in accordance with the terms and conditions of the Residual Policies; and
- 7.1.4 PLAE shall assume from the Transferors the administration of the Residual Policies and shall bear all expenses and liabilities in relation thereto, save as otherwise agreed in writing between the parties.
- 7.2** If all consents, permissions or other requirements for the transfer of a Residual Policy from the relevant Transferor to PLAE are obtained:
  - 7.2.1 such Residual Policy shall be (deemed to be) automatically transferred to PLAE and shall thereafter be treated in all respects as if it were a Transferred Policy save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent Transfer Date applicable to such Residual Policy; and
  - 7.2.2 any asset or liability attributable to such Residual Policy (which, if it were attributable to a Transferred Policy, would be a Transferred Asset or (as the context requires) a Transferred Liability) shall be transferred to PLAE and shall thereafter be treated in all respects as if it were a Transferred Asset or (as the context requires) a Transferred Liability save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent Transfer Date applicable to such Residual Asset or Residual Liability (as the case may be).
- 7.3** If any Residual Policy is novated by written agreement to PLAE, the property and liabilities relating to such Residual Policy shall, to the extent not previously transferred, be transferred to PLAE and such Residual Policy shall thereafter be dealt with by PLAE under the provisions of this Scheme in all respects as if such Residual Policy were a Transferred Policy save that references in this Scheme to the Effective Date shall be deemed for these purposes to be references to the Subsequent Transfer Date applicable to such Residual Policy.

## **8 Premiums, mandates and other payments**

- 8.1** All premiums payable to the Transferors in respect of the Transferred Policies shall with effect on and from the Effective Date be payable to PLAE and shall be allocated to the PLAE Fund to which the Policy to which they relate is allocated pursuant to paragraph 13.
- 8.2** Any mandate or other instruction in force on the Effective Date (including any instruction given to a bank by its customer in the form of a direct debit or standing order) and providing for the payment by a banker or other Intermediary of premiums payable to the relevant Transferor under or in respect of any of the Transferred Policies shall thereafter take effect as if it had provided for and authorised such payment to PLAE.
- 8.3** Any mandate or other instruction in force on the Effective Date as to the manner of payment of any sum payable by the relevant Transferor under any of the Transferred Policies shall, with effect on and from the Effective Date, continue in force as an effective authority to PLAE in place of the relevant Transferor.

## **9 Declaration of trust by the Transferor**

- 9.1** In the case of any Residual Asset, each of the Transferors shall from the Effective Date, until the relevant Subsequent Transfer Date, hold any such Residual Asset as trustee for PLAE.
- 9.2** The Transferors shall be subject to PLAE's directions in respect of any property referred to in paragraph 9.1 from the Effective Date until the relevant property is transferred to or otherwise vested in PLAE or is disposed of (whereupon the Transferors shall account to PLAE for the proceeds of sale thereof), and PLAE shall have authority to act as the attorney of the Transferors in respect of such property for all such purposes.
- 9.3** In the event of any payment being made to, property being received by or right being conferred upon the Transferors after the Effective Date in respect of the Transferred Business, the Transferred Policies, any Transferred Asset, the Residual Policies or any Residual Asset, the Transferors shall, as soon as is reasonably practicable after its receipt, pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such property or right to, or in accordance with the directions of, PLAE (except where such Transferred Asset is a Back-Book Asset, in which case this paragraph 9.3 shall not apply).
- 9.4** In the event of any repayment of Tax being made to the Transferors after the Effective Date in respect of the Transferred Business, any Transferred Asset or any Residual Asset, the Transferors shall, as soon as is reasonably practicable after its receipt, pay over the full amount of such repayment or (to the extent to which it is able to do so) transfer such property or right to, or in accordance with

the directions of, PLAE. The provisions of this paragraph shall only apply to the extent that such repayment is a Linked Asset or would have been a Linked Asset if the value of such repayment had been known at the Effective Date (except where such Transferred Asset is a Back-Book Asset, in which case this paragraph 9.4 shall not apply).

- 9.5** PLAE shall indemnify the Transferors against any reasonable out-of-pocket charges, costs, expenses, claims and other liabilities arising in respect of any obligation under or in connection with this paragraph 9.

## **10 Indemnities**

- 10.1** With effect on and from the Effective Date, PLAE shall discharge on the relevant Transferor's behalf or, failing that, shall indemnify that Transferor against:

**10.1.1** charges, costs, expenses and claims and any other liabilities (which, in each case, the relevant Transferor shall procure are reasonable to the extent such matters are within its control) arising in respect of all Residual Liabilities (other than liabilities which would otherwise be the subject of double recovery under paragraph 10.1.2 or paragraph 10.1.3 below) until the relevant liability is transferred to or becomes a liability of PLAE;

**10.1.2** any amount paid by that Transferor in respect of any Residual Liabilities that are, whether wholly or in part, the subject of a policy of indemnity insurance or a claim or right of recovery against a third party, but only to the extent that the relevant Transferor, having made a claim under such a policy or against such third party, shall have failed to recover any such amount pursuant to rights it may have under such policy, claim or right of recovery (having used all reasonable endeavours to do so, including complying with paragraph 10.3); and

**10.1.3** charges, costs and claims arising in respect of any relevant Proceedings continued by or against that Transferor in accordance with the instructions of PLAE as contemplated by paragraph 4.2.

- 10.2** For the avoidance of doubt, PLAE shall not be required under paragraph 10.1 to discharge or indemnify a Transferor against Excluded Liabilities or for any charges, costs, expenses and claims or any other liabilities arising in respect of any Excluded Liabilities.

- 10.3** PLAE shall indemnify the relevant Transferor against any reasonable costs and/or expenses which it may incur in pursuing any claim under any such policy of indemnity insurance or against any such third party as is referred to in paragraph 10.1.2. Subject thereto, the relevant Transferor shall take such steps as PLAE shall require in order to pursue the rights it may have under any such policy of indemnity insurance or against any such third party. PLAE shall be

entitled, upon notice to the relevant Transferor, to have conduct of all litigation or other proceedings in respect of any such claim. In that connection, the relevant Transferor shall give all such assistance as PLAE may reasonably require in conducting any such proceedings.

**10.4** The relevant Transferor (which, in the case of paragraph 10.4.1, is Phoenix) shall indemnify PLAE against all liabilities, losses, claims and reasonable expenses arising in respect of:

**10.4.1** the Suspended Policies to the extent that relevant liabilities under the Suspended Policies are not covered by:

- (i) the NTMA; and/or
- (ii) Phoenix under the Scheme Reinsurance Agreements between Phoenix and PLAE; and

**10.4.2** Transferred Liabilities relating to Transferred Policies falling within paragraph (a) of the definition of Transferred Policies to the extent that those Transferred Liabilities are not covered by the transfer of assets falling within paragraph (h) of the definition of Residual Assets.

**10.5** Where a Transferor is entitled to receive an amount pursuant to the indemnities contained in paragraphs 10.1 or 10.3, it shall be entitled to receive such amount on the basis that the amount payable by PLAE pursuant to such obligation (the "**Payment**") shall be calculated in such a manner as will ensure that the relevant Transferor is in the same position as that in which it would have been if the matter giving rise to the Payment had not occurred, including by taking into account:

**10.5.1** any Tax required to be deducted or withheld by PLAE from the Payment;

**10.5.2** the amount of any additional Tax which becomes payable by that Transferor as a result of the Payment being subject to Tax in the hands of that Transferor; and

**10.5.3** the amount of any Tax relief which is obtained by that Transferor or another member of the relevant Transferor's Group, to the extent that such Tax relief is attributable to the matter giving rise to the Payment or as a result of receiving the Payment,

(which Tax and Tax relief is to be determined, by taking into account its value, certainty of its availability and timing of its utilisation, by the relevant Transferor, acting reasonably and in good faith, to the reasonable satisfaction of PLAE).

**10.6** For the avoidance of doubt, the relevant Transferor shall not be entitled to obtain payment or indemnity more than once in respect of any shortfall or other event

or any other circumstances which give rise to a claim under this Scheme or any other related agreement between the parties.

## **PART D - FUND STRUCTURE**

### **11 Establishment of the new PLAE Funds**

**11.1** At and with effect from the Effective Date, PLAE shall establish and maintain as separate funds:

11.1.1 the PLAE 90% WP Fund as a new with-profits fund;

11.1.2 the PLAE Alba WP Fund as a new with-profits fund;

11.1.3 the PLAE Phoenix WP Fund as a new with-profits fund; and

11.1.4 the PLAE SPI WP Fund as a new with-profits fund,

in addition to the PLAE Non-Profit Fund established by PLAE prior to, and maintained as at, the Effective Date of this Scheme.

**11.2** PLAE shall procure that separate accounting records for each PLAE WP Fund are maintained which are sufficient to enable the separate identification of the property and liabilities respectively allocated or attributable to each PLAE WP Fund.

**11.3** Subject to compliance with regulatory requirements, nothing in this Scheme shall prevent PLAE from establishing further new PLAE Funds, or from ceasing to maintain the PLAE Non-Profit Fund, at any time after the Effective Date as the PLAE Board may determine and, subject to any restrictions in this Scheme, allocating new Policies or re-allocating Transferred Policies or Residual Policies to such new PLAE Funds, in each case, as approved by the PLAE Board, having taken appropriate actuarial advice, provided that where the relevant matter to be approved would impact the holders of any Transferred Policies and fail to satisfy the reasonable expectations of those holders of Transferred Policies, the PLAE Board shall not provide such approval.

### **12 Purpose of Allocations**

Any allocation of property or liabilities, and any re-allocation of the same, which is made under the terms of this Scheme are for the purpose of establishing policyholder entitlements from time to time and shall not be taken to limit the availability of all the property from time to time of PLAE to meet the liabilities which it is obliged by law to meet.

### **13 Allocation of Policies**

**13.1** On and with effect from the Effective Date, the Transferred Policies comprised in the Transferred Business shall be allocated on the basis that:

13.1.1 those within the Phoenix 90% WP Fund immediately prior to the Effective Date shall be allocated to the PLAE 90% WP Fund;

- 13.1.2 those within the Phoenix Alba WP Fund immediately prior to the Effective Date shall be allocated to the PLAE Alba WP Fund;
  - 13.1.3 those within the Phoenix Phx WP Fund immediately prior to the Effective Date shall be allocated to the PLAE Phoenix WP Fund;
  - 13.1.4 those within the Phoenix SPI WP Fund immediately prior to the Effective Date shall be allocated to the PLAE SPI WP Fund; and
  - 13.1.5 those within each Transferor's Non-Profit Fund immediately prior to the Effective Date shall be allocated to the PLAE Non-Profit Fund.
- 13.2 On and with effect from the applicable Subsequent Transfer Date, each Residual Policy shall be allocated to the PLAE Fund to which the relevant Residual Policy would have been allocated in accordance with the provisions of paragraph 13.1 had it been a Transferred Policy on the Effective Date.

#### **14 Allocation of Assets**

- 14.1 On and with effect from the Effective Date, subject to paragraph 3.2 which shall be applied as set out in paragraph 14.2 below, all Transferred Assets allocated:
- 14.1.1 to the Phoenix 90% WP Fund immediately prior to the Effective Date, shall be allocated to the PLAE 90% WP Fund;
  - 14.1.2 to the Phoenix Alba WP Fund immediately prior to the Effective Date, shall be allocated to the PLAE Alba WP Fund;
  - 14.1.3 to the Phoenix Phx WP Fund immediately prior to the Effective Date, shall be allocated to the PLAE Phoenix WP Fund;
  - 14.1.4 to the Phoenix SPI WP Fund immediately prior to the Effective Date, shall be allocated to the PLAE SPI WP Fund; and
  - 14.1.5 to each Transferor's Non-Profit Fund immediately prior to the Effective Date, shall be allocated to the PLAE Non-Profit Fund.
- 14.2 On and with effect from the Effective Date, the Back-Book Assets retained by the relevant Transferor under paragraph 3.2 shall be applied as between the PLAE Funds such that the relevant Back-Book Assets which PLAE determines are equal in value to the relevant Back-Book Premium payable under a Scheme Reinsurance Agreement shall be deducted from the Transferred Assets that would otherwise have been allocated to that PLAE Fund in accordance with paragraph 14.1.
- 14.3 On and with effect from the applicable Subsequent Transfer Date, each Residual Asset shall be allocated to the PLAE Fund to which it would have been allocated in accordance with the provisions of paragraph 14.1 had it been a Transferred Asset on the Effective Date.

## **15 Allocation of Liabilities**

- 15.1** On and with effect from the Effective Date, all Transferred Liabilities allocated:
- 15.1.1** to the Phoenix 90% WP Fund immediately prior to the Effective Date, shall be allocated to the PLAE 90% WP Fund;
  - 15.1.2** to the Phoenix Alba WP Fund immediately prior to the Effective Date, shall be allocated to the PLAE Alba WP Fund;
  - 15.1.3** to the Phoenix Phx WP Fund immediately prior to the Effective Date, shall be allocated to the PLAE Phoenix WP Fund;
  - 15.1.4** to the Phoenix SPI WP Fund immediately prior to the Effective Date, shall be allocated to the PLAE SPI WP Fund; and
  - 15.1.5** to each Transferor's Non-Profit Fund immediately prior to the Effective Date, shall be allocated to the PLAE Non-Profit Fund.
- 15.2** On and with effect from the Effective Date, PLAE's liability to indemnify the Transferors pursuant to paragraphs 9.5, 10.1 and 10.3 shall be allocated to the PLAE Non-Profit Fund.
- 15.3** On and with effect from the Effective Date, any and all liabilities attributable to the Residual Policies Reinsurance Agreement shall be allocated to the PLAE Fund to which they relate.
- 15.4** On and with effect from the applicable Subsequent Transfer Date, each Residual Liability shall be allocated to the PLAE Fund to which it would have been allocated in accordance with the provisions of paragraph 15.1 or 15.2 had it been a Transferred Liability.
- 15.5** If any doubt or difference shall arise as to the allocation of any of the Transferred Business, any Transferred Policy, Transferred Asset, Transferred Liability, any Residual Policy, Residual Asset or Residual Liability in accordance with this Scheme, the same shall be determined by the relevant Transferor's Board, having regard to appropriate actuarial advice, provided that such determination shall not result in any increase in liability of or loss of benefit to PLAE.

## **16 Preservation of benefits while With-Profits Reinsurance Agreements in force**

- 16.1** In order to support the preservation of benefits and benefit expectations of the Transferred Policyholders, on and with effect from the Effective Date, this paragraph 16 shall apply (only) to Transferred Policies which are from time to time, or become, With-Profits Policies until the With-Profits Reinsurance Agreement, under which the liabilities of the relevant PLAE WP Fund are from time to time reinsured, terminates in accordance with its terms.

- 16.2** Notwithstanding that the Transferred Policies, Transferred Assets and Transferred Liabilities are allocated to a PLAE WP Fund in the manner described in paragraphs 13, 14 and 15 above:
- 16.2.1** benefits payable, including Closure Uplifts falling within (a) of that definition, will continue to be calculated by reference to the Phoenix WP Fund to which the Transferred Policy was allocated prior to the Effective Date (or Subsequent Transfer Date, as the case may be) as if the relevant Transferred Policies remained Policies of Phoenix allocated to the relevant Phoenix WP Fund;
  - 16.2.2** for the avoidance of doubt, any provision in a Transferred Policy which envisages or requires the "Insurer", the "Association", the "Institution" (or any other term referring to the insuring entity) to maintain and/or administer the with-profits funds underpinning the Transferred Policies shall be interpreted as permitting PLAE to utilise the Phoenix WP Funds as a result of the relevant With-Profits Reinsurance Agreement for this purpose;
  - 16.2.3** any provision in a Transferred Policy which envisages an action to be taken, decision to be made or discretion to be exercised by the "Insurer", the "Association", the "Institution" (or any other term referring to the insuring entity) in relation to valuation, calculation or similar matters may be effected based on an equivalent action, decision or discretion by Phoenix or its personnel in accordance with the relevant With-Profits Reinsurance Agreement and Phoenix's established practices (including as set out in its PPFM) in relation to the relevant Phoenix WP Fund and as notified to PLAE; and
  - 16.2.4** in particular, the actions, decisions and/or discretions referred to in paragraph 16.2.3 may include the following:
    - (i) determining premiums payable;
    - (ii) determining the value of an assured sum (including a final maturity sum assured, an early retirement sum assured, and/or cash value of a policy);
    - (iii) determining the value of benefits, including:
      - (a) guaranteed benefits;
      - (b) discretionary benefits; and
      - (c) ensuring that any determination is in accordance with PLAE practices and policies;
    - (iv) determining surcharges (including situations where a policy is cancelled, where premium payments are late and charges are

imposed or where charges are payable for the management and provision of benefits); and

- (v) determining the amounts payable under the Transferred Policy where the policyholder is transferred to a different benefit scheme.

**16.3** For the avoidance of doubt, supported by the relevant With-Profits Reinsurance Agreement, benefits payable shall be no less than the sum which would be recoverable if the relevant Transferred Policy was still allocated to the relevant Phoenix WP Fund at the date of calculation of that benefit.

**16.4** Phoenix undertakes to provide PLAE with all relevant information reasonably necessary in order to achieve what is set out in this paragraph 16.

## **17 Linked Funds**

**17.1** On and with effect from the Effective Date:

**17.1.1** PLAE shall establish within the PLAE Non-Profit Fund Linked Funds corresponding to the Original Linked Funds;

**17.1.2** subject to paragraph 17.2.2 the Linked Assets and any associated liabilities forming part of the Transferred Business comprised in each Original Linked Fund or part thereof of each Transferor immediately prior to the Effective Date shall be allocated to and become comprised in the corresponding Linked Fund established by PLAE comprising, immediately following the Effective Date, units of the same aggregate value as were comprised in respect of the Linked Policies which are Transferred Policies in the relevant Original Linked Fund or part thereof of the Transferor immediately prior to the Effective Date; and this shall be effected on a basis such that the rights transferred enable PLAE to retain the same basis for unit pricing and the same level of charges as was applied by the relevant Transferor immediately prior to the Effective Date;

**17.1.3** benefits under any Transferred Policy which, immediately prior to the Effective Date, were linked to any one or more Original Linked Fund(s) of a Transferor shall become linked to the corresponding Linked Fund(s) of PLAE and PLAE shall with effect from the Effective Date allocate to each such Transferred Policy the same number and classes of units in the corresponding Linked Fund(s) of PLAE as the number and classes of units in the relevant Original Linked Fund(s) of that Transferor which were allocated to the Transferred Policy immediately prior to the Effective Date; and

**17.1.4** subject always to the provisions of this paragraph 17, in relation to any benefits under Transferred Policies which are linked to a Linked Fund

of PLAE, PLAE shall become entitled to the same rights and powers and be subject to the same duties and liabilities as applied to the relevant Transferor in relation to the corresponding Original Linked Fund of that Transferor immediately prior to the Effective Date.

**17.2** Immediately after the Effective Date:

**17.2.1** the Unit-Linked Reinsured Business shall be reinsured to the relevant Original Linked Funds of the Transferors pursuant to the Unit-Linked Reinsurance Agreements; and

**17.2.2** in accordance with paragraph 3.2, the obligation of the Transferors to transfer the Linked Assets relating to the liabilities reinsured under the Unit-Linked Reinsurance Agreements to PLAE pursuant to this Scheme shall be set off by PLAE's obligation to pay to each Transferor an amount by way of reinsurance premium pursuant to the Unit-Linked Reinsurance Agreements, such that the payment of the reinsurance premium pursuant to the Unit-Linked Reinsurance Agreements shall be satisfied by the retention of an equal amount of the Linked Assets by the Transferors.

**17.3** If any property comprised in a Linked Fund of a Transferor falls within the provisions of paragraph 9.1, all interests and rights in relation to such property pursuant to paragraph 9.1 shall be allocated as it would have been allocated pursuant to this paragraph 17 had it been a Transferred Asset, and the liabilities relating to such property shall be reinsured to the relevant Original Linked Fund pursuant to the Unit-Linked Reinsurance Agreements.

**17.4** On and with effect from each Subsequent Transfer Date each Residual Asset which is comprised in an Original Linked Fund shall be allocated as it would have been allocated pursuant to this paragraph 17 had it been a Transferred Asset, and the liabilities relating to such Residual Asset shall on the relevant Subsequent Transfer Date be reinsured to the relevant Original Linked Fund pursuant to the Unit-Linked Reinsurance Agreements.

**18 Future changes to Linked Funds**

**18.1** Subject to the terms of the Unit-Linked Reinsurance Agreements and all applicable legislation (including any regulatory requirements or rules stipulated by the Regulators) and to the extent not prohibited by the terms of the relevant Linked Policies, the PLAE Board, having regard to the interests of the relevant policyholders, shall be at liberty at any time and from time to time to:

**18.1.1** close to new or further investment any Linked Funds established by it pursuant to paragraph 17.1 or this paragraph 18;

**18.1.2** wind up in accordance with paragraph 18.2 any Linked Funds established by it pursuant to paragraph 17.1 or this paragraph 18;

- 18.1.3 amalgamate any Linked Funds established by it pursuant to paragraph 17.1 or this paragraph 18, or any part or parts thereof with any other Linked Fund (including any other Linked Fund);
- 18.1.4 divide any Linked Fund established by it pursuant to paragraph 17.1 or this paragraph 18 into one or more Linked Funds;
- 18.1.5 effect any combination of the actions referred to in paragraphs 18.1.1 to 18.1.4; or
- 18.1.6 modify or enlarge the investment objectives of any of the Linked Funds established by it pursuant to paragraph 17.1 or this paragraph 18 to permit investment in assets which are reasonably similar to, or provide reasonably similar investment exposure to, those already held or permitted to be held in that Linked Fund,

on such terms as the PLAE Board shall consider equitable as between the policyholders affected thereby having regard to the advice of the PLAE Actuary (or another appropriate senior manager approved as a "Pre-Approval Controlled Function" role-holder under the CBI's Fitness and Probity regime) but, in each case, provided that: (a) PLAE shall, subject to paragraph 18.4, have first consulted with the relevant Transferor to the extent that such action affects or has the potential to affect the business of, or any fund of, the relevant Transferor or any of its policyholders and (b) for so long as the relevant Linked Fund is reinsured under a Unit-Linked Reinsurance Agreement, such action reflects similar actions being taken by the relevant Transferor in relation to the relevant Transferor Linked Fund into which the PLAE Linked Fund is reinsured. Where PLAE consults the relevant Transferor in accordance with this paragraph 18.1, the PLAE Board shall have due regard to the position of the Transferor, its business, funds and its policyholders and the terms of the Unit-Linked Reinsurance Agreements and provided always that this paragraph 18.1 shall not restrict any similar rights which Phoenix may have prior to the Effective Date and PLAE may have after the Effective Date under the terms of the Linked Policies.

- 18.2 In the event that PLAE determines to wind up a Linked Fund pursuant to paragraph 18.1.2, it shall cancel units in that Linked Fund allocated to Policies and allocate to the relevant policyholders, without charge, new units of an equal value (as determined by the PLAE Board having regard to the advice of the PLAE Actuary or another appropriate senior manager approved as a Pre-Approval Controlled Function role-holder under the CBI's Fitness and Probity regime) in a different Linked Fund in substitution for the cancelled units. The substitute Linked Fund shall be a fund from among those available from PLAE at the time to holders of Policies of the same class as the Policies held by the relevant policyholders and which, in the opinion of the PLAE Board, having regard to the advice of the PLAE Actuary or another appropriate senior manager

approved as a Pre-Approval Controlled Function role-holder under the CBI's Fitness and Probity regime, provides reasonably equivalent investment exposure to the Linked Fund so wound up, if such a Linked Fund is available.

**18.3** Where any policyholder may be affected by the application of paragraph 18.1 and elects to switch from the Linked Fund to which his or her Linked Policy is, at that time, linked into one or more other Linked Fund(s) of PLAE:

**18.3.1** without prejudice to any entitlement for a policyholder to effect such a switch under the terms of the Linked Policy, one such switch shall be permitted by PLAE, even where such switch was not permitted under the terms of the Linked Policy, provided that it is effected within twelve (12) months after the later of: (i) the relevant policyholders being notified of the relevant change; or (ii) the relevant change having occurred; and

**18.3.2** any switching charge that would otherwise apply as a consequence of such switch during such twelve (12)-month period shall be waived in respect of the first (but not any subsequent) occasion when such charge would have applied.

If such a Linked Policy is linked to two (2) or more Linked Funds, this paragraph 18.3 shall apply separately in respect of each such Linked Fund that is the subject of the application of paragraph 18.1.

**18.4** In the event that the PLAE Board considers, having regard to the advice of the PLAE Actuary or another appropriate senior manager approved as a Pre-Approval Controlled Function role-holder under the CBI's Fitness and Probity regime, that any group of policyholders may be disadvantaged financially by any action taken pursuant to the provisions of this paragraph 18, the PLAE Board shall ensure that appropriate adjustments are made to the property of, or the charges levied on, the applicable Linked Fund in order to provide appropriate compensation to such policyholders.

## **19 General provisions in respect of allocation**

**19.1** If, in the opinion of the PLAE Board (having taken appropriate actuarial advice), the allocation of any property or liability under this Scheme is uncertain, then such property or liability shall be allocated to such PLAE Fund (or PLAE Funds) in such manner as the PLAE Board shall determine.

**19.2** The allocation(s) of property and liabilities pursuant to this Scheme are subject to any contrary regulatory requirements and PLAE shall comply with the provisions of this Scheme insofar as is possible within the constraints imposed by such regulatory requirements.

**19.3** The PLAE Board may, at any time, change the name of any of the PLAE Funds to such other name as it thinks fit, and the provisions of this Scheme shall automatically be modified to take account of any such change.

## PART E - ADDITIONAL PROVISIONS RELATING TO PLAE WP FUNDS

### 20 Cessation of the PLAE WP Funds following cessation of relevant Phoenix WP Funds or With-Profits Reinsurance Agreement

20.1 For the purposes of this paragraph 20, the "**Relevant With-Profits Fund Closure Date**" shall be the date determined by the PLAE Board on which the relevant PLAE WP Fund shall cease to be maintained.

20.2 If:

20.2.1 Phoenix pursuant to the provisions of the Phoenix 2009 Scheme is to be released from its obligation to maintain a Phoenix WP Fund (the "**Closing Phoenix WP Fund**"), to which the liabilities of a PLAE WP Fund are at that time reinsured under a With-Profits Reinsurance Agreement (other than where the Closing Phoenix WP Fund is to be merged into another Phoenix WP Fund), then PLAE shall cease to maintain the relevant PLAE WP Fund and paragraphs 20.4 and 20.5 shall apply and:

- (i) in settling its obligation to pay the termination amount to PLAE under the relevant With-Profits Reinsurance Agreement, Phoenix shall not pay from the Closing Phoenix WP Fund an amount in excess of that set out in the calculation in Schedule 3; and
- (ii) any Closure Uplifts determined by the PLAE Board shall be no less than the amount determined by the Phoenix Board for these Policies as if they were Policies in the Closing Phoenix WP Fund (the "**Minimum Closure Uplift**"), having regard to paragraph 16 and the Phoenix 2009 Scheme; or

20.2.2 a With-Profits Reinsurance Agreement terminates in accordance with its terms other than in the circumstances set out in paragraph 20.2.1 above, then Schedule 1 shall apply except that this paragraph 20 shall apply where the PLAE Board resolves, having considered the matters referred to in Schedule 1, to take the steps set out in paragraphs 20.4 to 20.6 to cease to maintain the relevant PLAE WP Fund.

20.3 Where the PLAE Board resolves, having considered the matters referred to in Schedule 1, to continue to maintain a PLAE WP Fund, amounts to be received by PLAE on termination of the With-Profits Reinsurance Agreement under which the relevant PLAE WP Fund is reinsured will be allocated to the relevant PLAE WP Fund.

20.4 In the case of PLAE ceasing to maintain the relevant PLAE WP Fund as contemplated by paragraph 20.2:

- 20.4.1 amounts to be received by PLAE on termination of the With-Profits Reinsurance Agreement under which the closing PLAE WP Fund is reinsured will be allocated to the relevant PLAE WP Fund;
- 20.4.2 PLAE shall take such steps as are required to transfer the Policies, assets (including amounts allocated under paragraph 20.4.1) and liabilities allocated or reinsured to the relevant PLAE WP Fund to the PLAE Non-Profit Fund (or such other non-profit sub-fund of PLAE as the PLAE Board may consider appropriate), and cease to maintain the relevant PLAE WP Fund on the Relevant With-Profits Fund Closure Date in accordance with this paragraph 20.4;
- 20.4.3 other than where paragraph 20.2.1 applies, the PLAE Board shall determine, having regard to advice from the PLAE Actuary, which option under paragraphs (i), (ii) and (iii) below would be fair and in the best interests of the holders of relevant PLAE WP Fund Policies to pursue in relation to that PLAE WP Fund, including having paid due regard to the nature of the with-profits benefits being lost, following which, from the Relevant With-Profits Fund Closure Date:
- (i) guaranteed increases in benefits in accordance with the Closure Uplift shall be applied to Policies which were PLAE With-Profits Policies allocated to the relevant PLAE WP Fund immediately prior to the Relevant With-Profits Fund Closure Date which may include a scale of guaranteed increases in benefit applicable for all future years until the termination (in accordance with their terms) of such Policies; or
  - (ii) units in Linked Funds of PLAE having a value equal to the value (taking into account any Closure Uplift) of the PLAE With-Profits Policies which were allocated or reinsured to the relevant PLAE WP Fund immediately prior to the Relevant With-Profits Fund Closure Date shall be allocated to those Policies and those Policies shall thereafter continue as Linked Policies of PLAE; or
  - (iii) or a combination of paragraphs 20.4.3(i) and 20.4.3(ii) which the PLAE Board determines to be appropriate to the relevant PLAE With-Profits Policies in the relevant PLAE WP Fund shall be effected; and
- 20.4.4 where paragraph 20.2.1 applies, the benefits payable to the holders of the relevant PLAE With-Profits Policies on the cessation of the relevant PLAE WP Fund shall be determined by the PLAE Board having regard to paragraph 20.2.1,

in each case, such PLAE WP Fund Policies shall have no right or eligibility to participate in any of the profits of PLAE arising after the Relevant With-Profits Fund Closure Date.

**20.5** From the Relevant With-Profits Fund Closure Date:

**20.5.1** all references in this Scheme to the relevant PLAE WP Fund shall be disregarded; and

**20.5.2** each Policy allocated or reinsured to the relevant PLAE WP Fund immediately prior to the Relevant With-Profits Fund Closure Date shall be deemed to be amended with effect from the Relevant With-Profits Fund Closure Date to reflect the relevant provisions of this paragraph 20.

**20.6** Other than where paragraph 20.2.1 applies, the guiding principles for the PLAE Board in determining the appropriate Closure Uplift for PLAE WP Fund Policies (which the PLAE Board may depart from) shall be:

**20.6.1** (subject to paragraphs 20.6.2 to 20.6.5) the entirety of the assets allocated to the relevant PLAE WP Fund, including amounts received by PLAE on termination of the relevant With-Profits Reinsurance Agreement, shall be used to secure benefits for the Policies in the Fund in a way that fairly reflects the rights and expectations of the various policy groups at that time (including as set out in the Schedule to the Phoenix 2009 Scheme that relates to the Phoenix WP Fund corresponding to the relevant PLAE WP Fund);

**20.6.2** once a decision has been made to cease to maintain a PLAE WP Fund, all costs associated with the exercise (including tracing unclaimed Policies, customer communications, administrations costs and the costs of any independent actuary) shall be met by the shareholder rather than the relevant PLAE WP Fund;

**20.6.3** where applicable, when comparing the available assets against the liabilities to determine the benefits for holders of relevant PLAE WP Fund Policies, an allowance may be made to reflect the ongoing costs the shareholder will incur in operating the Policies on a non-profit basis, including in respect of tax, cost of capital and future expenses; and

**20.6.4** where the relevant PLAE WP Fund Policies are to be converted to Non-Profit Policies:

(i) the amount in accordance with paragraph 20.6.1 shall be used to determine a one-off closure bonus and/or a scale of guaranteed increases in benefit for each type of With-Profits Policy then allocated or reinsured to that Fund; and

- (ii) any scale of guaranteed increases in benefit will be applicable for all future years until the termination (in accordance with their terms) of each of the relevant With-Profits Policies once converted to Non-Profit Policies;

20.6.5 where the relevant PLAE WP Fund Policies are to be converted to Linked Policies:

- (i) the amount in accordance with paragraph 20.6.1 shall be used to determine increases in (non-guaranteed) benefit for With-Profits Policies then allocated or reinsured to that Fund;
- (ii) any scale of increases in benefit will be used to calculate an uplifted Policy value for each With-Profits Policy which will then be applied in allocating to that Policy (once converted to a Linked Policy) the number and value of units within the relevant Linked Fund which, together with other applicable benefits under the relevant Linked Policy, provide a Linked Policy with a value equal to that uplifted Policy value; and
- (iii) in deciding the Linked Fund or Linked Funds into which the relevant Policy values would be allocated, the following shall be considered:
  - (a) the appropriateness of the investment link;
  - (b) whether to provide for a choice of Linked Funds and/or a default Linked Fund;
  - (c) whether to provide for a free switch between Linked Funds after this allocation; and
  - (d) the level of charges that would be borne by the Policies until termination (in accordance with their terms).

## 21 Writing of new PLAE WP Funds business

21.1 The only new business which may be written in, or allocated to, the PLAE WP Funds after the Effective Date shall be:

21.1.1 Residual Policies in accordance with Part C of this Scheme;

21.1.2 New Policies issued:

- (i) as replacements for PLAE WP Fund Policies that are cancelled;
- (ii) in accordance with the terms of a group scheme;
- (iii) where there is a requirement to reactivate NTMA Policies; or
- (iv) where there is a need to reinstate a Policy or write a new Policy following an error in administration of a Policy;

- 21.1.3 increases to premiums or benefits in respect of PLAE WP Fund Policies in accordance with the terms of those Policies;
- 21.1.4 Policies which would, had they been written at or prior to the Effective Date, have been administered as increments to Policies allocated to the relevant Phoenix WP Fund;
- 21.1.5 Policies issued on the exercise of options or rights under PLAE WP Fund Policies (other than non-profit immediate annuities issued on the vesting of Policies, to which paragraph 25 applies);
- 21.1.6 investment in a PLAE WP Fund in relation to a Hybrid Policy; and/or
- 21.1.7 Policies written by PLAE in the PLAE SPI WP Fund pursuant to a court order (or "qualifying agreement" (as defined in the Welfare Reform and Pensions Act 1999 (and related regulations)) relating to pension sharing on divorce and resulting from divorce or nullity proceedings commenced after 1 December 2000,

which shall in each case be written in, or, as the case may be, allocated to, the PLAE WP Fund to which the relevant PLAE WP Fund Policy is from time to time allocated.

## **22 Surplus arising in the PLAE WP Funds**

Except as expressly permitted or required by this Scheme, no part of any surplus in any PLAE WP Fund shall be applied over time other than as bonus on, or reduction, rebate or suspension of premiums to, or otherwise applied for the benefit of, any Policy which is written in, reinsured or allocated to the relevant PLAE WP Fund (including to meet liabilities of the same). The manner and timing of the distribution of such surplus shall be determined by the PLAE Board in accordance with, and subject to, paragraph 16 where applicable and shall be as fair and equitable as is practicable, subject to the need to ensure a prudent amount is retained in respect of any amounts which may be charged to the relevant PLAE WP Fund in accordance with this Scheme.

## **23 Tax (PLAE WP Funds)**

- 23.1 Subject to the Tax provisions set out in Part 3 of Schedule 3 to the Phoenix 2009 Scheme which shall apply to the PLAE SPI WP Fund, Tax attributable to each PLAE WP Fund shall be calculated, so far as is practicable, on the basis that each PLAE WP Fund is a separate mutual life assurance company and the amount so calculated shall be charged or credited to the relevant PLAE WP Fund.
- 23.2 For the purposes of the calculation referred to in paragraph 23.1:
  - 23.2.1 no charge shall be made to any PLAE WP Fund in respect of any Tax which becomes due and payable on or after the Effective Date as a result of the transfers of the Transferred Assets, the Transferred

Liabilities, the Residual Assets, the Residual Liabilities and the Transferred Policies under this Scheme, or the reinsurance of the Residual Policies pursuant to this Scheme, which would not have become so payable had this Scheme not been effected; and

- 23.2.2** all appropriate allowances, reliefs and rights to repayments which would be reasonably expected to be claimed or received by a fund in such circumstances are successfully claimed and received.
- 23.3** In the event that there is a material change to the basis upon which Tax is charged to mutual life assurance companies in the Republic of Ireland, PLAE may change the basis upon which Tax is attributable to each PLAE WP Fund, subject to prior notification to the CBI, to the extent that the PLAE Board, having obtained appropriate advice, considers necessary to ensure that the effect of paragraph 23.1 continues to be, so far as possible, that intended as at the Effective Date.
- 23.4** The PLAE Board, having regard to the advice of the PLAE Actuary, shall attribute Tax to the relevant PLAE WP Fund only to the extent that it is satisfied that such attribution does not adversely affect the reasonable expectations of the holders of PLAE WP Fund Policies. The amount charged or credited to a PLAE WP Fund in accordance with paragraph 23.1 may be reduced or increased to the extent that the PLAE Board, having obtained appropriate advice, believes necessary in order to comply with the Irish Policyholder Principles.
- 23.5** Deferred Tax calculated on the same basis as that applied to PLAE generally for an accounting period shall be attributed to the relevant PLAE WP Fund, but only to the extent that it relates to the assets, liabilities and operations of that PLAE WP Fund, provided, however, that although that PLAE WP Fund shall be charged with the deferred Tax, assets equal in value to any provision for deferred Tax shall be retained in that PLAE WP Fund.
- 23.6** If, and to the extent that, any amount debited from, or credited to, a PLAE WP Fund pursuant to this paragraph 23 is subsequently shown to have been incorrect, an appropriate credit to, or debit from, a PLAE WP Fund in respect of such amount shall be made. Any amount credited or debited under this paragraph 23 shall be adjusted to reflect the delay between the time when the adjusting credit or debit is made and the time when the original credit or debit was made, or the time when the last correcting credit or debit in respect of the same period was made, whichever is the later.
- 23.7** The allocation of credits and debits in respect of Tax to a PLAE WP Fund under this Scheme, including pursuant to this paragraph 23, shall be made on a fair and arm's length basis and, notwithstanding the terms of any assessment, agreement or settlement submitted to, or made with, any Tax authority by any

member of PLAE's Group, no amounts in respect of Tax shall be debited from, or credited to, the relevant PLAE WP Fund in excess of the amounts which would have been so debited or credited on a fair and arm's length basis.

**23.8** No amounts in respect of Tax shall be debited from a PLAE WP Fund if, and to the extent that, such amounts represent penalties which have arisen because of any act or omission occurring after the Effective Date.

## **24 Credits and Debits in respect of the PLAE WP Funds**

### **24.1 Credits**

From the Effective Date, there shall be credited to any PLAE WP Fund all of the following:

- 24.1.1 all premiums received by PLAE in respect of all relevant PLAE WP Fund Policies;
- 24.1.2 all investment gains, earnings, income and profits arising from the assets or business within a PLAE WP Fund;
- 24.1.3 all amounts received under reinsurance arrangements made in respect of liabilities of a PLAE WP Fund which are reinsured;
- 24.1.4 the amount or value (in whatever form or manner it shall be received) of any financial assistance or support properly given to a PLAE WP Fund;
- 24.1.5 all amounts payable to a PLAE WP Fund in accordance paragraph 26;
- 24.1.6 any amounts which are allocated to a PLAE WP Fund in accordance with any amounts transferred or allocated from a PLAE Fund other than a PLAE WP Fund to a PLAE WP Fund pursuant to paragraph 21;
- 24.1.7 all amounts payable to a PLAE WP Fund in accordance with paragraph 23; and/or
- 24.1.8 any other amounts which are:
  - (i) permitted or required by this Scheme to be credited to or received by the PLAE WP Fund; or
  - (ii) determined by PLAE Board (having regard to the advice of the PLAE Actuary) in accordance with the principles underlying this Scheme to be properly attributable to or properly received by a PLAE WP Fund.

### **24.2 Debits**

On and with effect from the Effective Date, PLAE shall be entitled to transfer from or debit or charge to any PLAE WP Fund:

- 24.2.1 any amount permitted by law;
- 24.2.2 any amount to the extent that consideration equal to the fair market value at the date of transfer (as determined by the PLAE Board having obtained appropriate actuarial advice) of the amount transferred, debited or charged is paid by the transferee to that PLAE WP Fund;
- 24.2.3 any amount that the PLAE Board (who shall in turn have regard to the views of the PLAE Actuary) considers appropriate for the servicing or repayment of capital (if any) contributed to the relevant PLAE WP Fund;
- 24.2.4 any amount in accordance with the contractual obligations of PLAE from time to time in respect of relevant PLAE WP Fund Policies, including any amounts paid under reinsurance arrangements made in respect of PLAE WP Fund Policies;
- 24.2.5 all amounts payable in respect of relevant PLAE WP Fund Policies arising by reason of surrender, death, disability, maturity or other event giving rise to a claim (including amounts payable because of any guarantee or option in any such Policy or the payment or vesting of an annuity);
- 24.2.6 all costs, liabilities, losses and declines in value of investments arising from the property allocated to the PLAE WP Fund;
- 24.2.7 all costs, expenses, charges, losses and liabilities resulting from the purchase, holding, valuation or sale of any property allocated to the PLAE WP Fund;
- 24.2.8 any amount for the purposes of investment and re-investment in the ordinary course of business;
- 24.2.9 all amounts payable (in whatever form or manner) in respect of any financial assistance or support properly given to a PLAE WP Fund; or
- 24.2.10 all amounts which are debited or charged to the PLAE WP Fund in accordance with paragraph 23;
- 24.2.11 all amounts payable by, or transferred or allocated from, a PLAE WP Fund in accordance with paragraph 26;
- 24.2.12 any Expenses Cashflow Amount; and/or
- 24.2.13 any other amounts which are:
  - (i) permitted or required by this Scheme to be debited from or charged to the relevant PLAE WP Fund; or

- (ii) determined by the PLAE Board (having regard to the advice of the PLAE Actuary) to be properly debited from, or properly charged to, the relevant PLAE WP Fund,

provided that amounts to be debited from a PLAE WP Fund for expenses and charges, and other matters that are also provided for in the Phoenix 2009 Scheme in relation to a corresponding Phoenix WP Fund, shall not exceed:

- (a) the total amounts which may be so debited under the Phoenix 2009 Scheme from the corresponding Phoenix WP Fund in respect of Policies reinsured to that Phoenix WP Fund under the relevant With-Profits Reinsurance Agreement; less
- (b) any such amounts already debited from that corresponding Phoenix WP Fund in respect of Policies reinsured to that Phoenix WP Fund under the relevant With-Profits Reinsurance Agreement.

## 25 Annuity benefits in the PLAE WP Funds

25.1 If an Annuity Benefit is to be provided on the vesting of a PLAE WP Fund Policy, then the following shall apply:

25.1.1 subject to paragraph 25.1.3, PLAE shall provide the Annuity Benefit and allocate the same to its Non-Profit Fund, and an amount equal to the cost of such Annuity Benefit, as determined in accordance with paragraph 25.1.3 (for the purposes of this paragraph 25, the "**Annuity Benefit Cost**"), shall be debited from the relevant PLAE WP Fund and credited to the PLAE Non-Profit Fund;

25.1.2 the Annuity Benefit Cost is to be determined by the PLAE Board based on:

- (i) the appropriate annuity rates used at that time by PLAE for the provision of such an Annuity Benefit; or
- (ii) if such rates are unavailable, such rates as are generally available in the market in the Republic of Ireland to purchasers of annuities of a similar type to the relevant Annuity Benefit,

in each case, having regard to applicable law and market practice;

25.1.3 if the With-Profits Reinsurance Agreement for the relevant PLAE WP Fund:

- (i) remains in force and the Phoenix Board (having regard to the advice of the Phoenix With-Profits Committee and the Phoenix With-Profits Actuary) considers that the Annuity Benefit Cost

determined by the PLAE Board in accordance with paragraph 25.1.2 exceeds that which is reasonable based on annuity rates for such Annuity Benefit generally available in the market at the relevant time, then the Phoenix Board may recommend that PLAE (and on such recommendation PLAE shall) provide such Annuity Benefit and allocate the same to the relevant PLAE WP Fund (which shall in turn be reinsured to the relevant Phoenix WP Fund pursuant to the relevant With-Profits Reinsurance Agreement). Where the Phoenix Board has made such a recommendation in accordance with this paragraph 25.1.3(i), the Phoenix Board shall inform the PLAE Board as to how the Phoenix Board has concluded that it should make that recommendation under this paragraph 25.1.3(i); or

- (ii) has been terminated and the PLAE Actuary (having regard to the advice of the PLAE with-profits committee to be established pursuant to paragraph 3.6.2 of Schedule 1) considers that the Annuity Benefit Cost determined by the PLAE Board in accordance with paragraph 25.1.2 exceeds that which is reasonable based on annuity rates for such Annuity Benefit generally available in the market at the relevant time, then the PLAE Actuary may require that PLAE shall provide such Annuity Benefit from within the relevant PLAE WP Fund. In such circumstances, the PLAE Board shall be informed as to how the PLAE Actuary has reached their conclusion, and the PLAE with-profits committee has advised, under this paragraph 25.1.3(ii);

**25.1.4** all costs and liabilities relating to the provision of the Annuity Benefit will be allocated to the relevant PLAE Fund from which the Annuity Benefit is to be provided; and

**25.1.5** such Policy or that part of such Policy as relates to the provision of the Annuity Benefit shall cease to be entitled to share in the profits of the relevant PLAE WP Fund.

**25.2** If, in the event of vesting of a Policy written in, or allocated to, the PLAE SPI WP Fund in respect of which the principal benefits are expressed in terms of cash (otherwise than where an annuity arises under an option in respect of a Policy which requires annuities to be issued at a guaranteed rate), the policyholder elects to take all or part of the benefits as an annuity to be provided by PLAE, where the annuity is to be provided from the PLAE Non-Profit Fund, PLAE shall transfer the cash (or relevant proportion of the cash) from the PLAE SPI WP Fund to the PLAE Non-Profit Fund, and the annuity shall be provided on the basis of the annuity rate determined the PLAE Board ((1) for so long as the With-Profits Reinsurance Agreement for the PLAE SPI WP Fund is in force,

with the approval of the Phoenix With-Profits Actuary, such approval not to be unreasonably withheld or delayed; and (2) if the With-Profits Reinsurance Agreement for the PLAE SPI WP Fund is no longer in force, with the approval of the PLAE Actuary (having regard to the advice of the PLAE with-profits committee to be established pursuant to paragraph 3.6.2 of Schedule 1)). Such vesting Policy shall cease to be entitled to share in the profits of the PLAE SPI WP Fund.

## **26 Guaranteed Annuity Options on Linked Policies**

- 26.1** PLAE shall establish and maintain arrangements equivalent to reinsurance whereby, with effect from the Effective Date, 100% of the assets and liabilities in respect of the Guaranteed Annuity Options applying to Transferred Policies which are Linked Policies shall be deemed to be reinsured by the PLAE Non-Profit Fund to the PLAE SPI WP Fund.
- 26.2** The reinsurance will be on the basis that upon the making of a claim (on maturity, death or otherwise) where a Guaranteed Annuity Option applies in respect of any Policy to which this paragraph 26 applies, such additional amount as the PLAE Actuary determines (in consultation with the Phoenix With-Profits Actuary) is required to be added to the cash benefit under that Policy to enable the purchase of an annuity at the relevant guaranteed rate shall be transferred from the PLAE SPI WP Fund to the PLAE Non-Profit Fund in settlement of the obligations of the PLAE SPI WP Fund in respect of that Policy.
- 26.3** In respect of any Linked Policies to which this paragraph 26 applies:
- 26.3.1** if the PLAE Actuary (for so long as the PLAE SPI WP Fund Reinsurance Agreement remains in force, having obtained and had regard to the views of the Phoenix Chief Actuary) determines from time to time that, due to the requirements of any applicable laws or regulations, liabilities are required to be matched by assets within a Linked Fund of the PLAE Non-Profit Fund, a deposit arrangement shall be instituted whereby assets of such amount as the PLAE Actuary shall determine shall be transferred from the PLAE SPI WP Fund to the PLAE Non-Profit Fund (such assets from time to time held in the PLAE Non-Profit Fund being the "**Deposit**" which shall not at any time be less than zero);
- 26.3.2** if the PLAE Actuary (for so long as the PLAE SPI WP Fund Reinsurance Agreement remains in force, having obtained and had regard to the views of the Phoenix Chief Actuary) determines, from time to time, that assets deposited by the PLAE SPI WP Fund with the PLAE Non-Profit Fund are no longer required to be held in the Non-Profit Fund in order to satisfy the requirements set out in paragraph 26.3.1 (whether as a result of a claim under paragraph 26.2 or otherwise), assets of such

amount as the PLAE Actuary determines are excess shall be transferred from the PLAE Non-Profit Fund to the PLAE SPI WP Fund;

- 26.3.3 assets transferred from the PLAE SPI WP Fund to the PLAE Non-Profit Fund or transferred from the PLAE Non-Profit Fund to the PLAE SPI WP Fund pursuant to paragraphs 26.3.1 and 26.3.2 shall from time to time be deemed invested in or disinvested from (as the case may be) the Linked Funds of PLAE by reference to which benefits under such Linked Policies are calculated, and units in those Linked Funds representing the Deposit shall be notionally allocated to or de-allocated from (as the case may be) the Deposit at the bid price; and
- 26.3.4 promptly at the end of each calendar month, assets of an amount equal to such part of the annual management charge applicable in that month in respect of units notionally allocated to the Deposit shall be transferred from the PLAE Non-Profit Fund to the PLAE SPI WP Fund or credited to the Deposit by allocation of additional units at the bid price, as the PLAE Actuary (for so long as the PLAE SPI WP Fund Reinsurance Agreement remains in force, having obtained and had regard to the views of the Phoenix Chief Actuary) may determine from time to time.

## **27 Unitised with-profits policies (PLAE SPI WP Fund)**

- 27.1 This paragraph 27 applies to any Transferred Policy that is, immediately prior to the Effective Date, written in or allocated to the Non-Profit Fund of Phoenix if and to the extent that the WP Investment Element is transferred or allocated to, or reinsured by, the Phoenix SPI WP Fund. Any Policy referred to in this paragraph 27.1 is referred to as a "**Hybrid Policy**".
- 27.2 Under paragraphs 13, 14 and 15 of this Scheme:
  - 27.2.1 each Hybrid Policy shall be allocated to the PLAE Non-Profit Fund;
  - 27.2.2 the WP Investment Element of each Hybrid Policy (including any assets representing the WP Investment Element) will be allocated to the PLAE SPI WP Fund;
  - 27.2.3 the liability under each Hybrid Policy relating to the WP Investment Element of the Hybrid Policy (however this arises) will be allocated to the PLAE SPI WP Fund; and
  - 27.2.4 the other assets and liabilities relating to each Hybrid Policy will be allocated to the PLAE Non-Profit Fund.
- 27.3 The operation of the Hybrid Policies in PLAE shall continue in the same way as the operation of the Hybrid Policies immediately prior to the Effective Date in Phoenix including where applicable:

- 27.3.1 any premium received by PLAE on or after the Effective Date in respect of a Hybrid Policy to which this paragraph 27 applies shall be credited to the PLAE Non-Profit Fund and the WP Investment Element in respect thereof shall be debited from the PLAE Non-Profit Fund and credited to the PLAE SPI WP Fund and applied in allocating WP Units in respect of such Hybrid Policy;
- 27.3.2 any amounts in respect of a Hybrid Policy to be allocated to WP Units on or after the Effective Date as a result of a switch from UL Units to WP Units, or otherwise, in accordance with the terms of the relevant Policy shall be debited from the PLAE Non-Profit Fund and credited to the PLAE SPI WP Fund and applied in allocating WP Units in respect of the relevant Policy and, where appropriate, units in the relevant Linked Funds shall be cancelled;
- 27.3.3 if any event occurs (other than an event pursuant to paragraph 25.1) which, under the terms of a Hybrid Policy, gives rise to the cancellation of WP Units attaching to such Hybrid Policy, an amount shall be debited from the PLAE SPI WP Fund and credited to the PLAE Non-Profit Fund equal to the amount which the terms of the relevant Hybrid Policy provide shall be payable, or transferable, on cancellation of WP Units in such circumstances and, in the case of a switch to unit-linked investment, applied to purchase units in relevant Linked Funds;
- 27.3.4 any transfer pursuant to paragraph 27.3.3 shall take account of any applicable final bonus or unit price adjustment (and other charges and deductions properly attributable to the PLAE SPI WP Fund in accordance with paragraph 16 and the Phoenix SPI WP Fund PPFM) required by the terms of the relevant Policy, but shall disregard any charges and deductions applicable under the terms of the Policy which are properly attributable to the PLAE Non-Profit Fund;
- 27.3.5 1% per annum. of the value of the WP Units, after allowing for any applicable final bonus or market value reductions, shall be debited from the PLAE SPI WP Fund and credited to the PLAE Non-Profit Fund; and
- 27.3.6 the liability of the PLAE SPI WP Fund in respect of the Hybrid Policies shall cease at the same time as the liability of the PLAE Non-Profit Fund ceases in respect of each such Hybrid Policy.

## PART F - MISCELLANEOUS PROVISIONS

### 28 Effective Date

#### 28.1 Subject to:

28.1.1 paragraphs 28.2 and 28.3;

28.1.2 the Irish Transfer Scheme having been approved by the High Court of Ireland; and

28.1.3 the Capitalisation Requirement having been satisfied and the PLAE Board having confirmed to the Transferors that PLAE has sufficient assets to satisfy the Capitalisation Requirement,

this Scheme shall become effective at 00:01 a.m. (London and Dublin time) on 1 January 2023.

28.2 Subject to paragraph 28.3, the Transferors and PLAE may agree that the Effective Date should be deferred to a later date (with, for the avoidance of doubt, the later date being the Effective Date). The Transferors and PLAE must apply to the Court for a further order if they agree to delay the Effective Date until after 1 April 2023. Any such application may specify any date after the Longstop Date which, subject to the consent of the Court, shall then become the Effective Date for the purposes of this Scheme. This Scheme shall then become effective on and with effect from the date so specified, subject to: (i) the conditions in paragraph 28.1 being satisfied as at such date; and (ii) the Irish Transfer Scheme delaying its Effective Date accordingly and provided that:

28.2.1 the PRA, the FCA and the CBI shall be notified and be provided with all relevant information and documentation reasonably available to the parties as soon as reasonably practicable, and in any case in advance, of any hearing of the Court at which such application is considered, and the PRA, the FCA and the CBI shall have the right to be heard at any such hearing;

28.2.2 such application shall be accompanied by a certificate from the Independent Person to the effect that the proposed Effective Date will not materially adversely affect: (i) policyholders of the Transferred Policies or the Residual Policies; or (ii) policyholders of the Transferors who do not hold Transferred Policies or Residual Policies, and such certificate shall be published on the respective websites of the Transferors and PLAE at least five (5) days before the Court hearing; and

28.2.3 a notice of the making of such order is published on the websites of the Transferors and PLAE within five (5) days of the making of such further order by the Court.

**28.3** If the transfer of the Transferred Business pursuant to this Scheme has not become effective in accordance with the terms of this paragraph 28 on or before the later of (a) 1 April 2023; and (b) such later date, if any, that the Transferors and PLAE may agree in accordance with the requirements of paragraph 28.2 and the Court may approve, the provisions of this Scheme shall lapse to the extent that they relate to such transfer.

**28.4** This Scheme will not become effective on the Effective Date unless on or prior thereto the Order shall have been made.

## **29 Costs and expenses**

Except as otherwise agreed in writing, each Transferor shall bear its own costs and expenses in relation to the preparation and carrying into effect of this Scheme. For the avoidance of doubt, neither Phoenix nor PLAE may allocate any such costs to a Phoenix WP Fund or, as the case may be, a PLAE WP Fund.

## **30 Modification or additions**

**30.1** The Transferors and PLAE may, as required, consent for and on behalf of the parties hereto and all other persons concerned to any modification of or addition to this Scheme or to any further condition or provision affecting the same which:

**30.1.1** prior to its sanction of this Scheme, the Court may approve or impose; or

**30.1.2** subject to paragraph 30.3, following the Court's sanction of the Scheme but prior to the sanction of the Irish Transfer Scheme by the High Court of Ireland, the Court may approve or impose, provided that, subject to the Court directing otherwise, in any such case:

- (i) the PRA, the FCA, the CBI and the Independent Person shall be notified in advance of, and have the right to be heard at, any hearing of the Court at which such application is considered (including to make representations as to the appropriate publicity in relation to the proposed amendment);
- (ii) the Transferors and PLAE have publicised the Court hearing at which such approval may be sought (including the date and time) on their respective websites;
- (iii) any directions given by the Court as to any other publicity in relation to the proposed amendment have been complied with; and
- (iv) such application shall be accompanied by a certificate from the Independent Person to the effect that in his or her opinion the proposed amendment will not materially adversely affect: (i) the policyholders of the Transferred Policies or the Residual

Policies; or (ii) the other policyholders of the Transferors and PLAE.

**30.2** Subject to paragraphs 30.3 and 30.4, at any time after the sanction of: (a) this Scheme by the Court; and (b) the Irish Transfer Scheme by the High Court of Ireland, PLAE (or, if a Transferor is directly affected by the proposed amendment, PLAE and the relevant Transferor jointly), shall be at liberty to apply to the Court for consent to amend the terms of this Scheme, provided that in any such case:

**30.2.1** the PRA and the FCA shall be notified in advance of (and, in any event, not less than forty-two (42) days prior to), and shall have the right to be heard at, any hearing of the Court at which such application is considered (including to make representations as to the appropriate publicity in relation to the proposed amendment);

**30.2.2** the CBI shall be notified in advance of (and in any event, not less than forty-two (42) days prior to) and shall have the right to attend and be heard at, any hearing of the Court at which such application is considered;

**30.2.3** any directions given by the Court as to publicity in relation to the proposed amendment have been complied with; and

**30.2.4** such application shall be accompanied by a certificate from an independent actuary (accompanied by a report that is based on the latest financial information that can reasonably be made available to the independent actuary at the time of the report) to the effect that in his or her opinion the proposed amendment will not materially adversely affect: (i) the policyholders of the Transferred Policies or the Residual Policies; or (ii) the other policyholders of the Transferors and PLAE.

If the consent of the Court is granted, PLAE may amend the terms of this Scheme in accordance with such consent.

**30.3** The consent of the Court shall not be required where:

**30.3.1** the proposed amendments are minor and/or technical (including amendments to correct manifest errors and/or to reflect changes required by law or regulation, including changes in generally accepted actuarial practice), are proposed by the Transferors or PLAE and, if a Transferor is directly affected by the proposed amendment, have been agreed by the relevant Transferor in writing;

**30.3.2** the variation is necessary to ensure that the provisions of this Scheme operate in the intended manner in circumstances where the provision to which the proposed variation applies will, or is likely to, be materially

affected by variation or proposed variation to any regulatory requirement with which PLAE is obliged to comply (where the provision to which the proposed variation applies will (or is likely to be) materially affected by a variation to the Irish Regulations, Irish Policyholder Principles or other applicable legislation, regulation or rule, direction, requirement or guidance from any Regulator);

30.3.3 the variation is necessary to protect the rights and reasonable expectations of the holders of Transferred Policies; or

30.3.4 specific provision for such variation is made elsewhere in this Scheme (provided that such specific provision is fully complied with),

provided that:

30.3.5 each of the CBI, the PRA and the FCA has been notified of the same and has indicated that it does not object thereto or a period of twenty-eight (28) days commencing on the date of receipt of the relevant notification by the CBI, the PRA and the FCA has passed without any of the CBI, the PRA or the FCA indicating any objection thereto (unless the Regulators have confirmed non-objection prior to that date);

30.3.6 PLAE has taken appropriate actuarial advice and that advice concludes that the proposed amendment will not materially adversely affect: (i) the policyholders of the Transferred Policies or the Residual Policies; or (ii) the other policyholders of the Transferors and PLAE; and

30.3.7 in the case of the variations listed in paragraphs 30.3.2 to 30.3.4 inclusive, where such variation involves the exercise of discretion or judgment by the PLAE Board, PLAE takes the advice of an independent expert, as appropriate.

30.4 PLAE shall not be required to request the Transferors' consent to the extent that the relevant Transferor has been wound-up, dissolved or otherwise ceased to exist prior to the date on which its consent is required pursuant to paragraph 30.2 or 30.3.1.

## **31 Ancillary documents**

31.1 Phoenix, ReAssure Life and PLAE shall procure that the following documents have been entered into by them and the other parties thereto and dated on or prior to the Effective Date:

31.1.1 the Scheme Reinsurance Agreements;

31.1.2 the Floating Charges;

31.1.3 the Fixed Charge Arrangements;

31.1.4 the MSA Agreements,

(the "**Ancillary Documents**").

**31.2** At the Effective Date, the Ancillary Documents shall take effect.

### **32 Third party rights**

**32.1** It is not intended that any person who is not a party to this Scheme may enforce any of its terms, whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise.

**32.2** A Transferred Policyholder may enforce the terms of this Scheme but only to the extent that the Transferred Policyholder shall be bound by its terms.

**32.3** The right of a Transferred Policyholder under paragraph 32.2 shall not in any way or at any time prevent the Transferors or PLAE from varying the provisions of this Scheme.

### **33 Governing law**

This Scheme shall be governed by and construed in accordance with English law.

Dated this 1st day of July 2022

## **Schedule 1**

### **Steps to be taken prior to cessation of the PLAE WP Funds in certain circumstances (paragraph 20)**

- 1** Other than where paragraph 20.2.1 applies, in the event of the termination of a With-Profits Reinsurance Agreement:
  - 1.1** paragraph 16 of the Scheme shall no longer apply to the relevant PLAE WP Fund and, following the termination of all With-Profits Reinsurance Agreements, shall be deleted;
  - 1.2** without prejudice to the obligation of PLAE to make payments in accordance with the terms of Transferred Policies, any other provision of this Scheme that applies to the relevant With-Profits Reinsurance Agreement and/or the Policies allocated to the relevant PLAE WP Fund shall be immediately suspended, provided that:
    - 1.2.1** the PLAE Board has determined, having taken appropriate actuarial advice, that the suspension of such provision is reasonable and appropriate in the circumstances to protect the rights and reasonable expectations of the holders of any PLAE WP Fund Policies in the relevant PLAE WP Fund; and
    - 1.2.2** such suspension shall last for a maximum of two years following the termination of the relevant PLAE With-Profits Reinsurance Agreement, it being understood that the permanent variation, or removal, of any such provision shall require the approval of the Court.
  - 1.3** The PLAE Board shall:
    - 1.3.1** take such steps as it regards as reasonable and appropriate in the circumstances to protect the rights and reasonable expectations of the holders of PLAE WP Fund Policies in the relevant PLAE WP Fund; and
    - 1.3.2** determine whether it is fair and in the best interests of the holders of those PLAE WP Fund Policies to cease to maintain the relevant PLAE WP Fund having regard to the matters, and on the basis, set out in paragraph 20 of this Scheme.
- 2** Without prejudice to the generality of paragraph 1.3, the steps taken by the PLAE Board pursuant to paragraph 1.3 may include:
  - 2.1** the closure of the relevant PLAE WP Fund and the conversion of the Policies allocated to it in accordance with the terms of paragraph 20 of the Scheme;
  - 2.2** (for the avoidance of doubt) the maintenance of the relevant PLAE WP Fund as a standalone PLAE WP Fund;

- 2.2.1 without the benefit of the relevant PLAE With-Profits Reinsurance Agreement (including appropriate provision for governance and management of the relevant PLAE WP Fund); and
    - 2.2.2 in which 100% of the surplus arising in the relevant PLAE WP Fund and determined by the PLAE Board to be available for distribution shall be allocated to the holders of PLAE WP Fund Policies eligible to participate in the surplus of the relevant PLAE WP Fund; and/or
  - 2.3 the introduction of capital support arrangements (if appropriate).
- 3 In exercising any steps pursuant to paragraph 1.3 above, the PLAE Board shall:
  - 3.1 have due regard to:
    - 3.1.1 past experience and reasonable expectations of holders of the relevant PLAE WP Fund Policies;
    - 3.1.2 the provisions of the Phoenix 2009 Scheme;
    - 3.1.3 UK regulation that informed the management of the relevant PLAE WP Fund until the termination of the relevant PLAE With-Profits Reinsurance Agreement;
    - 3.1.4 the provisions of the PPFM for the relevant Phoenix WP Fund; and
    - 3.1.5 the historical level of risk run in the relevant Phoenix WP Fund;
  - 3.2 consult with, and obtain a certificate from, an independent actuary that in his or her opinion, the proposed changes pursuant to this Schedule 1 will not materially adversely affect the reasonable expectations of holders of the relevant PLAE WP Fund Policies;
  - 3.3 consult with, and obtain the prior approval of, the CBI (or, in the absence of such approval, obtain confirmation that the CBI does not object to such steps, or receive no objections from the CBI within a period of three (3) months from the date of first notification);
  - 3.4 comply with all regulatory requirements;
  - 3.5 comply with the Irish Policyholder Principles; and
  - 3.6 if the PLAE Board resolves to maintain the relevant PLAE WP Fund as a standalone PLAE WP Fund without the benefit of the relevant PLAE With-Profits Reinsurance Agreement, make full provision for governance and management of the relevant PLAE WP Fund in line with and subject to Irish law and regulation including:
    - 3.6.1 establishing the with-profits operating principles document (in line with the Phoenix equivalent PPFM but subject to necessary amendment including as set out in paragraph 2.2.2 of this Schedule 1);

- 3.6.2 considering whether enhanced governance arrangements should be established within PLAE for the relevant PLAE WP Fund provided that, notwithstanding whether this is required under Irish law and regulation, PLAE shall establish a with-profits committee having terms of reference and a role in governance of the relevant PLAE WP Fund equivalent to that of the Phoenix With-Profits Committee in the relevant Phoenix WP Fund immediately prior to the termination of the relevant With-Profits Reinsurance Agreement;
- 3.6.3 reviewing the terms covering what can be charged to the relevant PLAE WP Fund and, if necessary, establishing revised terms;
- 3.6.4 considering financial principles for the management the fund, including in relation to investment and bonus policy; and
- 3.6.5 provision/ conditions for run off and closure of the relevant PLAE WP Fund including having regard to the run off and closure provisions that applied to the relevant Phoenix WP Fund immediately prior to the termination of the relevant With-Profits Reinsurance Agreement.

**Schedule 2**  
**List of Transferred Reinsurance Agreements**

<b>Reinsurance Agreements</b>	<b>Phoenix Cedant</b>	<b>Business type</b>	<b>Reinsurer</b>	<b>Risk reinsured</b>
ACT29 Ireland	Phoenix Non-Profit Fund	UL	Swiss Re Europe SA (UK Branch)	Total permanent disability waiver of premium, mortality.
ACT35 Ireland	Phoenix Non-Profit Fund	UL	Swiss Re Europe SA (UK Branch)	Critical illness, hospital cash, mortality.
ACT48 Ireland	Phoenix Non-Profit Fund	UL, TA, UWP, NP	Swiss Re Europe SA (UK Branch)	Critical illness, total permanent disability waiver of premium, hospital cash, income protection, mortality.
SPIGen1801 Ireland	Phoenix Non-Profit Fund	NP, UL	General Reinsurance AG	Critical illness, disability waiver of premium, hospital cash, income protection, mortality.
SL107 German	Phoenix Non-Profit Fund	ACI	Swiss Re Europe SA (UK Branch)	Critical Illness
SL110 Icelandic	Phoenix Non-Profit Fund	ACI TA	Münchener Rückversicherungs- Gesellschaft	Mortality
German CI	ReAssure Life	Quota Share	Swiss Re Europe SA (UK Branch)	

**Schedule 3**  
**With-Profits Reinsurance Agreement termination amounts**

The maximum payment from the relevant Phoenix WP Fund referred to in paragraph 20.2.1(i) shall be an amount equal to the aggregate of paragraphs 1 to 4 below:

- 1** Phoenix's With-Profits BEL in respect of the Reinsured Liabilities as at the Termination Date;
- 2** The value of Phoenix's Non-Profit BEL in respect of the Reinsured Liabilities as at the Termination Date;
- 3** An amount equal to the percentage share of the Inherited Estate (less an amount equal to the present value of the shareholder's share of future distributions of surplus in accordance with the Phoenix 2009 Scheme from the relevant Phoenix WP Fund) in respect of the Reinsured Liabilities as at the Termination Date having regard to the prevailing methodology for estate distribution at the time, including having regard to the then current run-off plan (if any) prepared by Phoenix for the relevant Phoenix WP Fund in accordance with COBS 20.2 and SUP App 2.15 in the FCA Handbook prepared by the Phoenix With-Profits Actuary for the relevant Phoenix WP Fund, subject to paragraph 5 below;
- 4** An amount equal to the Accounting Liabilities in respect of the Reinsured Liabilities, to the extent those liabilities would fall to PLAE as a result of termination as at the Termination Date, but only to the extent not already captured by paragraphs 1 to 3 above (for the avoidance of doubt, including any amounts owed to the custodian of the custodian accounts for the fixed charge security provided in connection with the With-Profits Reinsurance Agreements or any other third party); and
- 5** The percentage share of the Inherited Estate referred to in paragraph 3 above must be confirmed by the Independent Actuary to be fair both to holders of policies in the relevant PLAE WP Fund and holders of policies in the relevant Phoenix WP Fund having regard to the estate distribution methodology referred to in paragraph 3 above and to the calculation in paragraphs 1 to 3 above, unless the Phoenix Board and the PLAE Board:
  - 5.1** agree (on an arm's length and objective basis) that PLAE's expected share as at the Termination Date of the Inherited Estate attributable to the Reinsured Liabilities, identified and agreed as contemplated in paragraph 5.2 below, is less than £1 million; and
  - 5.2** agree the calculation of the Inherited Estate attributable to the Reinsured Liabilities (including the resulting value),

provided that such amounts shall be calculated in accordance with applicable law.

For the purposes of this Schedule 3, the following terms shall bear the following meanings (being the same terms and meanings as are used in the With-Profits Reinsurance Agreements):

- "Accounting Liabilities"** means any provision held on Phoenix's balance sheet in respect of the Reinsured Liabilities of the relevant Phoenix WP Fund (in accordance with Surplus Funds 3.1(3) and (4) in the PRA Rulebook);
- "Independent Actuary"** means the independent actuary appointed by the parties from time to time, or, where the parties are unable to agree, the UK Institute and Faculty of Actuaries shall nominate the independent actuary;
- "Inherited Estate"** means the estimated realistic value of the assets less the estimated realistic value of the liabilities allocated from time to time to the relevant Phoenix WP Fund. It is calculated using realistic assumptions and generally accepted methodologies on a basis determined by the Phoenix Board, and consistent with COBS 20 in the FCA Handbook;
- "Non-Profit BEL"** means the best estimate liabilities in respect of non-profit Reinsured Policies or non-profit elements of Reinsured Policies calculated using generally accepted actuarial techniques and in a manner consistent with the applicable PPFM and Solvency II;
- "Reinsured Liabilities"** means:
- (i) (in relation to a Phoenix WP Fund) any and all liabilities paid or settled, or which become due for payment or settlement, by (or on behalf of) PLAE on or after the Effective Date, in respect of the Reinsured Policies and including any liabilities in respect of the relevant PLAE WP Fund Policy in accordance with paragraph 25.1.3(i) of this Scheme; and
  - (ii) the SPI NPF GAO Claim Amount;
- "Reinsured Policies"** means:
- (i) (in relation to a Phoenix WP Fund) the life insurance and pensions policies which are transferred and allocated to the relevant PLAE WP Fund pursuant to this Scheme;
  - (ii) (in relation to the Phoenix SPI WP Fund only) any other policy if and only to the extent that the

premiums in respect of that policy are allocated to the relevant PLAE WP Fund; and

- (iii) the part of any Policy which comprises the With-Profits Investment Element (as defined in the PLAE 2022 Scheme) to the extent that With-Profits Investment Element is allocated, transferred or reinsured to the PLAE SPI WP Fund;

**"Termination Date"**

means the date of receipt, by one party to a PLAE WP Fund Reinsurance Agreement from the other party to that agreement of a termination notice in accordance with that agreement; and

**"With-Profits BEL"**

means the best estimate liabilities in respect of with-profits Reinsured Policies or with-profits elements of Reinsured Policies calculated using generally accepted actuarial techniques and in a manner consistent with the applicable PPFM and Solvency II and providing for future policy-related liabilities.

CR-2021-002127

IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF  
ENGLAND AND WALES  
COMPANIES COURT (ChD)

IN THE MATTER OF  
REASSURE LIFE LIMITED

and

IN THE MATTER OF  
PHOENIX LIFE LIMITED

and

IN THE MATTER OF  
PHOENIX LIFE ASSURANCE EUROPE  
DESIGNATED ACTIVITY COMPANY

and

IN THE MATTER OF  
THE FINANCIAL SERVICES AND MARKETS  
ACT 2000

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**SCHEME**

**(pursuant to Part VII of the  
Financial Services and Markets Act  
2000)**

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