



SCHEME GUIDE

For transferring Phoenix Life Limited policyholders

Policies sold in Ireland

August 2022



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1. INTRODUCTION

Our proposals

Phoenix Life Limited (Phoenix) is planning to transfer its Irish, Icelandic and German policies to Phoenix Life Assurance Europe dac (PLAE), a new Irish company which will be authorised and regulated in Ireland.

At the same time, ReAssure Life Limited (ReAssure) is planning to transfer its Swedish, Norwegian and German policies to PLAE.

Phoenix, ReAssure and PLAE are all companies within the Phoenix Group.

We're writing to you because you have a policy (or policies) that we're planning to transfer.

Throughout this guide, the letter and booklets we've included, you'll see that we refer to the proposed changes as 'the Scheme' at times.

We've put this guide together to help you understand the Scheme and the process we're following, what it will mean for you and what you should do if you have any concerns.

Please take the time to read this guide, and the information included carefully. We do suggest you keep this information with your original policy document.

How to get in touch

If you have any questions, or would like us to talk you through the information in this guide, please get in touch.

Please have your reference number ready to quote, you'll find this at the top of the accompanying letter.



Helpline: 1800 856 077

From overseas: +44 (0) 1952 522 053*

Monday to Friday: 9am to 5pm

Excluding UK bank holidays.

We may record and monitor calls.

*There may be a charge when dialling from overseas, please check with your phone provider



www.phoenixlife.co.uk/transfer22



PLAE Transfer Team

PO Box 456

Windsor House

Ironmaster Way

Telford

TF7 9GH

2. THE PROCESS WE'RE FOLLOWING

Our customers are important to us and we want to make sure your interests are protected. Before we transfer these policies to PLAE we're following a rigorous process, which includes:

Consultation with our regulators

We've consulted with our regulators to ensure they are fully aware of our proposals and have no objections to our plans. Our regulators are the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) in the UK, and the Central Bank of Ireland (CBI) in Ireland. After the transfer you will be a policyholder of PLAE, which will be authorised and regulated by the CBI.

Independent review of our proposals


We've appointed an Independent Person (Independent Expert), Philip Simpson who is a Principal (a senior qualified actuary) at Milliman LLP, to give his opinion on the likely effect of the proposed transfer on all Phoenix policyholders. He will also be considering the impact of the proposed transfer of all ReAssure's Swedish, Norwegian and German policies to PLAE and the position of all Phoenix and ReAssure policyholders collectively in PLAE, once the proposed transfer takes effect.

The Independent Person has been selected on the basis of his experience and independence and to ensure consistency in the factors considered for both Phoenix and ReAssure policyholders. We've informed the CBI of his appointment, which has also been approved by the PRA in consultation with the FCA.

The Independent Person has produced an independent scheme report, in which he details his review of the proposed transfer and his opinion on whether any group of policyholders are materially adversely affected by the proposed transfer.

His report has been reviewed by our regulators (the PRA, the FCA and the CBI) and will help each High Court to reach their decision.


In his Summary Report, the Independent Person concludes that the implementation of the proposed Scheme will not have a material adverse effect on the security of benefits of policyholders transferring to PLAE nor on the reasonable expectations of those policyholders in respect of their benefits.

 You can find the Summary Report in section 6 of this guide and you can see the full report on our website at www.phoenixlife.co.uk/transfer22.

The Independent Person will also produce a supplementary report before the final High Court hearings in which he'll consider the likely effect of the transfer on policyholders in light of any developments that may have happened since his report. This will be available on our website at least two weeks before the final High Court hearings.

Writing to our customers

We're writing to all our transferring customers to inform you of our proposals, explain what this means for you and how you can raise concerns or make an objection. We've set up a dedicated helpline for you to contact if you have any questions or would like us to talk you through the information.

 You can find details of our helpline in sections 1 and 8 of this guide.

Approval from the High Court

To carry out the transfer we've applied for permission from the High Court of Ireland (in relation to the transferring Irish policies) and the High Court of England and Wales (in relation to all of the transferring policies, including the Irish policies).

Both High Courts will need to be satisfied that all the necessary legal requirements have been met and that the proposals have no material adverse effect on policyholders. The Courts will only approve the transfer if it is appropriate to do so.

The final court hearings are expected to be held at:

- High Court of Justice of England and Wales, The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL on 18 October 2022; and
- High Court of Ireland, Four Courts, Inns Quay, Dublin 7 on 1 November 2022.

The dates of the High Court hearings could change. If they do, we'll let you know the new High Court hearing dates if you call us and we'll place a notice on our websites. We'll also notify anyone who has raised an objection or concern, or has told us they intend to attend a High Court hearing, of the new High Court hearing dates.

Transfer goes ahead

The transfer will only go ahead if the High Courts in both England and Wales and Ireland approve the Schemes.

If both High Courts give permission, we expect the transfer to take place on 1 January 2023 (the transfer date) but that date could change. If the transfer date does change, we'll let you know by placing a notice on our website and adding a recorded message to our helpline.

The transfer date

The rules which are applicable to the Scheme (which are referred to as the transitional insurance business transfer rules and were introduced in the UK as a result of the UK's withdrawal from the EU), require us to have obtained an order from the High Court approving the Scheme by no later than 31 December 2022.

We asked the High Court of England and Wales to consider whether the Scheme's transfer date would still be in compliance with the transitional insurance business transfer rules even though the effective date of the transfer under the Scheme is set to occur after 31 December 2022.

A preliminary hearing was held at the High Court of England and Wales on 15 June 2022, where our application to transfer the policies after 31 December 2022 was considered by the High Court. The Court was satisfied that we could do so and we expect the transfer to take effect on 1 January 2023.

At the final hearing, both High Courts will consider any objections made if a person feels that they are adversely affected by this.

The process we're following:



3. WHAT THIS MEANS FOR YOU

If the Scheme goes ahead, your policy will transfer to PLAE. You'll then become a policyholder of PLAE and PLAE will be responsible for your policy.

You'll keep the same policy number and you'll see no difference to the way your policy works. The benefits payable will be no less than the amount that you would get if you had remained a policyholder of Phoenix.

If you are receiving any payments or if you have any guarantees on your policy, these will not be affected by the Scheme.

If you have a pension policy that has a guarantee, such as a guaranteed annuity rate at retirement, this will continue, and PLAE will inform you of your options and offer you an annuity in the same way that Phoenix would have.

Your new customer service centre

After the transfer the administration of your policy will move to Ireland and, if you have a question about your policy, you'll speak to a new team who'll be set up in a new Irish customer service centre.

You won't see any material change to the way your policy is administered and you'll continue to see the Phoenix Life logo on any letters you receive, and will continue to use the Phoenix Life website.

We'll write to you to let you know the new telephone number and contact details closer to the time.

WHAT HAPPENS NEXT



Supplementary report

The Independent Person completes a final review and supplementary report confirming he still considers there to be no material adverse impact on policyholders.



Court Hearings

To carry out the transfer we need permission from:
High Court of England and Wales
on 18 October 2022
High Court of Ireland
on 1 November 2022



Transfer goes ahead

If each High Court approves our proposals your policy will transfer on:
1 January 2023

Annuities in payment

If you have an annuity which provides you with a regular income payment, PLAE will become responsible for providing this payment, and from 1 January 2023 you'll see your payments coming from PLAE.

The amount you receive, the date of the payment and any guarantees you have will not be affected by the transfer.

With-profits policies

If you have a with-profits policy, your policy will transfer to a new with-profits fund in PLAE. PLAE will be your policy provider and will be responsible for any claims. If you pay premiums, these will be collected by PLAE.

In order to minimise any impact on your policy, PLAE will enter into a reinsurance arrangement with Phoenix and will transfer the economic responsibility for your policy back to Phoenix. Although your policy will be provided by PLAE, as a result of this reinsurance it will continue to invest in the same with-profits fund in Phoenix as it does now. The benefits on your policy will continue to be calculated by reference to, and participate in, the profits and losses of the with-profits fund of Phoenix to which your policy was allocated prior to the transfer. Whilst the reinsurance is in place, the value of your benefits will be no less than if you had remained a policyholder of Phoenix.

The with-profits fund in Phoenix, in which your policy participates, will continue to be managed in line with its Principles and Practices of Financial Management (PPFM), which will be updated to include information about the reinsurance arrangement.

The PPFM describes in detail how your with-profits fund is managed and how bonuses are determined. The way your bonuses are applied to your policy will not change as a result of the transfer.

You can find a copy of the PPFM on our website at www.phoenixlife.co.uk. Click on Customer Centre from the top menu, go to the With-Profits section and follow the instructions.

You'll continue to receive your share of the fund and there will be no changes to the way bonuses are determined by Phoenix. PLAE will be responsible for declaring bonuses on your policy. Whilst the reinsurance is in place, PLAE intends to declare bonuses that are at least as much as Phoenix declare. If you have any guarantees on your policy, these will not be affected by the transfer.

We're not expecting to make any changes to your terms and conditions. We may need to make some changes to the way we manage your policy to allow benefits to continue to be calculated in the way they are now (with reference to the profits and losses of the with-profits fund in Phoenix), but you'll see no changes to the way your policy works as a result of the transfer.



If you have a with-profits policy we've enclosed a With-Profits Changes Explained Leaflet which gives full details on what this means for you.

With-profits paid up policies

Certain policies that started out as with-profits are converted to non-profit when the customer chooses to stop paying premiums, or when they reach age 75 but haven't taken their benefits. When this happens the customers' benefits are no longer linked to the profits and losses of the with-profits fund, but become fixed.

If this applies to you and your policy was converted to non-profit, then following the transfer you'll see no changes to the way your policy works and no change to the benefits payable under your policy.

If you'd like more information about your policy, please call your usual customer service team using the telephone numbers on your most recent letter or annual statement.

Non-profit policies and unit-linked policies

If you have a non-profit or unit-linked policy, the Scheme will not affect your policy terms and conditions and you'll see no difference to the way your policy works as a result of the transfer.

There will be no changes to the amount of premiums you pay, the way your benefits are calculated or the timing of any benefit payments as a result of the transfer. If you have any guarantees on your policy, these will not be affected by the transfer.

If you are invested in a unit-linked fund, your policy will continue to operate as before and you will see no changes as a result of the transfer. The transfer will not change the number of units allocated to your policy, or the value of those units.

PLAE will set up new unit-linked funds to mirror those that your policy can invest in now. To try to minimise the impact to customers who invest in unit-linked funds, PLAE will enter into what is known as a "reinsurance" arrangement with Phoenix. PLAE will be your policy provider, will collect any premiums and be responsible for paying any claims. PLAE will then reinsure the unit-linked part of your investment back to Phoenix. Whilst the reinsurance is in place, Phoenix will hold your unit-linked investment in a similar way to how it does now to enable you to access the same range of unit-linked funds in Phoenix. The way the fund is managed, the charges that apply and the way the unit prices are calculated, will not change as a result of the transfer.

Within Phoenix a unit-linked fund can only be wound-up if it is less than around £5 million. The purpose of the threshold is to allow funds to be wound up when they are too small to be managed efficiently. However, this would not be appropriate to be

applied to PLAE's funds given the reinsurance to Phoenix. Instead, the PLAE Board will be able to decide to make future changes to close, wind-up, amalgamate or modify, unit-linked funds subject to actuarial (or other appropriate senior manager) advice to the Board that the terms would be equitable to transferring policyholders and provided that whilst the reinsurance is in place, this reflects actions within the Phoenix funds.

Within Phoenix, these powers (to merge, divide or modify) require the Phoenix Board to conclude that it is not inappropriate or impracticable to use these powers having regard to the interests of policyholders and this will apply after the transfer as a result of the reinsurance. The PLAE Board's consideration of policyholder interests won't be limited to circumstances which would be inappropriate or impracticable to make these changes to unit-linked funds. This position will apply if the reinsurance is terminated or if Phoenix's arrangements are aligned with those to be adopted in PLAE.

If you have a pension policy that has a guarantee at retirement, then PLAE will become responsible for providing that guarantee.

SOME CHANGES YOU WILL SEE

Your premiums and payments

Payments you receive

Any payments you receive from Phoenix will instead come from PLAE. There will be no change to the amount you receive or the date you receive any payments as a result of the transfer.

Payments you make by cheque

If you make payments by cheque, you'll need to make them payable to Phoenix Life Assurance Europe dac after the transfer.

Payments you make by postal order

If you make payments by postal order, you'll need to make them payable to Phoenix Life Assurance Europe dac after the transfer.

Payments you make by Standing Order, Giro or bank transfer

If you make payments by Standing Order, Giro or bank transfer you'll need to update your details to pay your premiums to PLAE when your policy transfers. We'll send you more information, including full details of the changes you need to make to the payee, closer to the time.

Payments you make by Direct Debit

If you make payments by SEPA direct debit these will automatically become payable to PLAE when your policy transfers. There will be no change to your premiums or the date of your payment.

We'll write to you before your first payment is made to PLAE to let you know the new SEPA Creditor Identifier, which is the reference associated with your SEPA direct debit to identify the company collecting your payments.

Our regulators

PLAE is incorporated in the Republic of Ireland and as an Irish insurance company, will be authorised and regulated by the CBI and not the PRA or FCA, who are the UK regulators.

Financial Services Compensation Scheme (FSCS)

If your policy is currently covered by the FSCS, it's important to note that once the transfer happens your policy will no longer be covered by the FSCS. If your policy is not covered by the FSCS, then this transfer won't change your position in this respect.

The FSCS is a statutory UK based compensation fund which protects policyholders if an insurer is unable, or likely to become unable, to pay claims against it (for example, because it has become insolvent). FSCS protection only applies to customers of UK authorised financial services firms.

The FSCS does not provide protection to Irish policyholders of an Irish Insurer like PLAE. There is no equivalent protection (similar to FSCS) in Ireland, where PLAE is based. However, Irish insolvency rules aim to protect policyholders of insolvent insurance companies in Ireland. Financial security for your policy will be maintained by PLAE, which is required to hold sufficient capital to provide security even during extreme financial conditions. These rules are intended to reduce the need for an equivalent protection scheme in Ireland.

In paragraph 2.100 of his report, the Independent Person recognises that the transfer of business to PLAE is to provide certainty, as well as consistency and continuity, of the provision of administration and benefits following Brexit and the end of the transitional period, and the loss of FSCS protection is an unavoidable consequence of this.

In paragraph 9.73, he says: "I am therefore satisfied that the loss of FSCS protection would not lead to a material adverse effect on the security of benefits for the Irish Transferred Policyholders. In particular, given the likelihood of default or insolvency of PLAE is remote, the loss of FSCS is more than outweighed by the benefits of the Irish Scheme, in that the Irish Scheme ensures certainty, as well as consistency and continuity, of the provision of administration and benefits for the EEA policyholders by an insurer within the Phoenix Group."

Ombudsman Service

If you have a complaint with Phoenix that can't be resolved you have the right to refer your complaint to a relevant independent party (known as an Ombudsman).

Once your policy has transferred there'll be a change to the Ombudsman to which you should direct your complaint:

Complaints about issues before the transfer:

Complaints concerning your policy that relate to circumstances before your policy transferred to PLAE (meaning before the expected transfer date of 1 January 2023) can still be directed to either the UK Financial Ombudsman Service (FOS) or the Irish Financial Services and Pensions Ombudsman (FSPO).

Complaints about issues after the transfer:

Any complaints concerning your policy that relate to circumstances after your policy has transferred to PLAE (meaning after the expected transfer date of 1 January 2023) should be referred to the FSPO in Ireland.

The FOS and FSPO have their own procedures, including timing in which complaints should be made.

4. WHAT YOU SHOULD DO NEXT

Please take the time to read this guide, and the other documents we've sent to you, carefully to make sure you fully understand our proposals.

We do suggest you keep this information with your original policy documents.

We've enclosed the booklet 'Your Questions Answered' to help answer any questions you may have, and you'll find more detail about our proposals, including the full Scheme document on our website at www.phoenixlife.co.uk/transfer22.

Need help?

If you have any questions, are concerned about how the proposed transfer may affect your policy, or would like us to talk you through our proposals, please get in touch.



You'll find our contact details in sections 1 and 8 of this guide.

It's important that you let anyone else with an interest in your policy know about the Scheme. This might include a nominated beneficiary, a trustee in bankruptcy, an executor, a personal representative, or an assignee.

If you're a Trustee

If you're a Trustee of a Phoenix pension scheme, please make sure that all scheme members know about the Scheme and are aware that full details are available on our website or may be obtained by calling the helpline. If you'd like any assistance, please let us know by contacting our helpline.

If you purchased your policy through a financial adviser or broker

You may have purchased your policy through a financial adviser or broker, so we've also written to financial advisers and brokers to let them know about the Scheme.

How to object

If you have concerns about the proposed transfer and feel you may be adversely affected you have the right to raise an objection, which will be presented to the High Courts. Both High Courts will take all objections into consideration when reaching their decision.

You can raise your concerns or object to the Scheme in the following ways:

By calling our helpline, writing to us or completing the online form.

Please let us know if you have any concerns about the Scheme. If we can't address your concern and you'd like to raise an objection, we'll make each High Court, the Independent Person and our regulators aware of your objection before the hearing.



You can find our contact details in sections 1 and 8 of this guide.

Please raise any concerns or objections with us as soon as possible and preferably before 10 October 2022.

By attending the High Court hearing and presenting your objection in person.

If you'd like to, you can attend either of the High Court hearings or you can ask a representative to do this for you. Your representative does not need legal training and could be a friend or relative, but they will need the permission of the Court to speak on your behalf.

If you or a representative wish to present your concerns or objections at the hearing, please let us know so that we can contact you if there are any changes to the date of the hearing. We may also be able to deal directly with any concerns you have.

5 SUMMARY OF THE SCHEME

In this section we summarise the key terms of the 'Scheme'. You'll find the full Scheme document, which contains detailed technical information, on our website at www.phoenixlife.co.uk/transfer22. You can request a copy by calling our helpline.



You'll find our contact details in sections 1 and 8 of this guide.

The Effective Date

You'll see that in this section, and in the technical documents on our website, we refer to the transfer date of 1 January 2023 as the 'Effective Date'. See also "Conditions that need to be met before the Schemes can become effective" below.

Transfer of business

On the Effective Date (1 January 2023), subject to the approval of the High Court of England and Wales (in respect of the Irish, German and Icelandic policies), and the High Court of Ireland (in respect of the Irish policies only), Phoenix will transfer all of its Irish, German and Icelandic policies to PLAE. This means that PLAE will become the insurer and will be responsible for the transferring policies instead of Phoenix. At the same time, ReAssure will transfer its Norwegian, Swedish and German policies to PLAE.

The Irish Scheme relating to the Irish policies of Phoenix deals only with the transfer of those Irish policies.

On the Effective Date, PLAE will acquire all the rights, benefits and powers of Phoenix and ReAssure in relation to the transferring policies. All policyholders will be entitled to the same rights, benefits and obligations with PLAE as they had before the transfer. Unless stated otherwise in the Scheme, any contracts between Phoenix and any other organisation that relate exclusively to the transferring business will also transfer, so that from the Effective Date such contracts will be between PLAE and that organisation.

Allocation of policies

On the Effective Date:

- The German, Icelandic and Irish policies in the Non-Profit Fund of Phoenix, will transfer to the Non-Profit Fund of PLAE.
- The transferring Irish business that is sitting in four of the with-profits funds of Phoenix, will transfer into four corresponding new with-profits funds within PLAE that will be set up to accept the transferring business.

Transfer of business			
	From Phoenix:	To	New with-profits funds in PLAE:
1	90% With-Profits Fund		PLAE 90% With-Profits Fund
2	Alba With-Profits Fund		PLAE Alba With-Profits Fund
3	Phoenix With-Profits Fund		PLAE Phoenix With-Profits Fund
4	SPI With-Profits Fund		PLAE SPI With-Profits Fund

Reinsurance

On the Effective Date, Phoenix and PLAE will enter into five separate reinsurance agreements: in respect of the four with-profits funds of Phoenix and an additional

reinsurance agreement for Phoenix in relation to the transferring unit-linked business. PLAE and ReAssure will also enter into a reinsurance agreement in relation to the transferring ReAssure unit-linked business. Phoenix and ReAssure will each grant security over its assets in relation to the reinsurance, so that if Phoenix or ReAssure were ever to get into financial difficulty, PLAE would not be disadvantaged.

The four with-profits funds reinsurance agreements between Phoenix and PLAE are:

Reinsurance of business			
	From the new PLAE fund	Back To	The Phoenix fund
1	PLAE 90% With-Profits Fund		90% With-Profits Fund
2	PLAE Alba With-Profits Fund		Alba With-Profits Fund
3	PLAE Phoenix With-Profits Fund		Phoenix With-Profits Fund
4	PLAE SPI With-Profits Fund		SPI With-Profits Fund

The purpose of the reinsurance arrangements is to transfer the economic responsibility under the transferring policies back to Phoenix and thereby to minimise the impact of the proposed transfer on with-profits customers. Under the reinsurance arrangements, Phoenix will pay claims to PLAE. PLAE will be responsible for paying benefits to the holders of the transferred policies.

Whilst the reinsurance is in place, any benefits payable will continue to be calculated by reference to the with profits fund of Phoenix to which that policy was allocated prior to the Effective Date. The benefits payable will be no less than the amount you would get had you remained a policyholder of Phoenix.

The unit-linked investments of transferring unit-linked policies will be reinsured back to Phoenix (or to ReAssure for the ReAssure business) through a unit-linked reinsurance agreement. The reinsurance will allow customers to access the same range of unit-linked funds as they do now .

The Schemes require the reinsurance agreements described above to be brought into effect as at the Effective Date.

With-Profits funds

In the event of the termination of any of the with-profits reinsurance agreements, (other than when Phoenix closes the relevant with-profits fund) the Board of PLAE can decide whether it would be appropriate to continue with the running of the PLAE with-profits fund or to convert the with-profits policies on a fair basis to non-profit and to move those policies to the PLAE Non-Profit Fund. The relevant PLAE with-profits fund would at that point cease to exist. If the PLAE Board decide to continue with the PLAE with-profits fund, the fund would have to be managed in-line with the way in which the relevant with-profits fund in Phoenix is currently managed. The process and requirements to ensure that this is achieved are set out in Schedule 1 to the Scheme document which can be found on our website at www.phoenixlife.co.uk/transfer22.

If Phoenix closes a relevant with-profits fund, then the relevant reinsurance agreement will terminate. The relevant PLAE policyholders will then be provided with fair alternative benefits on a non-profit basis in line with that determined by Phoenix for its policyholders, and the business would be transferred into the PLAE Non-Profit Fund. Consequently, the relevant PLAE with-profits fund would cease to exist.

Unit-Linked Funds

On the Effective Date, PLAE will become responsible for the transferred unit linked business and PLAE will reinsure the investment element of the unit linked business to

Phoenix. There will be no change to the pricing of units or level of charges due to the transfer. If you have a unit-linked policy, immediately following the Effective Date you will have the same number and value of units as you did before.

The Scheme provides for PLAE (subject to certain restrictions, including the terms and conditions of a policy) to allow the division, merger, wind-up or closure to new or further investment or closure of unit-linked funds and the modification of their investment objectives to permit investment in reasonably similar assets.

If PLAE takes any of the actions above, relevant policyholders will be able to switch investment free of charge. There will be no change due to the Scheme to the cost of switching (if any), which will continue in line with existing policy provisions and practice.

Provision of annuity benefits

Any future annuities arising on the transferring Irish business in any of the PLAE with-profits funds or the PLAE Non-Profit Fund, will be issued by the PLAE Non-Profit Fund and retained by PLAE. They will not be reinsured back to Phoenix.

For guaranteed annuities it is possible that the PLAE with-profits fund will retain the annuities and pay them from the relevant PLAE with-profits funds in which case they will be reinsured back to Phoenix.

Residual policies

If, for technical reasons, any policy or group of policies cannot be transferred, we will treat these policies for all practical purposes in the same way as if they had transferred. To achieve this a reinsurance arrangement will be put in place between PLAE and Phoenix, until it is possible to transfer them. Were this to happen, for all intents and purposes, PLAE will act as your insurer from the Effective Date.

Data protection

Under the terms of the Scheme PLAE will become the 'data controller' meaning that it will take over the rights and responsibilities in respect of personal data which is associated with the business of Phoenix.

Costs

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

Conditions that need to be met before the Schemes can become effective

We expect the Schemes to become effective on 1 January 2023. However, this effective date is dependent on certain conditions. These are listed below:

- **Both Courts will approve the Schemes**

The Schemes are contingent on receiving the approval of the High Court of England and Wales (in relation to the transfer of certain EEA-based business of Phoenix and ReAssure to PLAE), and the approval of the Irish High Court (in relation to the transfer of Phoenix's Irish-based business to PLAE).

- **The Capitalisation Requirement is satisfied**

The Board of PLAE has confirmed that PLAE has assets, to a level agreed by the Boards of Phoenix and of ReAssure, to at least meet PLAE's capital policy once the Phoenix and ReAssure business has been transferred to PLAE.

If the conditions aren't satisfied by 1 January 2023 (the Effective Date) or Phoenix, ReAssure and PLAE agree that the Effective Date should be deferred for any other reason, then there is a buffer period which allows the Effective Date to be postponed, to 1 April 2023 at the latest. The Courts' approvals of the Schemes are valid up until that point.

Amendments to the Scheme

Before the UK Scheme is approved by the UK Court or following the UK Court hearing but prior to the Irish Court's approval of the Scheme, Phoenix, ReAssure and PLAE are allowed to make amendments or additions to the UK Scheme. If an amendment is required to be made following the UK Court hearing but prior to the Irish Court's approval, Phoenix, ReAssure and PLAE will notify policyholders on their respective websites as soon as possible and will comply with any directions from the UK Court.

Before the Irish Scheme is approved by the Irish Court, Phoenix, ReAssure and PLAE are allowed to make amendments and additions to the Irish Scheme.

Once both High Courts have approved their respective Schemes, Phoenix, ReAssure and PLAE are still allowed to make amendments or additions to the Schemes but only if they follow a specific process when doing so. This process involves making an application to the High Court, notifying the regulators, publicising the amendment if so directed by the High Court and obtaining a certificate from an independent actuary who will give their opinion on the effect of the proposed amendments on you as policyholders.

The process described above does not have to be followed if only minor or technical amendments are being made.

6 INDEPENDENT PERSON'S SUMMARY REPORT

The Independent Person, Philip Simpson who is a Principal (a senior qualified actuary) at Milliman LLP, has produced an independent scheme report, in which he details his review of the proposed transfer and his opinion on whether any group of policyholders are materially adversely affected by the proposed transfer.

In this section you can read the Summary Report.

You can see the full report on our website at www.phoenixlife.co.uk/transfer22.

PHOENIX GROUP HOLDINGS PLC

Summary Report of the Independent Expert on the proposed transfer of the EEA business of ReAssure Life Limited (formerly Old Mutual Wealth Life Assurance Limited) and Phoenix Life Limited to Phoenix Life Assurance Europe DAC

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1. INTRODUCTION

INTRODUCTION

- 1.1 It is proposed to transfer particular blocks of long term insurance business of ReAssure Life Limited (“RLL”), Phoenix Life Limited (“PLL”) including all directly insured business in the Irish branch of PLL to Phoenix Life Assurance Europe DAC (“PLAE”), an Irish insurance company, by an insurance business transfer scheme (the “UK Scheme”), as defined in Section 105 of the Financial Services and Markets Act 2000 (“FSMA”). The implementations of the UK Scheme will require approval of the High Court of Justice in England and Wales (the “UK Court”).
- 1.2 Following the United Kingdom’s (“UK’s”) exit from the European Union (“EU”), the transfer of business in the Irish branch of PLL to PLAE will also require the approval of the High Court of Justice in Ireland (the “Irish Court”), as defined in the European Union (Insurance and Reinsurance) Regulations 2015. The transfer of business in the Irish branch (the “Irish Scheme”) will run parallel to the UK Scheme.
- 1.3 I refer to the UK Scheme and the Irish Scheme collectively as the “Schemes”. The transfers under the UK Scheme and the Irish Scheme are designed such that they are co-dependent, meaning that the transfers will only occur should both the UK Scheme and Irish Scheme be approved by the relevant court.
- 1.4 It is a requirement of the FSMA that an application to the UK Court for an insurance business transfer scheme must be accompanied by a report on the terms of the transfer (“the Independent Expert’s Report”) by an independent and suitably skilled person (“the Independent Expert”). Similarly, Section 13 of the Assurance Companies Act 1909 requires that an application to the Irish Court for an order sanctioning an insurance business transfer scheme must be accompanied by a report on the terms of the transfer (the “Irish Scheme Report”) by an independent actuary (the “Independent Actuary”).
- 1.5 RLL, PLL and PLAE have together nominated me, Philip Simpson, to act as Independent Expert to the UK Court and Independent Actuary to the Irish Court.
- 1.6 This document (the “Summary Report”) sets out a summary of the Scheme together with a summary of my assessment of how the proposed transfer is likely to affect various groups of policyholders. My full assessment of the Scheme is set out in the Independent Expert’s Report (which I refer to as the “Main Report”), which is available on the RLL, PLL and PLAE websites. Please refer to the Main Report for the scope of my work and my conclusions, and the reliances, limitations and standards applying to my work. The Main Report and this summary do not provide financial or other advice to individual policyholders.
- 1.7 Shortly before the dates of the Court hearings at which an order sanctioning the relevant Scheme will be sought, I will prepare a supplementary report (the “Supplementary Report”) that will cover any relevant matters that have arisen since the date of this Summary Report and my Main Report.

BACKGROUND OF THE COMPANIES INVOLVED IN THE SCHEMES

- 1.8 Phoenix Group Holding plc (“PGH”) has a number of direct and indirect life insurance subsidiaries, including PLL, ReAssure Limited (“RAL”) and RLL. In this Summary Report, I refer to PGH and its direct and indirect subsidiaries collectively as the “Phoenix Group”.

- 1.9 PLL is domiciled and authorised in England and Wales, and is subject to the relevant requirements and guidelines of the Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”). It also operates a branch in Ireland, where it is regulated by the Central Bank of Ireland (“CBI”) in respect of prudential supervision and conduct of business rules. The principal activity of PLL is the transaction of life assurance and pension business including with-profits, unit-linked and non-profit business.
- 1.10 RLL is domiciled and authorised in England and Wales, and is subject to the relevant requirements and guidelines of the PRA and the FCA. RLL is a direct subsidiary of ReAssure Group plc (“RGP”), which was acquired by the Phoenix Group in 2020. RLL’s principal activity is the transaction of life assurance and pension business including unit-linked and non-profit business.
- 1.11 Phoenix Life Assurance Europe DAC (“PLAE”) is domiciled in the Republic of Ireland, and an application for authorisation for it to transact long-term insurance business was submitted to the CBI in August 2021. PLAE is subject to the relevant requirements and guidelines of the CBI, and its principal activity, subject to approval of its application for authorisation, will be the transaction of life assurance and pension business that is in run-off. Following its authorisation PLAE will be closed to new business except for policies issued pursuant to guaranteed annuity options and other contractual entitlements of its business, such as annuity business in respect of vesting in-force pensions business. PLAE has also applied to the CBI for authorisation and permission to operate under the Freedom of Services regime under EU legislation in all EEA states in which it has been identified that a policyholder of the Transferred Business is currently resident.

THE STRUCTURE OF THIS SUMMARY REPORT

- 1.12 Figure 1.1 below sets out the paragraphs in this Section of this Summary Report relevant to the UK Scheme and the Irish Scheme.

FIGURE 1.1 SECTIONS OF SUMMARY REPORT RELEVANT TO THE UK SCHEME AND THE IRISH SCHEME

Section	Paragraphs	UK Scheme	Irish Scheme
1	1.1 to 1.11	✓	✓
2	2.1 to 2.9	✓	
3	3.1 to 3.9		✓
4	4.1 to 4.18	✓	✓
5	5.1 to 5.5	✓	✓
6	6.1 to 6.25	✓	
7	7.1 to 7.21	✓	
8	8.1 to 8.25		✓
9	9.1 to 9.8	✓	
10	10.1 to 10.7	✓	
11	11.1 to 11.8		✓
12	12.1 to 12.16	✓	
13	13.1 to 13.12		✓
14	14.1 to 14.18	✓	
15	15.1 to 15.17		✓
16	16.1 to 16.3	✓	
17	17.1 to 17.3		✓

2. THE PROPOSED UK SCHEME

Motivation for the UK Scheme

- 2.1 In accordance with the Financial Services and Markets Act 2000 (EEA Passport Rights) Regulations 2001 (“EEA Passport Rights”), prior to the UK’s withdrawal from the EU on 31 January 2020 (commonly referred to as “Brexit”), RLL and PLL were authorised to write and administer insurance business under EEA Passport Rights. Previously, and prior to Brexit, RLL was authorised to write and administer insurance business on a Freedom of Services basis in France, Germany, Norway, Spain, and Sweden; and PLL was authorised to write and administer insurance business on a freedom of establishment basis in Ireland and Freedom of Services basis in Ireland, Germany, and Iceland.
- 2.2 Following the UK’s withdrawal from the EU and the subsequent end of the transition period on 31 December 2020, UK insurance companies are no longer permitted to use EEA Passport Rights to write and administer insurance business in the EEA. All of the relevant host regulators (i.e. those in Ireland, Germany, Sweden, Norway or Iceland) have confirmed that provided a portfolio transfer was initiated prior to the UK’s withdrawal from the EU, they would allow the finalisation of such transfers from the UK to insurers in the EU, in line with the European Insurance and Occupational Pensions Authority (“EIOPA”) Recommendation 5¹.
- 2.3 The PRA has confirmed that the UK Scheme is considered an initiated portfolio transfer and notified the relevant EEA regulators accordingly. As a result, under the relevant legislation, the UK Scheme must be sanctioned before 31 December 2022. Whilst the UK Scheme must be sanctioned before 31 December 2022, the Phoenix Group has obtained legal advice which concludes that under the relevant legislation there is no provision as to when the UK Scheme must become effective. In order to clarify this position further, on 15 June 2022 the Phoenix Group made a preliminary application to the UK Court to seek its position on this matter. The preliminary hearing confirmed that, without prejudice to any objections relating to potential adverse effects associated with the proposed Effective Date (which will be considered at the UK Sanction Hearing as usual), there is nothing that prohibits the UK Scheme from having an Effective Date after 31 December 2022. As a result of this legal advice and the outcome of the preliminary application, the proposed Effective Date of the UK Scheme is 1 January 2023, which I understand has been chosen by the Phoenix Group for operational efficiency reasons. I understand that the Phoenix Group has notified the relevant EEA regulators of the outcome of the preliminary application and of the proposed Effective Date.
- 2.4 RLL and PLL are undertaking the proposed Schemes to enable their EEA policyholders to continue to be administered by an EU insurer in a single EEA based entity, and to ensure consistency and continuity of administration in the event of future legislative and regulatory divergence between the EU and UK.

¹ On the 19 December 2019 EIOPA, published ‘Recommendations for the insurance sector in light of the United Kingdom withdrawing from the European Union’, which stated that regulators should allow the finalisation of portfolio transfers from the UK to insurers within the EU, provided that they were initiated prior to the UK’s withdrawal from the EU (“EIOPA Recommendation 5”).

Summary of the UK Scheme

- 2.5 There are two tranches of business to be transferred (the “Transferred Business”) under the proposed UK Scheme:
- The first tranche (the “RLL Transferred Business”) consists of certain unit-linked saving, investment and protection products, and critical illness policies, all of which were underwritten by RLL for policyholders resident in Germany, Norway or Sweden at inception of the relevant policy.
 - The second tranche (the “PLL Transferred Business”) consists of non-profit, including accelerated critical illness and term assurance policies, with-profits, annuities, unit-linked savings, and income protection policies. These policies were sold in Ireland (see paragraph 3.5 below), Iceland or Germany.
- 2.6 The proposed UK Scheme, if approved, would transfer all of the assets and liabilities associated with the Transferred Business, with the exception of any Residual Policies², from RLL and PLL to PLAE on the Effective Date (i.e. the date on and from which the UK Scheme becomes effective), which is expected to be 1 January 2023.
- 2.7 Figure 2.1 below sets out the number of policies and total best estimate liabilities (“BEL”) associated with the Transferred Business as at 31 December 2021. Please note that the BEL associated with the RLL Transferred Business is quoted net of the Intra-Group Reinsurance Agreement (“IGR”), which is a reinsurance agreement between RLL and RAL which reinsures the risks of RLL to RAL (with the exception of operational risks and some counterparty default risks).

FIGURE 2.1 POLICY COUNT AND BEL ASSOCIATED WITH THE TRANSFERRED BUSINESS

31 December 2021	Policy Count	BEL (£m)
RLL Transferred Business	7,161	154*
PLL Transferred Business	21,611	754

* Net of the IGR with RAL.

Source: Provided by RLL and PLL

- 2.8 The UK Scheme is expected to be presented to the UK Court for a Directions Hearing³ on 11 July 2022 and for a Sanction Hearing⁴ on 18 October 2022.
- 2.9 The transfers under the UK Scheme and the Irish Scheme are designed such that they are co-dependent, meaning that the transfers will only occur should both the UK Scheme and Irish Scheme be approved by the relevant court. The proposed Schemes are identical in the terms that relate to the transfer of the Transferred Business to, and the operation of the Transferred Business in, PLAE.

2 Residual Policies are those within the Transferred Business that cannot be transferred to PLAE on the Effective Date. As and when all consents, permissions or other requirements have been obtained they would be transferred to PLAE. There are not expected to be any Residual Policies.

3 A Directions Hearing is a short hearing at which the UK Court or Irish Court makes procedural orders with regard to a proposed transfer of insurance business, in particular in relation to communications with policyholders.

4 A Sanction Hearing is the hearing at which the UK Court or Irish Court hears the application to sanction a proposed transfer of insurance business.

3. THE PROPOSED IRISH SCHEME

Motivation for the Irish Scheme

- 3.1 In accordance with the Financial Services and Markets Act 2000 (EEA Passport Rights) Regulations 2001, prior to Brexit PLL was authorised to write and administer insurance business under EEA Passport Rights on a freedom of establishment basis in Ireland via an Irish branch and Freedom of Services basis in Ireland, Germany, and Iceland.
- 3.2 Following the UK's withdrawal from the EU and the subsequent end of the transition period on 31 December 2020, UK insurance companies are no longer permitted to use EEA Passport Rights to write and administer insurance business in the EEA. The CBI has confirmed that provided a portfolio transfer was initiated prior to the UK's withdrawal from the EU, it would allow the finalisation of such transfers from the UK to insurers in the EU, in line with EIOPA Recommendation 5⁵.
- 3.3 It would be lawful for PLL to continue to administer business written in Ireland through its Irish branch. However, PLL does not wish to rely on a third country branch to run this business because:
- This could constrain the flexibility of benefits and range of services that policyholders can be provided with;
 - A third-country branch cannot use EEA Passport Rights to administer business in other EEA member states, and therefore there is no guarantee that PLL would be able to continue to provide benefits under, or administer, policies through its Irish branch for policyholders that are not resident in Ireland, including those who move to reside in other EEA member states; and
 - Options to transfer such business in an EEA jurisdiction may be more limited in future.
- 3.4 Therefore, PLL is undertaking the proposed Irish Scheme to provide certainty, as well as consistency and continuity, that its EEA policyholders will continue to be administered and receive benefits under their policies in the event of future legislative and regulatory divergence between the EU and UK.

Summary of the Irish Scheme

- 3.5 The proposed Irish Scheme transfers only a subset of the PLL Transferred Business to PLAE. It transfers all of the directly insured policies of PLL's third country branch operation in Ireland (the "Irish PLL Transferred Business"); this includes non-profit, with-profits, annuities, unit-linked savings, and income protection policies. These were all sold in Ireland either via Irish branches of PLL's predecessor entities (which were later acquired by PLL) or via cross-border passporting. For the avoidance of doubt, the Irish PLL Transferred Business is contained within the PLL Transferred Business described in paragraph 2.6 above and is captured by both the Irish Scheme and the UK Scheme.

⁵ On the 19 December 2019 EIOPA, published 'Recommendations for the insurance sector in light of the United Kingdom withdrawing from the European Union', which stated that regulators should allow the finalisation of portfolio transfers from the UK to insurers within the EU, provided that they were initiated prior to the UK's withdrawal from the EU ("EIOPA Recommendation 5").

- 3.6 The proposed Irish Scheme, if approved, would transfer all of the assets and liabilities associated with the Irish PLL Transferred Business, with the exception of any Irish PLL Residual Policies⁶, from PLL to PLAE on the Effective Date (i.e. the date on and from which the Irish Scheme becomes effective), which is expected to be 1 January 2023.
- 3.7 Figure 3.1 below sets out the number of policies and total best estimate liabilities associated with the Irish PLL Transferred Business as at 31 December 2021.

FIGURE 3.1 POLICY COUNT AND BEL ASSOCIATED WITH THE IRISH PLL TRANSFERRED BUSINESS

31 December 2021	Policy Count	BEL (£m)
Irish PLL Transferred Business	19,974	754

Source: Provided by PLL. Within rounding, the BEL for the Irish PLL Transferred Business is equal to the BEL for all of the PLL Transferred Business.

- 3.8 The Irish Scheme is expected to be presented to the Irish Court for a Directions Hearing⁷ on 18 July 2022. The date of the Irish Sanction Hearing will be confirmed at the Irish Directions Hearing⁸, however the date of the Irish Sanction Hearing is expected to be 1 November 2022.
- 3.9 The transfers under the UK Scheme and the Irish Scheme are designed such that they are co-dependent, meaning that the transfers will only occur should both the UK Scheme and Irish Scheme be approved by the relevant court. The proposed Schemes are identical in the terms that relate to the transfer of the Transferred Business to, and the operation of the Transferred Business in, PLAE.

4. THE UNIT-LINKED REINSURANCE AGREEMENTS, WITH-PROFITS REINSURANCE AGREEMENTS AND SECURITY ARRANGEMENTS ASSOCIATED WITH THE SCHEMES

- 4.1 RLL and PLL would enter into reinsurance agreements with PLAE in respect of the Transferred Business on the Effective Date (the "Unit-Linked Reinsurance Agreements" and the "With-Profits Reinsurance Agreements"). This section applies equally to the UK Scheme and the Irish Scheme.

Unit-Linked Reinsurance Agreements

- 4.2 RLL and PLL maintain internal linked funds for the purposes of calculating benefits payable under their unit-linked policies (i.e. the "RLL Linked Funds" and "PLL Linked Funds", respectively, together the "Linked Funds"). In order for the Transferred Policyholders to continue to have access to the same Linked

⁶ Irish PLL Residual Policies are those within the Irish PLL Transferred Business that cannot be transferred to PLAE on the Effective Date. As and when all consents, permissions or other requirements have been obtained they would be transferred to PLAE. There are not expected to be any Irish PLL Residual Policies.

⁷ A Directions Hearing is a short hearing at which the UK Court or Irish Court makes procedural orders with regard to a proposed transfer of insurance business, in particular in relation to communications with policyholders.

⁸ A Sanction Hearing is the hearing at which the UK Court or Irish Court hears the application to sanction a proposed transfer of insurance business.

Funds following the Effective Date, PLAE would establish identical funds (the “RLL New Linked Funds” and “PLL New Linked Funds”, together the “New Linked Funds”) to those relevant Linked Funds available to the Transferred Policyholders immediately before the Effective Date. The relevant assets and liabilities relating to the relevant Linked Funds of RLL and PLL would transfer to the RLL New Linked Funds and PLL New Linked Funds, respectively, under the UK Scheme⁹.

- 4.3 If the Schemes were to be implemented, the investment element of the unit-linked Transferred Business would be immediately reinsured back to RLL and PLL under the RLL Unit-Linked Reinsurance Agreement and PLL Unit-Linked Reinsurance Agreement respectively, so RLL’s and PLL’s obligations to transfer the associated unit-linked assets to PLAE would be offset against PLAE’s obligations to pay reinsurance premiums of equal amounts to RLL and PLL. The RLL Unit-Linked Reinsurance Agreement and PLL Unit-Linked Reinsurance Agreement are referred to collectively as the “Unit-Linked Reinsurance Agreements”.
- 4.4 The Unit-Linked Reinsurance Agreements have the effect that the unit-linked Transferred Policyholders will be invested in exactly the same funds after the Effective Date as immediately prior to the Effective Date.
- 4.5 PLAE would have floating charges over all of the available assets held by each of RLL and PLL (that is, all assets except those over which RLL or PLL is unable to grant security) in order to minimise its counterparty exposure resulting from the Unit-Linked Reinsurance Agreements (and the With-Profits Reinsurance Agreements). I refer to these floating charges as the “RLL Floating Charge” and the “PLL Floating Charge”, or collectively the “Floating Charges”. For the avoidance of doubt, the PLL Floating Charge is a single charge which covers the PLL Unit-Linked Reinsurance Agreement and the With-Profits Reinsurance Agreements. As the processes for terminating the RLL Unit-Linked Reinsurance Agreement and the PLL Unit-Linked Reinsurance Agreement are not as complex, and therefore not as time consuming, as those associated with the With-Profits Reinsurance Agreements (which are described below), I am satisfied there is not a need for PLAE to also have fixed charges in respect of the Unit-Linked Reinsurance Agreements.
- 4.6 The Floating Charges each contain a provision which limits the recoverability to which PLAE is entitled to that of an unsecured insurance debt, therefore having the effect that PLAE would rank equally with the Non-transferring Policyholders (and other policyholders¹⁰) of RLL or PLL in the event of insolvency of RLL or PLL. The Floating Charges also contain a provision which ensures that the RLL Floating Charge and PLL Floating Charge will rank equally with (and not below) any existing or future floating charges granted by RLL or PLL respectively.
- 4.7 The Unit-Linked Reinsurance Agreements detail the circumstances in which the agreements can be terminated and the terms which must be followed upon termination, including the determination of a termination amount that PLL or RLL as applicable would be required to pay PLAE and the process to follow should PLAE dispute the calculation of the termination amount.
- 4.8 While the above description outlines the current expectations at the time of writing this Summary Report, the terms of the Unit-Linked Reinsurance Agreements and the associated Floating Charges are in final draft form and are expected to be finalised in advance of the UK Sanction Hearing. I will provide

⁹ The Irish Scheme does not involve RLL, and so does not transfer any assets and liabilities of Linked Funds of RLL.

¹⁰ This includes any new business written by RLL or PLL and any new policies that arise in relation to existing policies.

an update on this matter, and any implications on my conclusions in respect of the proposed Schemes, in my Supplementary Report. The Schemes contain a clause which requires that the Unit-Linked Reinsurance Agreements and the associated Floating Charges have been entered into prior to the Effective Date of the Schemes.

With-Profits Reinsurance Agreements

- 4.9 PLL maintains a range of with-profits funds (the “PLL WPFs”). In order for the Irish PLL Transferred Policyholders to continue to have access to the same with-profits funds after the Effective Date, the Schemes require that PLAE establish four with-profits funds (the “New With-Profits Funds”) in respect of each of the PLL WPFs in which the Irish PLL Transferred Business is currently allocated. Under the Schemes, assets and liabilities relating to Irish PLL Transferred Business in the PLL WPFs would transfer to the respective New With-Profit Funds of PLAE.
- 4.10 If the Schemes were to be implemented, the liabilities associated with the Transferred Business allocated to the PLL WPFs would be immediately reinsured back to PLL under the With-Profits Reinsurance Agreements, so PLL’s obligation to transfer the associated with-profits assets to PLAE would be offset against PLAE’s obligation to pay reinsurance premiums of an equal amount to PLL.
- 4.11 The With-Profits Reinsurance Agreements have the effect that the Irish PLL Transferred Policyholders currently allocated to the PLL WPFs would continue to have benefits payable calculated by reference to the performance and financial position of the same PLL WPF after the Effective Date as prior to the Effective Date, although they would be holders of policies with PLAE rather than PLL. It also prevents the need to split the PLL WPFs between PLL and PLAE.
- 4.12 PLAE would have a mixture of fixed and floating charges (the “WP Fixed Charges” and the “PLL Floating Charge” respectively) over the assets of PLL in respect of the liabilities reinsured under the With-Profits Reinsurance Agreements, which would minimise its counterparty exposure arising from the With-Profits Reinsurance Agreements. For the avoidance of doubt, the PLL Floating Charge is a single charge which covers the PLL Unit-Linked Reinsurance Agreement and the With-Profits Reinsurance Agreements. The overall result of the WP Fixed Charges and the PLL Floating Charge is that in the event that PLL became insolvent, PLAE would rank equally to the PLL Non-transferring Policyholders (and other PLL policyholders¹¹) except in the extreme event where the PLL Non-transferring Policyholders (and other PLL policyholders) receive less than 65% of their BEL. The WP Fixed Charges contain a provision which prohibits PLL from granting any future security over the assets associated with the WP Fixed Charges, and the PLL Floating Charge contains a provision which ensures that the PLL Floating Charge will rank equally with (and not below) any existing or future floating charges granted by PLL.
- 4.13 The With-Profits Reinsurance Agreements detail the circumstances in which the agreements can be terminated and the terms which must be followed upon termination, including determination of a termination amount that PLL would be required to pay PLAE and the process to follow should PLAE dispute the calculation of the termination amount.
- 4.14 While the above description outlines the current expectations at the time of writing this Summary Report, the terms of the With-Profits Reinsurance Agreements and the associated WP Fixed Charges and PLL Floating Charge are

11 This includes any new business written by PLL and any new policies that arise in relation to existing policies.

in final draft form and are expected to be finalised in advance of the UK Sanction Hearing. I will provide an update on this matter, and any implications on my conclusions in respect of the proposed Schemes, in my Supplementary Report. The Schemes contain a clause which requires that the With-Profits Reinsurance Agreements and the associated WP Fixed Charges and PLL Floating Charge have been entered into prior to the Effective Date of the Schemes.

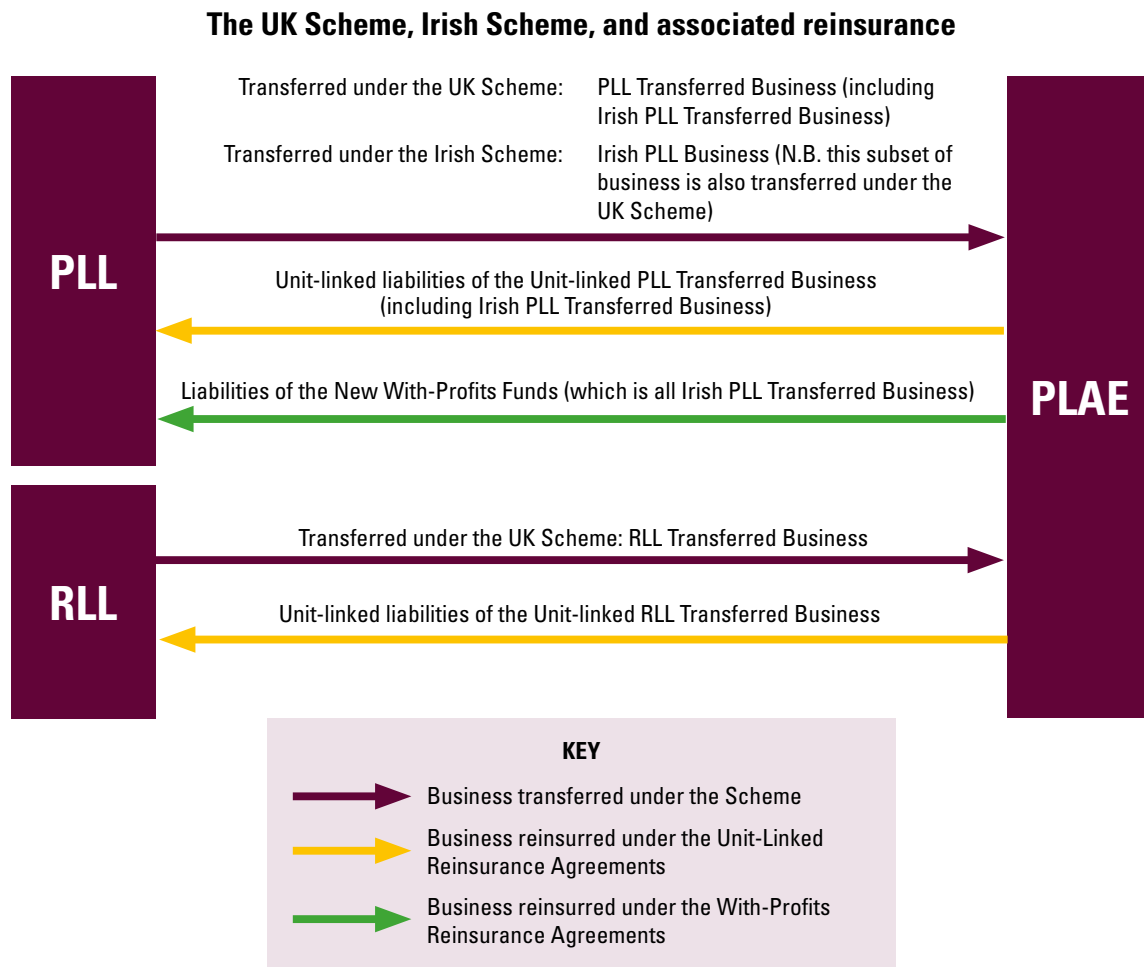
Termination of the With-Profits Reinsurance Agreements and on-going management of the New With-Profits Funds

- 4.15 If, under the provisions of the “2009 Scheme” (the scheme that transferred the business from the SPI Fund of Scottish Provident Limited on 6 February 2009), PLL is no longer required to maintain any of the PLL WPFs to which the With-Profits Reinsurance Agreements apply, then the Schemes require PLAE to cease to maintain the relevant New With-Profits Fund. The UK Scheme requires the “Closure Uplift” (an increase in the benefit entitlement of a with-profits PLL Transferred Policy) to be determined by the PLAE Board such that it is no less than the amount determined by the PLL Board for these policies as if they were policies in the relevant PLL WPF.
- 4.16 If a With-Profits Reinsurance Agreement is terminated for any other reason, the PLAE Board may choose either to close the relevant New With-Profits Fund and transfer policyholders allocated to this fund to the PLAE Non-Profit Fund (“PLAE NPF”), or to maintain the relevant New With-Profits Fund without the benefit of the With-Profits Reinsurance Agreement.
- 4.17 In the event that a With-Profits Reinsurance Agreement is terminated for any reason other than PLL no longer being required to maintain the corresponding PLL WPF under the provisions of the 2009 Scheme, then:
- If the PLAE Board chooses to maintain the relevant New With-Profits Fund then the termination amount due from PLL to PLAE would be allocated to the New With-Profits Fund and the Schemes specify the governance and management arrangements that PLAE would be required to establish in respect of the relevant New With-Profits Fund. In addition, PLAE must obtain a certificate from an independent actuary stating that in their opinion the proposed changes do not materially adversely affect the reasonable expectations of policyholders, and must consult with and obtain prior approval of the CBI.
 - If the PLAE Board chooses to close the relevant New With-Profits Fund, the assets and liabilities of the fund will be transferred to the PLAE NPF. Having regard to the advice of the Head of Actuarial Function (“HoAF”), PLAE will determine the relevant Closure Uplift to be applied, and whether converting the relevant with-profits PLL Transferred Policies to non-profit or unit-linked (or a combination of the two across different policies) is in the best interests of the relevant policyholders. In addition, PLAE must obtain a certificate from an independent actuary stating that in their opinion the proposed changes do not materially adversely affect the reasonable expectations of policyholders, and must consult with and obtain prior approval of the CBI. The Schemes also set out additional requirements that PLAE must adhere to when closing the relevant New With-Profits Fund.

Structure after the implementation of the UK Scheme, Irish Scheme, Unit-Linked Reinsurance Agreements and With-Profits Reinsurance Agreements

4.18 The following diagram summarises the structure of PLL, RLL and PLAE after the implementation of the proposed UK Scheme, Irish Scheme, Unit-Linked Reinsurance Agreements and With-Profits Reinsurance Agreements. Please note that the IGR arrangement between RLL and RAL (see paragraph 2.7) is not included within this diagram.

FIGURE 4.1 SUMMARY STRUCTURE AFTER THE UK SCHEME, IRISH SCHEME, UNIT-LINKED REINSURANCE AGREEMENTS AND WITH-PROFITS REINSURANCE AGREEMENTS



5. MY CONSIDERATIONS WITH RESPECT TO THE PROPOSED SCHEMES

5.1 The key points to consider in respect of each group of policyholders affected by the proposed Schemes are the likely change (if any) to the following as a result of the implementation of the proposed Schemes:

- The security of policyholder benefits. This is derived from the financial strength available to provide security for the benefits under the applicable capital management policy and includes the strength provided by the reinsurance agreements and by the support from the Phoenix Group. It is also derived from any protection conferred by the UK's Financial Services Compensation Scheme ("FSCS") where applicable;

- The profile of risks to which the policies are exposed;
- The oversight provided by the regulatory regime that will apply to the policies;
- The reasonable expectations of policyholders in respect of their benefits; and
- The services provided to policyholders, including the likely effects of the Schemes on the standards of administration, service, management and governance applied to each group of policies.

5.2 I consider the likely impact of the Schemes on the following groups of policyholders:

- The impact of the UK Scheme on the PLL Transferred Policyholders; (including the Irish PLL Transferred Policyholders);
- The impact of the UK Scheme on the RLL Transferred Policyholders;
- The impact of the Irish Scheme on the Irish PLL Transferred Policyholders;
- The impact of the UK Scheme on the policyholders who would remain within PLL after the transfer has taken place (the “PLL Non-transferring Policyholders”);
- The impact of the UK Scheme on the policyholders who would remain within RLL after the transfer has taken place (the “RLL Non-transferring Policyholders”); and
- The impact of the Irish Scheme on the PLL Non-transferring Policyholders, the German PLL Transferred Policyholders and the Icelandic PLL Transferred Policyholders¹².

5.3 Prior to the implementation of the Schemes PLAE will not have any policyholders.

PLL, RLL and PLAE balance sheets

5.4 Summarised pre-Schemes and pro-forma post-Schemes Solvency II Pillar 1 balance sheets for PLL and RLL as at 31 December 2021 are set out in Figures 5.1 and 5.2 below. The pro-forma post-Schemes balance sheets reflect the financial position of PLL, RLL and PLAE assuming the UK Scheme and the Irish Scheme had taken effect as at 31 December 2021.

FIGURE 5.1 SUMMARISED PRE-SCHEME SOLVENCY II PILLAR 1 BALANCE SHEETS AS AT 31 DECEMBER 2021

£M	PLL PRE-SCHEMES	RLL PRE-SCHEMES	PLAE PRE-SCHEMES
Own Funds	4,309	233	n/a
SCR	2,656	37	n/a
Excess assets after SCR	1,653	196	n/a
Solvency cover ratio	162%	636%	n/a

Source: Phoenix Group’s 31 December 2021 Solvency and Financial Condition Report

¹² The transfer to PLAE of the German PLL Transferred Policies and the Icelandic PLL Transferred Policies would be effected by the UK Scheme; they are not transferred by the Irish Scheme. When considering the Irish Scheme, I therefore consider holders of those policies in addition to the PLL Non-transferring Policyholders (who will also not be transferred by the Irish Scheme). This is a technical point of detail relating to my role as Independent Actuary to the Irish Court. As the Irish Scheme will only be implemented with the UK Scheme, and vice versa, it has no practical implications.

FIGURE 5.2 SUMMARISED PRO-FORMA POST-SCHEME SOLVENCY II PILLAR 1 BALANCE SHEETS AS AT 31 DECEMBER 2021

£M	PLL POST-SCHEMES	RLL POST-SCHEMES	PLAE POST-SCHEMES
Own Funds	4,296	235	99
SCR	2,614	36	66
Excess assets after SCR	1,682	199	33
Solvency cover ratio	164%	661%	150%

Source: PLL Chief Actuary Report and RLL Chief Actuary Report

5.5 Please note that the solvency cover ratio of RLL is high as a result of the IGR between RLL and RAL, which significantly reduces RLL's SCR (the denominator used in the calculation of the ratio).

6. THE IMPACT OF THE UK SCHEME ON THE PLL TRANSFERRED POLICYHOLDERS

6.1 In this section I consider the likely effects on the PLL Transferred Policyholders of the implementation of the proposed UK Scheme.

The effect of the UK Scheme on the security of benefits under the PLL Transferred Policies

6.2 I have considered the effect of the proposed UK Scheme on the security of benefits under the PLL Transferred Policies.

6.3 In summary, I have concluded that if the proposed UK Scheme were to be implemented:

- Both PLL and PLAE have capital management policies that follow the principles that underpin the Phoenix Group Life Companies Risk Appetite Framework ("Life Companies RAF") and so calibrate their minimum capital buffer in the same way;
- The management responses required following a breach of the minimum capital buffer are materially the same for PLL and PLAE;
- The governance arrangements in respect of any changes to the respective capital management policies are broadly equivalent between PLL and PLAE;
- Reliance on the financial strength of PLAE rather than PLL would not lead to a material adverse effect on the security of benefits under the PLL Transferred Policies;
- The PLL Unit-Linked Reinsurance Agreement and With-Profits Reinsurance Agreements would not lead to a material adverse effect on the security of benefits under the PLL Transferred Policies;
- As a result of the PLL Floating Charge and WP Fixed Charges, PLAE would rank at least equally to PLL Non-transferring Policyholders in the event of PLL insolvency;
- There would be no changes to the existing reinsurance arrangements used in respect of the PLL Transferred Business, other than that the arrangements would be transferred to PLAE (aside from one existing

reinsurance contract in respect of the business in the Irish PLL Transferred Business which, given this business is to be reinsured back to PLL under the With-Profits Reinsurance Agreements, will not be transferred to PLAE but will instead be converted to a retrocession agreement¹³ for PLL);

- Both PLL and PLAE are members of the Phoenix Group, with PGH being the ultimate parent of both. It is therefore unlikely that the proposed UK Scheme would change PGH's willingness or ability to support the PLL Transferred Business; and
- The policyholder ranking upon wind-up of an Irish insurer is at least as favourable as the policyholder ranking upon wind-up of a UK insurer.

6.4 Some of the PLL Transferred Policies are covered under the FSCS, the UK's statutory 'fund of last resort'. There is no equivalent Irish compensation scheme for the types of policies held by the PLL Transferred Policyholders. Therefore it is likely that if the proposed UK Scheme were to be implemented, the eligible PLL Transferred Policyholders would no longer have access to a scheme offering protection in the event of insurer insolvency. However, I note that:

- The purpose of the proposed UK Scheme is to effect the transfer of the PLL Transferred Business to PLAE in order to provide certainty, as well as consistency and continuity, of the provision of administration and benefits following Brexit and the end of the transition period, and the loss of FSCS protection is an unavoidable consequence of this; and
- Given that PLAE will be adequately capitalised and will be required to comply with Solvency II, I consider the likelihood of default or insolvency of PLAE to be remote.

6.5 In addition, I understand that PLL has conducted internal analysis and believes that approximately half of PLL Transferred Policyholders are not currently covered by the FSCS; for such policyholders, the implementation of the UK Scheme would therefore not result in any changes to their compensation scheme eligibility.

6.6 Overall, I am satisfied that if the proposed UK Scheme were to be implemented, there would be no material adverse effect on the security of benefits under the PLL Transferred Policies.

The effect of the UK Scheme on the profile of risks to which the PLL Transferred Policies are exposed

6.7 If the proposed UK Scheme were to be implemented, the risk profiles of PLL and PLAE would differ considerably. Market risk, spread risk, longevity risk and other underwriting risks are the most significant components of PLL's risk profile; should the UK Scheme be implemented the largest risks to which PLAE would be exposed are longevity, spread and counterparty default risk. However, the risks to which PLAE will be exposed are typical of insurance entities, and the minimum capital it will be required to hold will reflect its risk profile.

6.8 I am satisfied that any change in risk profile exposure of PLL Transferred Policies as a result of the implementation of the proposed UK Scheme would not have a material adverse effect on the PLL Transferred Policies as:

- The longevity basis used by PLAE is specific to the annuities of the PLL Transferred Business and reflects the profile of these policyholders;

¹³ The relevant liabilities are reassured from PLAE to PLL which in turn reassures (retrocedes) those liabilities as it currently does.

- The spread risk is predominantly due to the corporate bond asset portfolio held to back the annuity business of the PLL Transferred Business;
- The counterparty default risk is mainly as a result of the Unit-Linked Reinsurance Agreements and With-Profits Reinsurance Agreements and the risks associated with these agreements are mitigated by the corresponding Floating Charges and WP Fixed Charges; and
- The With-Profits Reinsurance Agreements contain termination provisions which can be triggered if PLL is assigned a credit rating which is credit quality step 4 or below, in accordance with Solvency II standards (as they apply in the EU)¹⁴.

The effect on the PLL Transferred Policies of the change in regulatory regime from the UK to Ireland

- 6.9 If the proposed UK Scheme were to be implemented, the PLL Transferred Policyholders would become part of PLAE, and so protected by the regulatory environment in Ireland rather than that of the UK as currently. Accordingly:
- The FCA will no longer have any responsibility in respect of conduct of business regulation, instead the CBI will have primary responsibility. There will be no change to the local host (country) regulator requirements which also need to be met. However, I have no reason to believe that the conduct of business regulations of the CBI would be any less robust than those applied by the FCA, in addition the principles of the CBI and the FCA in respect of conduct of business are generally aligned;
 - There is no requirement in Ireland for insurers with with-profits business to establish a With-Profits Committee (“WPC”); however, while the With-Profits Reinsurance Agreements are in place, the WPC of PLL will continue to consider issues related to the PLL Transferred Business;
 - The PLL Principles and Practices and Financial Management (“PPFM”), which governs the operation of PLL WPFs, will be updated to make clear that it applies to the PLL Transferred Policies reinsured back to the PLL WPFs whilst the With-Profits Reinsurance Agreements remain in place;
 - With regard to prudential supervision, which will be undertaken by the CBI rather than the PRA, the two regulators have aligned aims of promoting the strength and financial soundness of financial institutions;
 - The solvency framework for insurers in Ireland and the UK is Solvency II; however, both the Solvency II regime itself and the UK’s adoption of the Solvency II regime are under review. Given the current stage of the review of Solvency II in the UK, I am unable to consider in detail the impact that any potential changes may have on the proposed Schemes. However, I note the desire for the UK to maintain broad equivalence with the Solvency II regime, the intended cooperation of the UK and the EU in relation to regulatory and supervisory matters, and the extended timeframe over which any changes to the solvency capital regime in the UK or the EU are likely to be considered. I will, however, consider any further developments relating to this matter in my Supplementary Report; and
 - In most circumstances, after the implementation of the UK Scheme, there will be a change to the independent complaints service to which PLL Transferred Policyholders have access. However, the services provided are broadly similar to those currently available in the UK and I do not consider

¹⁴ PLL currently has a credit rating of AA- from Fitch Ratings Inc, which corresponds to Solvency II Credit Quality Step 1.

the differences to represent a material weakening in the independent complaints services available to PLL Transferred Policyholders. In addition, since PLL has previously referred complaints from PLL Transferred Policyholders to the independent complaints service in Ireland, the fact that in most circumstances following the implementation of the UK Scheme, the PLL Transferred Policyholders will be required to raise complaints with the independent complaints service in Ireland, does not represent a change to current practice.

- 6.10 Overall, I am satisfied that the change in regulatory regime from the UK to Ireland would not have a material adverse effect on the PLL Transferred Policies.

The effect of the UK Scheme on the reasonable expectations of the PLL Transferred Policyholders in respect of their benefits

- 6.11 If the proposed UK Scheme were to be implemented there would be no intended changes to the terms and conditions of the PLL Transferred Policies (aside from becoming policies of PLAE and therefore being administered in line with PLAE's approach to administration). However, given the legacy nature of PLL's business, it is possible that some of the PLL Transferred Policies will need to be interpreted in a way that is consistent with the operation of the UK Scheme, PLL Unit-Linked Reinsurance Agreement and With-Profits Reinsurance Agreements, post transfer. An example is that some of the terms and conditions of the with-profits PLL Transferred Policies refer to the insurer maintaining funds by reference to which the benefits payable under the policies will be calculated. After the Effective Date, such terms and conditions would need to be interpreted as allowing benefits under these policies to be calculated, through the UK Scheme and With-Profits Reinsurance Agreements, by reference to the performance and financial position of the relevant PLL WPFs. The nature of such changes would not impact the way in which any affected policies are managed. In addition, the various aspects of the transfer which ensure that the implementation of the UK Scheme would not have a material adverse effect on the benefit expectations of the with-profits PLL Transferred Policies, as outlined in paragraph 6.15 below, would continue to apply to such policies.
- 6.12 For the non-profit PLL Transferred Policies, there would be no change to the benefits guaranteed under the policy, or the dates or contingencies on which these benefits would be paid.
- 6.13 For some Irish PLL Transferred Policyholders paying their policy premiums by bank transfer, Standing Order, Giro or cheque, after the UK Scheme there will be a change to the account into which payments are made. This will be highlighted in the Communications Packs, and a bespoke letter will also be sent to affected Irish PLL Transferred Policyholders ahead of the Effective Date. I understand that the Phoenix Group is novating the relevant bank accounts to PLAE and therefore all policyholder premiums should be received by PLAE following the Effective Date, regardless of whether an affected policyholder updates the payee account to which their premium payments are directed. I am therefore satisfied that the change in bank account into which certain policyholders pay premiums will not impact the benefit expectations of those policyholders.
- 6.14 The implementation of the UK Scheme would not have a material adverse effect on the benefit expectations of the unit-linked PLL Transferred Policies. This is because:

- There would be no change to the range of funds to which the unit-linked PLL Transferred Policies would have access, nor the management of these funds and no change to the number, value or type of units held; and
 - Where the charges to unit-linked policies are contractual, these would be unchanged, and where there is an element of discretion, the intention is that the PLAE Board will adopt an approach consistent with that currently taken by the PLL Board. I understand that confirming its approach to the exercise of discretion is a priority agenda item for the PLAE Board and has been added to the agenda for the PLAE Board meeting on 19 July 2022, I will provide an update on this matter in my Supplementary Report.
- 6.15 The implementation of the UK Scheme would not have a material adverse effect on the benefit expectations of the with-profits PLL Transferred Policies. This is because:
- Through the With-Profits Reinsurance Agreements, the with-profits PLL Transferred Policyholders will continue to participate in the same PLL WPFs and will continue to be entitled to the same share of the estate of the relevant PLL WPF;
 - Whilst the WP Fixed Charges held over segregated custodian accounts will require the splitting of assets within the relevant PLL WPFs, these assets will continue to be managed in line with the respective strategic asset allocation described in the PPFM;
 - There would be no change to the management of the PLL WPFs, nor the application of discretion;
 - The UK Scheme contains a provision which ensures that benefits payable to with-profits PLL Transferred Policyholders would be no less than if their policy was still allocated to the relevant PLL WPF;
 - Together, the UK Scheme and the With-Profits Reinsurance Agreements provide a clear governance structure that must be followed to effect the termination of the agreements, and to ensure that the PLL Transferred Policyholders are not materially adversely affected by PLAE's decision to either maintain or close the relevant New With-Profits Funds; and
 - All of the PLL WPFs have existing evergreen fixed expense agreements. This will be unchanged as a result of the transfer.
- 6.16 The Irish Revenue has confirmed that the proposed UK Scheme should not result in any tax consequences for annuities in payment contained within the PLL Transferred Business; however it is necessary to bulk transfer these policies to a new payroll system. The ability to perform the bulk transfer of these policies is still being confirmed with the relevant administration providers, and I will provide an update on this in my Supplementary Report. I understand from PLL that they anticipate that all administration providers will be able to perform the bulk transfer, and further it is not unusual for administration providers in Ireland to perform such transfers; however, should the PLL Transferred Policyholders suffer any detrimental changes to their tax status as a result of the proposed UK Scheme, PLAE would ensure ex-gratia payments are made to rectify the situation.
- 6.17 Based on the information provided, I am satisfied that there would not be a material adverse change to PLL Transferred Policyholders' tax liabilities following the implementation of the UK Scheme.
- 6.18 Overall, I am satisfied that the proposed UK Scheme would not have a material adverse effect on the reasonable expectations of the PLL Transferred Policyholders in respect of their benefits.

The effect of the UK Scheme on management, governance, administration and servicing of the PLL Transferred Policyholders

- 6.19 The PLL Transferred Business is currently subject to the management and governance of PLL and would, if the UK Scheme is implemented, be subject to the management and governance of PLAE. The PLAE Board consists of a majority of independent members.
- 6.20 If the proposed UK Scheme is implemented, there will be no change to the administration for Icelandic PLL Transferred Policies, German PLL Transferred Policies and the subset of Irish PLL Transferred Policies that is administered by SS&C International Managed Services Limited ("SS&C"). However; for the Icelandic PLL Transferred Policies and the German PLL Transferred Policies, where oversight of claims administration and referrals for decision making from the administration providers were previously undertaken by Diligenta Limited ("Diligenta"), these activities will now be undertaken by PLAE. For Irish PLL Transferred Policies administered by Diligenta, Mercer Limited ("Mercer") or Unum Limited ("Unum"), after the UK Scheme the servicing model would be that Standard Life Assets & Employee Services Limited ("SLAESL") (Irish branch) would provide personnel to PLAE to enable PLAE to carry out the regulated activities in this administration arrangement (that is, SLAESL would not be undertaking regulated activities in its own name in respect of these policies, but providing personnel who act "as" PLAE). Unregulated IT and back-office services and automated processes, not amounting to regulated nor IDD-related activities, would continue to be procured from Diligenta in the UK for the Irish PLL Transferred Policies currently administered by Diligenta, and would be provided by ReAssure UK Services Limited ("RUKSL") in the UK for the Irish PLL Transferred Policies currently administered by Mercer or Unum (which is aligned to the approach being taken for RLL Transferred Policyholders).
- 6.21 PLAE is currently establishing its administration and servicing model in Ireland for the groups of policies outlined above for which the administration provider will change. However, I understand that PLAE's overall aim is to provide administration and services equivalent to those under the contracts that PLL currently has in place in respect of the PLL Transferred Policies and that PLAE does not anticipate any change to the current service delivery levels following the implementation of the UK Scheme. In order to achieve this, the Master Service Agreement ("MSAs") that PLAE and SLAESL (Irish branch) will enter into will contain service level metrics which are aligned to existing service level metrics, and the agreements that SLAESL (Irish branch) will enter into with external parties will maintain the features of the corresponding existing agreements. In addition, the MSA arrangements that PLAE enters into (either directly or indirectly through Phoenix Group service companies) will be aligned to the Phoenix Group Sourcing and Procurement Framework, Supplier Governance Framework and Supplier Management Model as applicable, ensuring consistency with existing services provided to PLL in respect of the PLL Transferred Policies. PLAE will also establish the PLAE Customer Committee in order to oversee the management of all areas impacting PLAE's customers, including oversight of outsourced activities.
- 6.22 In addition, the Phoenix Group is currently in the process of recruiting new staff members to perform services in respect of the PLL Transferred Business in Ireland, and is undertaking various measures to ensure that new staff members receive adequate training and handover from existing staff outsourcers to maintain the levels of administration and servicing of the relevant PLL Transferred Policies. PLAE has certain contingencies in place to ensure that the PLL Transferred Policies can continue to be serviced following the Effective

Date including, if necessary, seconding existing staff in the UK to SLAESL (Irish branch) in Ireland in order to perform some or all of the required roles on a temporary basis.

- 6.23 Since the establishment of PLAE's administration and servicing model and detailed implementation plan are still in progress at the time of writing this Summary Report, I will provide an update on this matter in my Supplementary Report.
- 6.24 I am satisfied that PLAE has adequate plans in place to ensure there is no deterioration in the levels of administration and servicing of the PLL Transferred Policies, including suitable measures to enable effective oversight of the PLL Transferred Policies and plans to ensure that new staff members providing services in respect of the PLL Transferred Policies are adequately trained to deliver services to the same standards as currently provided.
- 6.25 Overall, I am therefore satisfied that the implementation of the UK Scheme would not have a material adverse effect on the levels and standards of management, governance, administration and service that would apply to the PLL Transferred Business.

7. THE IMPACT OF THE UK SCHEME ON THE RLL TRANSFERRED POLICYHOLDERS

- 7.1 In this section I consider the likely effects on the RLL Transferred Policyholders of the implementation of the proposed UK Scheme.

The effect of the UK Scheme on the security of benefits under the RLL Transferred Policies

- 7.2 I have considered the effect of the proposed UK Scheme on the security of benefits under the RLL Transferred Policies.
- 7.3 In summary, I have concluded that if the proposed UK Scheme were to be implemented:
- RLL is currently aligning its capital management policy such that it follows the principles that underpin the Life Companies RAF and PLAE's draft capital management policy also follows these principles, therefore they will calibrate their minimum capital buffer in the same way. The alignment of RLL's capital management policy with the Life Companies RAF is expected to complete in advance of the UK Sanction Hearing, and I will provide an update on this matter in my Supplementary Report;
 - PLAE has a formalised plan should its solvency cover ratio fall below its capital buffer, however RLL does not have a formalised plan due to the existence of the IGR. Although there are differences in management responses required following a breach of the minimum capital buffer, these would not have a material adverse effect on the security of benefits of the RLL Transferred Policies;
 - The governance arrangements in respect of any changes to the respective capital management policies are broadly equivalent between RLL and PLAE;
 - Reliance on the financial strength of PLAE rather than RLL would not lead to a material adverse effect on the security of benefits under the RLL Transferred Policies;

- The RLL Unit-Linked Reinsurance Agreement would not lead to a material adverse effect on the security of benefits under the RLL Transferred Policies;
 - As a result of the RLL Floating Charge, PLAE would rank equally to RLL Non-transferring Policyholders in the event of RLL insolvency;
 - There would be no changes to the existing reinsurance arrangements used in respect of the RLL Transferred Business (other than that the arrangements would be transferred to PLAE), aside from the IGR between RLL and RAL which will no longer cover the risks associated with the RLL Transferred Business. The risks associated with the RLL Transferred Business would transfer to PLAE;
 - Both RLL and PLAE are members of the Phoenix Group, with PGH being the ultimate parent of both. It is therefore unlikely that the proposed UK Scheme would change PGH's willingness or ability to support the RLL Transferred Business; and
 - The policyholder ranking upon wind-up of an Irish insurer is at least as favourable as the policyholder ranking upon wind-up of a UK insurer.
- 7.4 Some of the RLL Transferred Policies are covered under the FSCS, the UK's statutory 'fund of last resort'. There is no equivalent Irish compensation scheme for the types of policies held by the RLL Transferred Policyholders. Therefore it is likely that if the proposed UK Scheme were to be implemented, the eligible RLL Transferred Policyholders would no longer have access to a scheme offering protection in the event of insurer insolvency. However, I note that:
- The purpose of the proposed UK Scheme is to effect the transfer of the RLL Transferred Business to PLAE in order to provide certainty, as well as consistency and continuity, of the provision of administration and benefits following Brexit and the end of the transition period, and the loss of FSCS protection is an unavoidable consequence of this; and
 - Given that PLAE will be adequately capitalised and will be required to comply with Solvency II, I consider the likelihood of default or insolvency of PLAE to be remote.
- 7.5 Overall, I am satisfied that if the proposed UK Scheme were to be implemented, there would be no material adverse effect on the security of benefits under the RLL Transferred Policies.

The effect of the UK Scheme on the profile of risks to which the RLL Transferred Policies are exposed

- 7.6 If the proposed UK Scheme were to be implemented, the risk profiles of RLL and PLAE would differ considerably, and the largest risks to which PLAE will be exposed are longevity, spread and counterparty default risk. However, the risks to which PLAE will be exposed are typical of insurance entities, and the minimum capital it will be required to hold will reflect its risk profile.
- 7.7 I am satisfied that any change in risk profile exposure of RLL Transferred Policies as a result of the implementation of the proposed UK Scheme would not have a material adverse effect on the RLL Transferred Policies as:
- The longevity basis used by PLAE is specific to the annuities of the PLL Transferred Business and reflects the profile of these policyholders;
 - The spread risk is predominantly due to the corporate bond asset portfolio held to back the annuity business of the PLL Transferred Business;

- The counterparty default risk is mainly as a result of the Unit-Linked Reinsurance Agreements and With-Profits Reinsurance Agreements and the risks associated with these agreements are mitigated by the corresponding Floating Charges and WP Fixed Charges; and
- The With-Profits Reinsurance Agreements contain termination provisions which can be triggered if PLL is assigned a credit rating which is credit quality step 4 or below, in accordance with Solvency II standards (as they apply in the EU)¹⁵.

The effect on the RLL Transferred Policies of the change in regulatory regime from the UK to Ireland

- 7.8 If the proposed UK Scheme were to be implemented, the RLL Transferred Policyholders would become part of PLAЕ, and so protected by the regulatory environment in Ireland rather than that of the UK as currently. Accordingly:
- The FCA will no longer have any responsibility in respect of conduct of business regulation, instead the CBI will have primary responsibility. There will be no change to the local host (country) regulator requirements which also need to be met. However, I have no reason to believe that the conduct of business regulations of the CBI would be any less robust than those applied by the FCA, in addition the principles of the CBI and the FCA in respect of conduct of business are generally aligned;
 - With regard to prudential supervision, which will be undertaken by the CBI rather than the PRA, the two regulators have aligned aims of promoting the strength and financial soundness of financial institutions;
 - The solvency framework for insurers in Ireland and the UK is Solvency II; however, both the Solvency II regime itself and the UK's adoption of the Solvency II regime are under review. Given the current stage of the review of Solvency II in the UK, I am unable to consider in detail the impact that any potential changes may have on the proposed Schemes. However, I note the desire for the UK to maintain broad equivalence with the Solvency II regime, the intended cooperation of the UK and the EU in relation to regulatory and supervisory matters, and the extended timeframe over which any changes to the solvency capital regime in the UK or the EU are likely to be considered. I will, however, consider any further developments relating to this matter in my Supplementary Report; and
 - In most circumstances, after the implementation of the UK Scheme, there will be a change to the independent complaints service to which RLL Transferred Policyholders have access. However, the services provided are broadly similar to those currently available in the UK and I do not consider the differences to represent a material weakening in the independent complaints services available to RLL Transferred Policyholders.
- 7.9 Overall, I am satisfied that the change in regulatory regime from the UK to Ireland would not have a material adverse effect on the RLL Transferred Policies.

¹⁵ PLL currently has a credit rating of AA- from Fitch Ratings Inc, which corresponds to Solvency II Credit Quality Step 1.

The effect of the UK Scheme on the reasonable expectations of the RLL Transferred Policyholders in respect of their benefits

- 7.10 If the proposed UK Scheme were to be implemented there would be no change to the terms and conditions of the RLL Transferred Policies (aside from becoming policies of PLAE and therefore being administered in line with PLAE's approach to administration).
- 7.11 For the non-profit RLL Transferred Policies, there would be no change to the benefits guaranteed under the policy, or the dates or contingencies on which these benefits would be paid.
- 7.12 The implementation of the UK Scheme would not have a material adverse effect on the benefit expectations of the unit-linked RLL Transferred Policies. This is because:
- There would be no change to the range of funds to which the unit-linked RLL Transferred Policies would have access, nor the management of these funds and no change to the number, value or type of units held; and
 - Where the charges to unit-linked policies are contractual, these would be unchanged, and where there is an element of discretion, the intention is that the PLAE Board will adopt an approach consistent with that currently taken by the RLL Board. I understand that confirming its approach to the exercise of discretion is a priority agenda item for the PLAE Board and has been added to the agenda for the PLAE Board meeting on 19 July 2022, I will provide an update on this matter in my Supplementary Report.
- 7.13 Based on the information provided, I am satisfied that there would not be a material adverse change to RLL Transferred Policyholders' tax liabilities following the implementation of the UK Scheme.
- 7.14 Overall, I am satisfied that the proposed UK Scheme would not have a material adverse effect on the reasonable expectations of the RLL Transferred Policyholders in respect of their benefits.

The effect of the UK Scheme on management, governance, administration and servicing of the RLL Transferred Policyholders

- 7.15 The RLL Transferred Business is currently subject to the management and governance of RLL and would, if the UK Scheme is implemented, be subject to the management and governance of PLAE. The PLAE Board consists of a majority of independent members.
- 7.16 If the proposed UK Scheme is implemented, the administration provider for the RLL Transferred Policies will change from RUKSL to PLAE. SLAESL (Irish branch) would provide personnel to PLAE to enable PLAE to carry out the regulated activities in this administration arrangement (that is, SLAESL would not be undertaking regulated activities in its own name in respect of these policies, but providing personnel who act "as" PLAE). Unregulated IT and back-office services and automated processes, not amounting to regulated nor IDD-related activities, would continue to be provided by RUKSL in the UK.
- 7.17 PLAE is currently establishing its administration and servicing model in Ireland for the RLL Transferred Policies. However, I understand that PLAE's overall aim is to provide administration and services equivalent to those under the contracts that RLL currently has in place in respect of the RLL Transferred Policies and that PLAE does not anticipate any change to the current service delivery levels following the implementation of the UK Scheme. In order to achieve this, the

MSA that PLAE and SLAESL (Irish branch) will enter into will contain service level metrics which are aligned to existing service level metrics. In addition, the MSA arrangements that PLAE enters into (either directly or indirectly through Phoenix Group service companies) will be aligned to the Phoenix Group Sourcing and Procurement Framework, Supplier Governance Framework and Supplier Management Model as applicable, ensuring consistency with existing services provided to RLL in respect of the RLL Transferred Policies. PLAE will also establish the PLAE Customer Committee in order to oversee the management of all areas impacting PLAE's customers, including oversight of outsourced services.

- 7.18 In addition, the Phoenix Group is currently in the process of recruiting new staff members to perform services in respect of the RLL Transferred Business in Ireland, and is undertaking various measures to ensure that new staff members receive adequate training and handover from existing outsourcers to maintain the levels of administration and servicing of the RLL Transferred Policies. PLAE has certain contingencies in place to ensure that the RLL Transferred Policies can continue to be serviced following the Effective Date including, if necessary, seconding existing staff in the UK to SLAESL (Irish branch) in Ireland in order to perform some or all the required roles on a temporary basis.
- 7.19 Since the establishment of PLAE's administration and servicing model and detailed implementation plan are still in progress at the time of writing this Summary Report, I will provide an update on this matter in my Supplementary Report.
- 7.20 I am satisfied that PLAE has adequate plans in place to ensure there is no deterioration in the levels of administration and servicing of the RLL Transferred Policies, including suitable measures to enable effective oversight of its service providers and plans to ensure that new staff members providing services in respect of the RLL Transferred Policies are adequately trained to deliver services to the same standard as currently provided.
- 7.21 Overall, I am satisfied that the implementation of the UK Scheme would not have a material adverse effect on the levels and standards of management, governance, administration and service that would apply to the RLL Transferred Business.

8. THE IMPACT OF THE IRISH SCHEME ON THE IRISH PLL TRANSFERRED POLICYHOLDERS

- 8.1 In this section I consider the likely effects on the Irish PLL Transferred Policyholders of the implementation of the proposed Irish Scheme.

The effect of the Irish Scheme on the security of benefits under the Irish PLL Transferred Policies

- 8.2 I have considered the effect of the proposed Irish Scheme on the security of benefits under the Irish PLL Transferred Policies.
- 8.3 In summary, I have concluded that if the proposed Irish Scheme were to be implemented:
- Both PLL and PLAE have capital management policies that follow the principles that underpin the Life Companies RAF and so calibrate their minimum capital buffer in the same way;

- The management responses required following a breach of the minimum capital buffer are materially the same for PLL and PLAE;
- The governance arrangements in respect of any changes to the respective capital management policies are broadly equivalent between PLL and PLAE;
- Reliance on the financial strength of PLAE rather than PLL would not lead to a material adverse effect on the security of benefits under the Irish PLL Transferred Policies;
- The PLL Unit-Linked Reinsurance Agreement and With-Profits Reinsurance Agreements would not lead to a material adverse effect on the security of benefits under the Irish PLL Transferred Policies;
- As a result of the PLL Floating Charge and WP Fixed Charges, PLAE would rank at least equally to PLL Non-transferring Policyholders in the event of PLL insolvency;
- There would be no changes to the existing reinsurance arrangements used in respect of the Irish PLL Transferred Business, other than that the arrangements would be transferred to PLAE (aside from one existing reinsurance contract in respect of the business in the Irish PLL Transferred Business which, given this business is to be reinsured back to PLL under the With-Profits Reinsurance Agreements, will not be transferred to PLAE but will instead be converted to a retrocession agreement¹⁶ for PLL);
- Both PLL and PLAE are members of the Phoenix Group, with PGH being the ultimate parent of both. It is therefore unlikely that the proposed Irish Scheme would change PGH's willingness or ability to support the PLL Transferred Business; and
- The policyholder ranking upon wind-up of an Irish insurer is at least as favourable as the policyholder ranking upon wind-up of a UK insurer.

8.4 Some of the Irish PLL Transferred Policies are covered under the FSCS, the UK's statutory 'fund of last resort'. There is no equivalent Irish compensation scheme for the types of policies held by the Irish PLL Transferred Policyholders. Therefore it is likely that if the proposed Irish Scheme were to be implemented, the eligible Irish PLL Transferred Policyholders would no longer have access to a scheme offering protection in the event of insurer insolvency. However, I note that:

- The purpose of the proposed Irish Scheme is to effect the transfer of the Irish PLL Transferred Business to PLAE in order to provide certainty, as well as consistency and continuity, of the provision of administration and benefits following Brexit and the end of the transition period, and the loss of FSCS protection is an unavoidable consequence of this; and
- Given that PLAE will be adequately capitalised and will be required to comply with Solvency II, I consider the likelihood of default or insolvency of PLAE to be remote.

8.5 In addition, I understand that PLL has conducted internal analysis and believes that approximately half of Irish PLL Transferred Policyholders are not currently covered by the FSCS; for such policyholders, the implementation of the Irish Scheme would therefore not result in any changes to their compensation scheme eligibility.

8.6 Overall, I am satisfied that if the proposed Irish Scheme were to be implemented, there would be no material adverse effect on the security of benefits under the Irish PLL Transferred Policies.

¹⁶ The relevant liabilities are reassured from PLAE to PLL which in turn reassures (retrocedes) those liabilities as it currently does.

The effect of the Irish Scheme on the profile of risks to which the Irish PLL Transferred Policies are exposed

- 8.7 If the proposed Irish Scheme were to be implemented, the risk profiles of PLL and PLAE would differ considerably. Underwriting risk (driven by longevity risk) and market risk are the two most significant components of PLL's risk profile, whilst credit risk is also a material risk; should the UK Scheme be implemented the largest risks to which PLAE would be exposed are longevity, spread and counterparty default risk. However, the risks to which PLAE will be exposed are typical of insurance entities, and the minimum capital it will be required to hold will reflect its risk profile.
- 8.8 I am satisfied that any change in risk profile exposure of Irish PLL Transferred Policies as a result of the implementation of the proposed Irish Scheme would not have a material adverse effect on the Irish PLL Transferred Policies as:
- The longevity basis used by PLAE is specific to the annuities of the PLL Transferred Business and reflects the profile of these policyholders;
 - The spread risk is predominantly due to the corporate bond asset portfolio held to back the annuity business of the PLL Transferred Business;
 - The counterparty default risk is mainly as a result of the Unit-Linked Reinsurance Agreements and With-Profits Reinsurance Agreements and the risks associated with these agreements are mitigated by the Floating Charges and WP Fixed Charges; and
 - The With-Profits Reinsurance Agreements contain termination provisions which can be triggered if PLL is assigned a credit rating which is credit quality step 4 or below, in accordance with Solvency II standards (as they apply in the EU).¹⁷

The effect on the Irish PLL Transferred Policies of the change in regulatory regime from the UK to Ireland

- 8.9 If the proposed Irish Scheme were to be implemented, the Irish PLL Transferred Policyholders would become part of PLAE, and so protected by the regulatory environment in Ireland rather than that of the UK as currently. Accordingly:
- The FCA will no longer have any responsibility in respect of conduct of business regulation, instead the CBI will have primary responsibility. There will be no change to the local host (country)_regulator requirements which also need to be met. However, I have no reason to believe that the conduct of business regulations of the CBI would be any less robust than those applied by the FCA, in addition the principles of the CBI and the FCA in respect of conduct of business are generally aligned;
 - There is no requirement in Ireland for insurers with with-profits business to establish a WPC; however, while the With-Profits Reinsurance Agreements are in place, the WPC of PLL will continue to consider issues related to the Irish PLL Transferred Business;
 - The PLL PPFM, which governs the operation of PLL WPFs, will be updated to make clear that it applies to the Irish PLL Transferred Policies reinsured back to the PLL WPFs whilst the With-Profits Reinsurance Agreements remain in place;

¹⁷ PLL currently has a credit rating of AA- from Fitch Ratings Inc, which corresponds to Solvency II Credit Quality Step 1.

- With regard to prudential supervision, which will be undertaken by the CBI rather than the PRA, the two regulators have aligned aims of promoting the strength and financial soundness of financial institutions;
- The solvency framework for insurers in Ireland and the UK is Solvency II; however, both the Solvency II regime itself and the UK's adoption of the Solvency II regime are under review. Given the current stage of the review of Solvency II in the UK, I am unable to consider in detail the impact that any potential changes may have on the proposed Schemes. However, I note the desire for the UK to maintain broad equivalence with the Solvency II regime, the intended cooperation of the UK and the EU in relation to regulatory and supervisory matters, and the extended timeframe over which any changes to the solvency capital regime in the UK or the EU are likely to be considered. I will, however, consider any further developments relating to this matter in my Supplementary Report; and
- In most circumstances, after the implementation of the Irish Scheme, there will be a change to the independent complaints service to which Irish PLL Transferred Policyholders have access. However, the services provided are broadly similar to those currently available in the UK and I do not consider the differences to represent a material weakening in the independent complaints services available to Irish PLL Transferred Policyholders. In addition, since PLL has previously referred complaints from Irish PLL Transferred Policyholders to the independent complaints service in Ireland, the fact that in most circumstances following the implementation of the Irish Scheme, the Irish PLL Transferred Policyholders will be required to raise complaints with the independent complaints service in Ireland, does not represent a change to current practice.

8.10 Overall, I am satisfied that the change in regulatory regime from the UK to Ireland would not have a material adverse effect on the Irish PLL Transferred Policies.

The effect of the Irish Scheme on the reasonable expectations of the Irish PLL Transferred Policyholders in respect of their benefits

8.11 If the proposed Irish Scheme were to be implemented there would be no intended changes to the terms and conditions of the Irish PLL Transferred Policies (aside from becoming policies of PLAE and therefore being administered in line with PLAE's approach to administration). However, given the legacy nature of PLL's business, it is possible that some of the Irish PLL Transferred Policies will need to be interpreted in a way that is consistent with the operation of the Irish Scheme, PLL Unit-Linked Reinsurance Agreement and With-Profits Reinsurance Agreements, post transfer. An example is that some of the terms and conditions of the with-profits Irish PLL Transferred Policies refer to the insurer maintaining funds by reference to which the benefits payable under the policies will be calculated. After the Effective Date, such terms and conditions would need to be interpreted as allowing benefits under these policies to be calculated, through the Irish Scheme and With-Profits Reinsurance, by reference to the performance and financial position of the relevant PLL WPFs. The nature of such changes would not impact the way in which any affected policies are managed. In addition, the various aspects of the transfer which ensure that the implementation of the Irish Scheme would not have a material adverse effect on the benefit expectations of the with-profits Irish PLL Transferred Policies, as outlined in paragraph 8.15 below, would continue to apply to such policies.

- 8.12 For the non-profit Irish PLL Transferred Policies, there would be no change to the benefits guaranteed under the policy, or the dates or contingencies on which these benefits would be paid.
- 8.13 For some Irish PLL Transferred Policyholders paying their policy premiums by bank transfer, Standing Order, Giro or cheque, after the Irish Scheme there will be a change to the account into which payments are made. This will be highlighted in the Communications Packs, and a bespoke letter will also be sent to affected Irish PLL Transferred Policyholders ahead of the Effective Date. I understand that the Phoenix Group is novating the relevant bank accounts to PLAE and therefore all policyholder premiums should be received by PLAE following the Effective Date, regardless of whether an affected policyholder updates the payee account to which their premium payments are directed. I am therefore satisfied that the change in bank account into which certain policyholders pay premiums will not impact the benefit expectations of those policyholders.
- 8.14 The implementation of the Irish Scheme would not have a material adverse effect on the benefit expectations of the unit-linked Irish PLL Transferred Policies. This is because:
- There would be no change to the range of funds to which the unit-linked Irish PLL Transferred Policies would have access, nor the management of these funds and no change to the number, value or type of units held; and
 - Where the charges to unit-linked policies are contractual, these would be unchanged, and where there is an element of discretion, the intention is that the PLAE Board will adopt an approach consistent with that currently taken by the PLL Board and has been added to the agenda for the PLAE Board meeting on 19 July 2022, I understand that confirming its approach to the exercise of discretion is a priority agenda item for the PLAE Board once it is established in advance of the Effective Date, and I will provide an update on this matter in my Supplementary Report.
- 8.15 The implementation of the Irish Scheme would not have a material adverse effect on the benefit expectations of the with-profits Irish PLL Transferred Policies. This is because:
- Through the With-Profits Reinsurance Agreements, the with-profits Irish PLL Transferred Policyholders will continue to participate in the same PLL WPFs and will continue to be entitled to the same share of the estate of the relevant PLL WPF;
 - Whilst the WP Fixed Charges held over segregated custodian accounts will require the splitting of assets within the relevant PLL WPFs, these assets will continue to be managed in line with the respective strategic asset allocation described in the PPFM;
 - There would be no change to the management of the PLL WPFs, nor the application of discretion;
 - The Irish Scheme contains a provision which ensures that benefits payable to with-profits Irish PLL Transferred Policyholders would be no less than if their policy was still allocated to the relevant PLL WPF;
 - Together, the Irish Scheme and the With-Profits Reinsurance Agreements provide a clear governance structure that must be followed to effect the termination of the agreements, and to ensure that the Irish PLL Transferred Policyholders are not materially adversely affected by PLAE's decision to either maintain or close the relevant New With-Profits Funds; and

- All of the PLL WPFs have existing evergreen fixed expense agreements. This will be unchanged as a result of the transfer.
- 8.16 The Irish Revenue has confirmed that the proposed Irish Scheme should not result in any tax consequences for annuities in payment contained within the Irish PLL Transferred Business; however it is necessary to bulk transfer these policies to a new payroll system. The ability to perform the bulk transfer of these policies is still being confirmed with the relevant administration providers, and I will provide an update on this in my Supplementary Report. I understand from PLL that they anticipate that all administration providers will be able to perform the bulk transfer, and further it is not unusual for administration providers in Ireland to perform such transfers; however, should the Irish PLL Transferred Policyholders suffer any detrimental changes to their tax status as a result of the proposed Irish Scheme, PLAE would ensure ex-gratia payments are made to rectify the situation.
- 8.17 Based on the information provided, I am satisfied that there would not be a material adverse change to Irish PLL Transferred Policyholders' tax liabilities following the implementation of the Irish Scheme.
- 8.18 Overall, I am satisfied that the proposed Irish Scheme would not have a material adverse effect on the reasonable expectations of the Irish PLL Transferred Policyholders in respect of their benefits.

The effect of the Irish Scheme on management, governance, administration and servicing of the Irish PLL Transferred Policyholders

- 8.19 The Irish PLL Transferred Business is currently subject to the management and governance of PLL and would, if the UK Scheme is implemented, be subject to the management and governance of PLAE. The PLAE Board consists of a majority of independent members.
- 8.20 If the proposed Irish Scheme is implemented, there will be no change to the administration for Irish PLL Transferred Policies administered by SS&C. For Irish PLL Transferred Policies administered by Diligenta, Mercer or Unum, after the Irish Scheme the servicing model would be that SLAESL (Irish branch) would provide personnel to PLAE to enable PLAE to carry out the regulated activities in this administration arrangement (that is, SLAESL would not be undertaking regulated activities in its own name in respect of these policies, but providing personnel who act "as" PLAE). Unregulated IT and back-office services and automated processes, not amounting to regulated nor IDD-related activities, would continue to be procured from Diligenta in the UK for the Irish PLL Transferred Policies currently administered by Diligenta, and would be provided by RUKSL in the UK for the Irish PLL Transferred Policies currently administered by Mercer or Unum (which is aligned to the approach being taken for RLL Transferred Policyholders).
- 8.21 PLAE is currently establishing its administration and servicing model in Ireland for the Irish PLL Transferred Policies for which the administration provider will change. However, I understand that PLAE's overall aim is to provide administration and services equivalent to those under the contracts that PLL currently has in place in respect of the Irish PLL Transferred Policies and that PLAE does not anticipate any change to the current service delivery levels following the implementation of the Irish Scheme. In order to achieve this, the MSA that PLAE and SLAESL (Irish branch) will enter into will contain service level metrics which are aligned to existing service level metrics, and the agreements that SLAESL (Irish branch) will enter into with external parties will maintain the features of the corresponding existing agreements. In addition,

the MSA arrangements that PLAE enters into (either directly or indirectly through Phoenix Group service companies) will be aligned to the Phoenix Group Sourcing and Procurement Framework, Supplier Governance Framework and Supplier Management Model as applicable, ensuring consistency with existing services provided to PLL in respect of the Irish PLL Transferred Policies. PLAE will also establish the PLAE Customer Committee in order to oversee the management of all areas impacting PLAE's customers, including oversight of outsourced activities.

- 8.22 In addition, the Phoenix Group is currently in the process of recruiting new staff members to perform services in respect of the Irish PLL Transferred Business in Ireland, and is undertaking various measures to ensure that new staff members receive adequate training and handover from existing outsourcers to maintain the levels of administration and servicing of the relevant Irish PLL Transferred Policies. PLAE has certain contingencies in place to ensure that the Irish PLL Transferred Policies can continue to be serviced following the Effective Date including, if necessary, seconding existing staff in the UK to SLAESL (Irish branch) in Ireland in order to perform some or all the required roles on a temporary basis.
- 8.23 Since the establishment of PLAE's administration and servicing model and detailed implementation plan are still in progress at the time of writing this Summary Report, I will provide an update on this matter in my Supplementary Report.
- 8.24 I am satisfied that PLAE has adequate plans in place to ensure there is no deterioration in the levels of administration and servicing of the Irish PLL Transferred Policies, including suitable measures to enable effective oversight of the Irish PLL Transferred Policies and plans to ensure that new staff members providing services in respect of the Irish PLL Transferred Policies are adequately trained to deliver services to the same standards as currently provided.
- 8.25 Overall, I am satisfied that the implementation of the Irish Scheme would not have a material adverse effect on the levels and standards of management, governance, administration and service that would apply to the Irish PLL Transferred Business.

9. THE IMPACT OF THE UK SCHEME ON THE PLL NON-TRANSFERRING POLICYHOLDERS

- 9.1 In this section I consider the likely effects on the PLL Non-transferring Policyholders of the implementation of the proposed UK Scheme.

The effect of the UK Scheme on the security of benefits under the PLL Non-transferring Policies

- 9.2 If the proposed UK Scheme were to be implemented:
- There would be no change to the PLL Capital Management Policy;
 - There would be no adverse effect on the financial strength of PLL;
 - The PLL Unit-Linked Reinsurance Agreement and With-Profits Reinsurance Agreements would not have a material adverse effect on the security of

benefits under the PLL Non-transferring Policies or on the ranking of PLL Non-transferring Policyholders in the event of PLL insolvency;

- There would be no changes to the external reinsurance arrangements used by PLL in respect of the PLL Non-transferring Business;
- There would be no material change to how PLL manages the reinsurance business currently accepted in the Irish branch of PLL from two external parties;
- There would be no change to the availability of parental support from PGH to PLL; and
- There would be no change to the FSCS eligibility of PLL Non-transferring Policyholders.

9.3 Therefore, I am satisfied that, if the proposed UK Scheme were to be implemented, there would be no material adverse effect on the security of the benefits under the PLL Non-transferring Policies.

The effect of the UK Scheme on the profile of risks to which the PLL Non-transferring Policies are exposed

9.4 If the proposed UK Scheme were to be implemented, the risk profile of PLL would be materially unchanged. I am therefore satisfied that the implementation of the UK Scheme would not have a material adverse effect on the profile of risks to which the PLL Non-transferring Policies are exposed.

The effect of the UK Scheme on the reasonable expectations of the PLL Non-transferring Policyholders in respect of their benefits

9.5 If the proposed UK Scheme were to be implemented there would be no change to:

- The terms and conditions of the PLL Non-transferring Policies;
- The governance or management of the PLL Non-transferring Policies;
- The administration, servicing and asset management arrangements for the PLL Non-transferring Policies;
- The range of funds to which the unit-linked PLL Non-transferring Policyholders have access and the management of these funds; or
- The with-profits PLL Non-transferring Policyholders' participation in the relevant PLL WPFs and the management of these funds as they apply to with-profits PLL Non-transferring Policies. Whilst the WP Fixed Charges held over segregated custodian accounts will require the splitting of assets within the relevant PLL WPFs, these assets will continue to be managed in line with the respective strategic asset allocation described in the PPFM.

9.6 The with-profits PLL Transferred Business that is currently allocated to the PLL SPI With-Profits Fund ("PLL SPI WPF") represents 22% of the PLL SPI WPF by BEL as at 31 December 2021, and therefore the termination of the With-Profits Reinsurance Agreement in respect of the PLL SPI WPF may bring forward the estimated date at which the PLL SPI WPF is wound-up by two to three years. At the point that the SPI WPF is wound-up the with-profits PLL Non-transferring Policyholders that reside in the SPI WPF would have their policies reallocated to the PLL Non-Profit Fund and provided with alternative non-profit benefits, and this process would be subject to PLL obtaining appropriate actuarial advice and FCA approval. Overall I am satisfied that this would not materially adversely

affect the reasonable benefit expectations of the relevant with-profits PLL Non-transferring Policyholders. This is because there will be no change to the sunset clause as a result of the proposed UK Scheme, the amount of time by which the UK Scheme is expected to bring the trigger point forward is not significant and PLL would be required to obtain appropriate actuarial advice regarding the fair treatment of policyholders under this process.

- 9.7 It is not anticipated that the With-Profits Reinsurance Agreements will be terminated in the short-term. However, if such termination does occur, there are adequate steps included within the With-Profits Reinsurance Agreements to ensure that the relevant PLL WPF is split fairly between PLL and PLAE, and that the termination amount paid by PLL to PLAE in respect of the liabilities reinsured under the With-Profits Reinsurance Agreements would be fair to both the relevant with-profits PLL Non-transferring Policyholders and the relevant with-profits PLL Transferred Policyholders. I am therefore satisfied that there would be no material adverse effect on the reasonable benefit expectations of the with-profits PLL Non-transferring Policyholders.
- 9.8 Overall, I am satisfied that the implementation of the UK Scheme would not have a material adverse effect on the reasonable benefit expectations of the PLL Non-transferring Policyholders or on the standards of administration, service, management and governance that apply to the PLL Non-transferring Policies.

10. THE IMPACT OF THE UK SCHEME ON THE RLL NON-TRANSFERRING POLICYHOLDERS

- 10.1 In this section I consider the likely effects on the RLL Non-transferring Policyholders of the implementation of the proposed UK Scheme.

The effect of the UK Scheme on the security of benefits under the RLL Non-transferring Policies

- 10.2 If the proposed UK Scheme were to be implemented:
- There would be no change to the capital management policy adopted by RLL as a result of the UK Scheme;
 - There would be no adverse effect on the financial strength of RLL;
 - The RLL Unit-Linked Reinsurance Agreement would not have a material adverse effect on the security of benefits under the RLL Non-transferring Policies or on the ranking of RLL Non-transferring Policyholders in the event of RLL insolvency;
 - There would be no changes to the IGR and external reinsurance arrangements used by RLL in respect of the RLL Non-transferring Business;
 - There would be no change to the availability of parental support from PGH to RLL; and
 - There would be no change to the FSCS eligibility of RLL Non-transferring Policyholders.
- 10.3 Therefore, I am satisfied that, if the proposed UK Scheme were to be implemented, there would be no material adverse effect on the security of the benefits under the RLL Non-transferring Policies.

The effect of the UK Scheme on the profile of risks to which the RLL Non-transferring Policies are exposed

10.4 If the proposed UK Scheme were to be implemented, the risk profile of RLL would be materially unchanged. I am therefore satisfied that the implementation of the UK Scheme would not have a material adverse effect on the profile of risks to which the RLL Non-transferring Policies are exposed.

The effect of the UK Scheme on the reasonable expectations of the RLL Non-transferring Policyholders in respect of their benefits

10.5 If the proposed UK Scheme were to be implemented there would be no change to:

- The terms and conditions of the RLL Non-transferring Policies;
- The governance or management of the RLL Non-transferring Policies;
- The administration, servicing and asset management arrangements for the RLL Non-transferring Policies; or
- The range of funds to which the unit-linked RLL Non-transferring Policyholders have access and the management of these funds.

10.6 The Swedish Transferred Policies have recently been successfully migrated from existing RLL Linked Funds into separate Swedish Linked Funds. This migration was required because the way in which unit-linked Swedish Transferred Business is taxed changed from 1 January 2022 (it was not required to facilitate the implementation of the UK Scheme). The RLL Linked Funds are currently priced on a bid or offer basis according to net daily cash inflows (i.e. the price will be on an offer basis if the fund is net inflow and on a bid basis if the fund is net outflow). Whilst this split of the relevant RLL Linked Funds is not a direct consequence of the UK Scheme, it may result in some daily differences arising in the unit pricing bases for the two parts of the respective split funds due to fluctuations in daily cash flows of the RLL Linked Funds. However, as these RLL Linked Funds are closed to new business, and the information provided to me by RLL indicates that generally outgo is expected to exceed income, it is likely that the funds will be net outflow, and therefore usually priced on a bid basis. I am therefore satisfied that any differences will not be material, and it is not unreasonable to conclude that there would be no systematic material adverse impact on the unit-linked RLL Non-transferring Policyholders.

10.7 Overall, I am satisfied that the implementation of the UK Scheme would not have a material adverse effect on the reasonable benefit expectations of the RLL Non-transferring Policyholders or on the standards of administration, service, management and governance that apply to the RLL Non-transferring Policies.

11. THE IMPACT OF THE IRISH SCHEME ON THE PLL NON-TRANSFERRING POLICYHOLDERS

11.1 In this section I consider the likely effects on the PLL Non-transferring Policyholders of the implementation of the proposed Irish Scheme.

The effect of the Irish Scheme on the security of benefits under the PLL Non-transferring Policies

11.2 If the proposed Irish Scheme were to be implemented:

- There would be no change to the PLL Capital Management Policy;
- There would be no adverse effect on the financial strength of PLL;
- The PLL Unit-Linked Reinsurance Agreement and With-Profits Reinsurance Agreements would not have a material adverse effect on the security of benefits under the PLL Non-transferring Policies or on the ranking of PLL Non-transferring Policyholders in the event of PLL insolvency;
- There would be no changes to the external reinsurance arrangements used by PLL in respect of the PLL Non-transferring Business;
- There would be no material change to how PLL manages the reinsurance business currently accepted in the Irish branch of PLL from two external parties;
- There would be no change to the availability of parental support from PGH to PLL; and
- There would be no change to the FSCS eligibility of PLL Non-transferring Policyholders.

11.3 Therefore, I am satisfied that, if the proposed Irish Scheme were to be implemented, there would be no material adverse effect on the security of the benefits under the PLL Non-transferring Policies.

The effect of the Irish Scheme on the profile of risks to which the PLL Non-transferring Policies are exposed

11.4 If the proposed Irish Scheme were to be implemented, the risk profile of PLL would be materially unchanged. I am therefore satisfied that the implementation of the Irish Scheme would not have a material adverse effect on the profile of risks to which the PLL Non-transferring Policies are exposed.

The effect of the Irish Scheme on the reasonable expectations of the PLL Non-transferring Policyholders in respect of their benefits

11.5 If the proposed Irish Scheme were to be implemented there would be no change to:

- The terms and conditions of the PLL Non-transferring Policies;
- The governance or management of the PLL Non-transferring Policies;
- The administration, servicing and asset management arrangements for the PLL Non-transferring Policies;
- The range of funds to which the unit-linked PLL Non-transferring Policyholders have access and the management of these funds; or

- The with-profits PLL Non-transferring Policyholders' participation in the relevant PLL WPFs and the management of these funds as they apply to with-profits PLL Non-transferring Policies. Whilst the WP Fixed Charges held over segregated custodian accounts will require the splitting of assets within the relevant PLL WPFs, these assets will continue to be managed in line with the respective strategic asset allocation described in the PPFM.
- 11.6 The with-profits Irish PLL Transferred Business that is currently allocated to the PLL SPI WPF represents 22% of the PLL SPI WPF by BEL as at 31 December 2021, and therefore the termination of the With-Profits Reinsurance Agreement in respect of the PLL SPI WPF may bring forward the estimated date at which the PLL SPI WPF is wound-up by two to three years. At the point that the SPI WPF is wound-up the with-profits PLL Non-transferring Policyholders that reside in the SPI WPF would have their policies reallocated to the PLL Non-Profit Fund and provided with alternative non-profit benefits, and this process would be subject to PLL obtaining appropriate actuarial advice and FCA approval. I am therefore satisfied that this would not materially adversely affect the reasonable benefit expectations of the relevant with-profits PLL Non-transferring Policyholders. This is because there will be no change to the sunset clause as a result of the proposed Irish Scheme, the amount of time by which the Irish Scheme is expected to bring the trigger point forward is not significant and PLL would be required to obtain appropriate actuarial advice regarding the fair treatment of policyholders under this process.
- 11.7 It is not anticipated that the With-Profits Reinsurance Agreements will be terminated in the short-term. However, if such termination does occur, there are adequate steps included within the With-Profits Reinsurance Agreements to ensure that the relevant PLL WPF is split fairly between PLL and PLAE, and that the termination amount paid by PLL to PLAE in respect of the liabilities reinsured under the With-Profits Reinsurance Agreements would be fair to both the relevant with-profits PLL Non-transferring Policyholders and the relevant with-profits PLL Transferred Policyholders. I am therefore satisfied that there would be no material adverse effect on the reasonable benefit expectations of the with-profits PLL Non-transferring Policyholders.
- 11.8 Overall, I am satisfied that the implementation of the Irish Scheme would not have a material adverse effect on the reasonable benefit expectations of the PLL Non-transferring Policyholders or on the standards of administration, service, management and governance that apply to the PLL Non-transferring Policies.

12. MY CONSIDERATIONS IN RESPECT OF THE FAIR TREATMENT OF CUSTOMERS IN RELATION TO THE UK SCHEME

Proposed waiver applications

- 12.1 PLL and RLL intend to seek waivers from the regulatory requirements to send a written notice to the PLL Non-transferring Policyholders and the RLL Non-transferring Policyholders respectively. This is on the basis that the financial impact of the UK Scheme on these policyholders is not material, there is not expected to be any benefit to these policyholders in receiving communications about the UK Scheme as they will be unaffected by the proposal, and the

significant costs of contacting these policyholders would outweigh any disadvantage of these policyholders not receiving communications about the UK Scheme.

- 12.2 In addition, I have concluded that the implementation of the proposed UK Scheme would have no material adverse effect on the Non-transferring Policyholders. I am therefore satisfied that the application for a waiver from the regulatory requirements to send a written notice to the Non-transferring Policyholders is reasonable.
- 12.3 In addition to the parties outlined above, RLL and PLL intend to seek waivers from the regulatory requirements to send a written notice to the following parties:
- Gone-aways (policyholders for whom a valid address is not held);
 - Joint policyholders (living at different addresses, with only the first or otherwise nominated policyholder to receive communications);
 - Beneficiaries and dependants (including in respect of pensions earmarking);
 - Assignees;
 - Trustees in bankruptcy;
 - The holder of the power of attorney; and
 - Deceased policyholders.
- 12.4 These waivers have been sought on the basis of practicality, impossibility and/or proportionality. I have reviewed the reasons why each of these waivers has been sought and I am satisfied that the application for a waiver to send a written notice to the parties outlined above is reasonable.
- 12.5 RLL and PLL intend to seek a waiver from the regulatory requirement to publish a notice in two UK newspapers, including any international editions of UK newspapers. This is on the basis that:
- Advertising in the UK (or international versions of UK publications) is considered unlikely to have the effect of notifying additional Transferred Policyholders than would be notified either through the mailing for the proposed UK Scheme or the additional advertising planned in Ireland due to the high number of Irish PLL Transferred Policyholders marked as 'gone-away' (see paragraph 12.10 below); and
 - As outlined in paragraph 12.1, there is not expected to be any benefit to Non-transferring Policyholders in receiving communications about the UK Scheme.
- 12.6 Based on the above, and since I have concluded that the implementation of the proposed UK Scheme would have no material adverse effect on the Non-transferring Policyholders, I am satisfied that the application for a waiver from the requirement to publish a notice in two UK national newspapers, including any international editions of UK newspapers, is reasonable.

The Communications Pack

- 12.7 The Transferred Policyholders for whom RLL or PLL holds a name and address (except for those populations where a mailing waiver has been granted by the UK Court) will be sent a "Communications Pack" about the UK Scheme prior to the UK Sanction Hearing to enable them to make representations to the UK Court if they feel they may be disadvantaged by the proposals.

- 12.8 I have reviewed the draft Communications Packs, and I am satisfied that the content highlights to the Transferred Policyholders the key elements of the UK Scheme of which they should be aware, including:
- The motivation, process and co-dependencies of the UK and Irish Schemes;
 - How to raise an objection;
 - The loss of future coverage under the FSCS as a result of the Irish Scheme, and reference to my conclusions on this;
 - Impacts of the UK Scheme on the benefits, terms and conditions, administration and tax status;
 - Confirmation that the costs of the UK Scheme will be met by PLL and RLL, and not the policyholders or with-profits funds of PLL or RLL; and
 - Where currently available, the new contact details that policyholders should use to raise queries relating to their policy after the Effective Date.
- 12.9 In addition to the Communications Packs, there will be separate mailings to policyholders on specific matters. For example, separate letters will be sent to Transferred Policyholders impacted by the following:
- For some Irish PLL Transferred Policyholders it will be necessary for them to use updated payment details to pay their premiums after the Effective Date. The affected Irish PLL Transferred Policyholders will be provided with this information with sufficient time prior to the Effective Date to action the required changes.
 - For some Transferred Policyholders the contact details that should be used to raise queries after the Effective Date will not be available at the time the Communications Pack is sent, and therefore these will be included in a separate letter.

The approach to gone-aways

- 12.10 As at April 2022, 49 (less than 1%) of the Transferred Policyholders covered by the UK Scheme, excluding the Irish PLL Transferred Policyholders, were marked as 'gone-away'. Of the Irish PLL Transferred Policyholders 2,661 (approximately 15%) were marked as gone-away. Due to the high level of gone-aways in Ireland, PLL will arrange additional advertising of the UK Scheme in three daily newspapers. In addition, PLL will make effort to reduce the number of gone-aways in Ireland in advance of the UK Scheme by publishing a separate advertisement in six daily newspapers in Ireland, aimed at re-establishing contact with gone-away policyholders.

Policyholder responses

- 12.11 RLL and PLL have made arrangements to manage policyholder responses to communications relating to the UK Scheme as well as to handle any objections received.
- 12.12 I will review the responses received from policyholders, including any objections received, and provide an update on these in my Supplementary Report.

Conclusion

- 12.13 I have reviewed the proposed communications strategy and drafts of the Communications Packs.

- 12.14 As detailed within this Report, PLAE is currently in the process of implementing various measures to ensure the operational readiness of its administration and servicing model. The Communications Packs highlight to Transferred Policyholders any change to the administration of their policy and I understand that where the proposed UK Scheme results in a change to the telephone numbers policyholders should use to contact the Phoenix Group, a separate targeted mailing will be sent in respect of this. I will ensure that I provide an update on this matter in my Supplementary Report.
- 12.15 Overall, I am satisfied that the proposed approach to communication with policyholders, including the application for the waivers, is fair and reasonable, and that the information contained in the draft communications with policyholders adequately describes the proposals to policyholders.
- 12.16 The costs of the UK Scheme will be met by the shareholders of the Phoenix Group, and will not be met by any policyholders or with-profits funds of RLL or PLL. I am satisfied that this allocation of costs as described above is reasonable.

13. MY CONSIDERATIONS IN RESPECT OF THE FAIR TREATMENT OF CUSTOMERS IN RELATION TO THE IRISH SCHEME

Proposed waiver applications

- 13.1 PLL intends to seek waivers from the regulatory requirements to send a written notice to the following parties:
- Gone-aways (policyholders for whom a valid address is not held);
 - Joint policyholders (living at different addresses, with only the first or otherwise nominated policyholder to receive communications);
 - Beneficiaries and dependants (including in respect of pensions earmarking);
 - Assignees;
 - Trustees in respect of bankruptcy;
 - The holder of the power of attorney; and,
 - Deceased policyholders.
- 13.2 These waivers have been sought on the basis of practicality, impossibility and/ or proportionality. I have reviewed the reasons why each of these waivers has been sought and I am satisfied that the application for a waiver to send a written notice to the parties outlined above is reasonable.

The Communications Pack

- 13.3 The Irish PLL Transferred Policyholders for whom PLL holds a name and address (except for those populations where a mailing waiver has been granted by the Irish Court) will be sent a "Communications Pack" about the Irish Scheme prior to the Irish Sanction Hearing to enable them to make representations to the Irish Court if they feel they may be disadvantaged by the proposals.

- 13.4 I have reviewed the draft Communications Packs, and I am satisfied that the content highlights to the Irish PLL Transferred Policyholders the key elements of the Irish Scheme of which they should be aware, including:
- The motivation, process and co-dependencies of the UK and Irish Schemes;
 - How to raise an objection;
 - The loss of future coverage under the FSCS as a result of the Irish Scheme, and reference to my conclusions on this;
 - Impacts of the Irish Scheme on the benefits, terms and conditions, administration and tax status;
 - Confirmation that the costs of the Irish Scheme will be met by PLL, and not the policyholders or with-profits funds of PLL; and
 - Where currently available, the new contact details that policyholders should use to raise queries relating to their policy after the Effective Date.
- 13.5 In addition to the Communications Packs, there will be separate mailings to policyholders on specific matters. For example, separate letters will be sent to Transferred Policyholders impacted by the following:
- For some Irish PLL Transferred Policyholders it will be necessary for them to use updated payment details to pay their premiums after the Effective Date. The affected Irish PLL Transferred Policyholders will be provided with this information with sufficient time prior to the Effective Date to action the required changes.
 - For some Transferred Policyholders the contact details that should be used to raise queries after the Effective Date will not be available at the time the Communications Pack is sent, and therefore these will be included in a separate letter.

The approach to gone-aways

- 13.6 As at April 2022, 2,661 (approximately 15%) of the Irish PLL Transferred Policyholders were marked gone-away. Due to the high-level of gone-aways, PLL will arrange additional advertising of the Irish Scheme in three daily newspapers in Ireland. In addition, PLL will make efforts to reduce the number of gone aways in Ireland in advance of the Irish Scheme by publishing a separate advertisement in six daily newspapers in Ireland, aimed at re-establishing contact with gone-away policyholders.

Policyholder responses

- 13.7 PLL has made arrangements to manage policyholder responses to communications relating to the Irish Scheme as well as to handle any objections received.
- 13.8 I will review the responses received from policyholders, including any objections received, and provide an update on these in my Supplementary Report.

Conclusion

- 13.9 I have reviewed the proposed communications strategy and drafts of the Communications Packs.
- 13.10 As detailed within this Report, PLAE is currently in the process of implementing various measures to ensure the operational readiness of its administration and

servicing model. The Communications Packs highlight to Irish PLL Transferred Policyholders any change to the administration of their policy and I understand that where the proposed Irish Scheme results in a change to the telephone numbers policyholders should use to contact the Phoenix Group, a separate targeted mailing will be sent in respect of this. I will ensure that I provide an update on this matter in my Supplementary Report.

- 13.11 Overall, I am satisfied that the proposed approach to communication with policyholders, including the application for the waivers, is fair and reasonable, and that the information contained in the draft communications with policyholders adequately describes the proposals to policyholders.
- 13.12 The costs of the Irish Scheme will be met by the shareholders of the Phoenix Group, and will not be met by any policyholders or with-profits funds of PLL. I am satisfied that this allocation of costs of the Irish Scheme is reasonable.

14. OTHER CONSIDERATIONS IN RELATION TO THE UK SCHEME

What would happen were the UK Scheme not to proceed?

- 14.1 If the UK Scheme does not proceed for any reason (or if a relevant EEA regulator objects to the UK Scheme, as outlined in paragraph 14.2 below), then the policies comprising the affected Transferred Business will not become policies of PLAE and will remain within RLL and PLL, respectively. This would mean that RLL's and PLL's ability to manage, administer and provide benefits to the Transferred Business in Germany, Norway, Sweden, Iceland and Ireland (as applicable) may be at risk of any changes to, or withdrawal of, regulations that allow the Transferred Business to be managed and administered in those countries by a UK insurance company. In particular, at short notice EEA regulators can withdraw permissions to allow the business to run off, and this possibility creates uncertainty for affected policyholders.
- 14.2 Following the UK Directions Hearing the relevant EEA regulators will be consulted on the UK Scheme by the PRA and will have the ability to object to the UK Scheme. I am therefore satisfied that the relevant EEA regulators will have sufficient opportunity to raise any objections they may have regarding the UK Scheme. If an EEA regulator objects to the UK Scheme then the UK Court would not have jurisdiction to transfer any policies for which the state of commitment is that jurisdiction and such policies would be excluded from the UK Scheme. In this scenario, the circumstances in paragraph 14.1 would apply to these excluded policies.

The Effective Date of the UK Scheme

- 14.3 As outlined in paragraph 2.2, the UK Scheme must be sanctioned by 31 December 2022. The proposed Effective Date for the UK Scheme is 1 January 2023. The Phoenix Group has obtained legal advice which concludes that under relevant legislation there is no provision as to when the UK Scheme must become effective, and this position was clarified further by the UK Court at a preliminary application on 15 June 2022, at which it confirmed that, without prejudice to any objections relating to potential adverse effects associated with the proposed Effective Date (which will be considered at the UK Sanction Hearing as usual), there is nothing that prohibits the UK Scheme from having an Effective Date after 31 December 2022.

- 14.4 The Phoenix Group has proposed an Effective Date of 1 January 2023, rather than one in 2022 that follows the Sanction Hearing, for operational efficiency reasons. In particular, the change in accounting standards from IFRS 4 to IFRS 17 on 1 January 2023 would result in PLAE being required to produce a balance sheet on an IFRS 4 basis for a very short period of time before moving to IFRS 17 if the effective date was in 2022. This would have operational and cost implications.
- 14.5 I am satisfied that this proposed Effective Date of 1 January 2023 does not affect my conclusions regarding the impact of the UK Scheme on policyholders compared with an effective date in 2022 after the Sanction Hearing. This is because an Effective Date on 1 January 2023 compared with an effective date in 2022 is an operational matter and would have no adverse effect on the security and reasonable expectations of Transferred Policyholders and Non-transferring Policyholders in respect of their benefits, or the levels and standards of administration and service that would apply. For the same reasons, if an effective date in 2022 were to be adopted instead of 1 January 2023, I am satisfied that this would not affect my conclusions on the UK Scheme.
- 14.6 The UK Scheme allows for the proposed Effective Date of 1 January 2023 to be deferred up to 1 April 2023 without a further UK Court application and I am satisfied that, if implemented, such a deferral of the Effective Date would not affect my conclusions regarding the impact of the UK Scheme on policyholders.

Co-dependency of the UK Scheme and the Irish Scheme

- 14.7 Due to the co-dependency of the UK Scheme and the Irish Scheme, if there were any delay to the Directions Hearing or Sanction Hearing in respect of the UK Scheme, I understand that the planned subsequent Directions Hearing and/or Sanction Hearing in respect of the Irish Scheme would be rescheduled where necessary to the earliest possible date once any issues in respect of the UK Scheme had been resolved. During this time, the policies comprising the Transferred Business would not become policies of PLAE and would remain within RLL and PLL until both the UK Scheme and the Irish Scheme are sanctioned by the UK Court and the Irish Court respectively and implemented by the Phoenix Group.
- 14.8 It is possible that at the Irish Directions Hearing, which is scheduled to occur after the UK Directions Hearing, the Irish Court requests changes to the policyholder communications. Should the Irish Court request such a change it would not be necessary for the UK Court to approve the change as the UK Court does not approve the exact form of policyholder communications.
- 14.9 It is possible that the Irish Court could request a change to the Irish Scheme which may be necessary to replicate in the UK Scheme after it has been sanctioned by the UK Court. I understand that in such a circumstance the Phoenix Group would notify the PRA, the FCA and myself and the UK Court would be asked to approve the change, as required by a clause of the UK Scheme.
- 14.10 I am satisfied that there is a process in place to make changes to the UK Scheme should they be required following a request by the Irish Court in order to ensure that the Schemes remain aligned. In addition, I will be made aware of the detail of the change and I will consider the impact of this on the Transferred Policyholders, PLL Non-transferring Policyholders and RLL Non-transferring Policyholders.

The future operation of the UK Scheme

- 14.11 It is my understanding that subject to the approval of the UK Court, the Phoenix Group intends to transfer the business of Standard Life Assurance Limited (as set out in Standard Life Assurance Limited's 2020 year-end report and accounts), Standard Life Pensions Funds Limited and Phoenix Life Assurance Limited into PLL. I understand that this transfer would not directly involve PLAE.
- 14.12 Similarly, the Phoenix Group currently intends, in due course and subject to the approval of the UK Court, to seek to transfer the RLL Non-transferring Business from RLL and all of the business of RAL to PLL. This would mean that PLAE would become a subsidiary of PLL (rather than RAL), and PLL would become the sole intra-group reinsurer of the Transferred Business. Phoenix management does not expect the potential future transfer to occur before 2024 at the earliest. After the UK Scheme has been implemented PLAE would have a similar status to an RLL policyholder when it comes to any future transfers of business out of RLL, and thus would be protected by the Part VII transfer process undertaken to enact any such transfers.
- 14.13 I would expect the scheme(s) related to such intended transfers to abide by the provisions of the proposed UK Scheme where relevant.
- 14.14 In my opinion there are reasonable safeguards in place to ensure that, if approved by the UK Court, the UK Scheme will be operated as presented to the UK Court.

Operational readiness of PLAE

- 14.15 PLAE is a newly established entity within the Phoenix Group, and the Phoenix Group has established an Operational Readiness project to ensure all aspects of operational readiness are in place prior to the Effective Date of the UK Scheme. I have been provided with an operational risk review that has been performed by Phoenix Group which shows that the overall level of operational risk has been assigned an Amber rating with a stable outlook, which is mainly due to the ongoing recruitment of SLAESL (Irish branch) personnel that will be involved in PLAE-related activity. The Phoenix Group is developing contingency plans in the event that recruitment is not completed in advance of the Effective Date, in order to ensure that the Transferred Policies can continue to be serviced following the Effective Date. I will continue to discuss this matter with the Phoenix Group and will provide an update in my Supplementary Report.
- 14.16 Overall, I understand that Phoenix Group has mitigations in place to address issues arising in respect of the operational matters identified as part of the operational risk review, and is currently undertaking various measures to minimise the likelihood of operational risks materialising. I will continue to discuss the progress of the Operational Readiness project with the Phoenix Group at regular intervals and provide an update on its progress, including the matters outlined in the above paragraphs, in my Supplementary Report.

The COVID-19 pandemic

- 14.17 I understand that PLL and RLL have factored COVID-19 experience data into their recent experience analysis and best estimate assumptions setting process, including both underwriting and market experience. PLL and RLL management do not consider the impact of COVID-19 on their balance sheets to be material. For PLAE, the most significant risk exposure is longevity risk (that is the risk that policyholders live longer than expected). Therefore the primary adverse impacts of the COVID-19 pandemic for PLAE would be through

operational or market impacts (in contrast, benefits payable to annuitants would reduce as a result of more annuitant policyholders dying than expected), which are assessed within its Own Risk and Solvency Assessment ("ORSA"). In my view the COVID-19 pandemic does not provide any reason to change my conclusions regarding the UK Scheme.

- 14.18 Whilst currently I do not foresee that the COVID-19 pandemic will impact the ability of policyholders to engage with the transfer process, or the services provided by the Phoenix Group to policyholders, I will continue to monitor this and will provide an update in my Supplementary Report.

Conflict between Russia and Ukraine

- 14.19 I have been informed by RLL that, at the time of writing this Report, c.250 unit-linked Swedish RLL Transferred Policyholders hold units in RLL Linked Funds that have been suspended due to sanctions imposed as a result of the current conflict between Russia and Ukraine. If these funds remain suspended at the Effective Date, then RLL is not expected to change its approach to applying sanctions, and the suspensions would continue to affect the relevant unit-linked Swedish RLL Transferred Policyholders through the RLL Unit-Linked Reinsurance Agreement. I note that the UK Scheme will not directly affect the suspension of the affected RLL Linked Funds and therefore my conclusions are unaffected by these suspensions. I have been informed by PLL that, at the time of writing this Report, there are no PLL Transferred Policyholders who currently hold units in PLL Linked Funds that have been suspended. I will provide an update on this matter in my Supplementary Report.

15. OTHER CONSIDERATIONS IN RESPECT OF THE IRISH SCHEME

What would happen were the Irish Scheme not to proceed?

- 15.1 If the Irish Scheme does not proceed for any reason, then the policies comprising the Irish PLL Transferred Business will not become policies of PLAE and will remain within PLL¹⁸. I understand that in this scenario, PLL would continue to manage and administer the Irish PLL Transferred Business through its Irish branch, as is currently the case. Since a third-country branch cannot use EEA Passport Rights, there is no guarantee that PLL would be able to continue to provide benefits under, or administer, policies in respect of policyholders that are not resident in Ireland, including those who move to reside in other EEA member states. I understand that in this scenario PLL would manage this risk, acknowledging that it will not issue any policies to new policyholders in its Irish branch and that it would endeavour to satisfy its obligations to policyholders in accordance with the laws governing the policies and the rules governing PLL's activities.

The Effective Date of the Irish Scheme

- 15.2 The proposed Effective Date of the Irish Scheme is 1 January 2023. The Phoenix Group has proposed an Effective Date of 1 January 2023 for

¹⁸ The Irish PLL Transferred Business cannot be transferred to PLAE if the UK Scheme is sanctioned but the Irish Scheme is not.

operational efficiency reasons. In particular, the change in accounting standards from IFRS 4 to IFRS 17 on 1 January 2023 would result in PLAE being required to produce a balance sheet on an IFRS 4 basis for a very short period of time before moving to IFRS 17 if the effective date was in 2022. This would have operational and cost implications.

- 15.3 I am satisfied that this proposed Effective Date of 1 January 2023 does not affect my conclusions regarding the impact of the Irish Scheme on policyholders compared with an effective date in 2022. This is because an Effective Date on 1 January 2023 compared with an effective date in 2022 after the Sanction Hearing is an operational matter and would have no adverse effect on the security and reasonable expectations of Irish PLL Transferred Policyholders and Irish PLL Non-transferring Policyholders in respect of their benefits, or the levels and standards of administration and service that would apply. For the same reasons, if an effective date in 2022 were to be adopted instead of 1 January 2023, I am satisfied that this would not affect my conclusions on the Irish Scheme.
- 15.4 The Irish Scheme allows for the proposed Effective Date of 1 January 2023 to be deferred up to 1 April 2023 without a further Irish Court application, and I am satisfied that, if implemented, such a deferral of the Effective Date would not affect my conclusions regarding the impact of the Irish Scheme on policyholders.

Co-dependency of the UK Scheme and the Irish Scheme

- 15.5 Due to the co-dependency of the UK Scheme and the Irish Scheme, if there were any delay to the Directions Hearing or Sanction Hearing in respect of the UK Scheme, I understand that the planned subsequent Directions Hearing and/or Sanction Hearing in respect of the Irish Scheme would be rescheduled where necessary to the earliest possible date once any issues in respect of the UK Scheme had been resolved. During this time, the policies comprising the Transferred Business would not become policies of PLAE and would remain within RLL and PLL until both the UK Scheme and the Irish Scheme are sanctioned by the UK Court and the Irish Court respectively and implemented by the Phoenix Group.
- 15.6 In addition, due to the co-dependency of the UK Scheme and the Irish Scheme, if the Irish Scheme does not proceed for any reason, then equally the UK Scheme would not proceed. Therefore, the impact of the Irish Scheme not proceeding on the policies included within the UK Scheme but not the Irish Scheme (namely the RLL Transferred Business, the Icelandic PLL Transferred Business and the German PLL Transferred Business) would be equivalent to the impact on these policyholders of the UK Scheme not proceeding, which I discuss in paragraph 14.1 above.

The future operation of the Irish Scheme

- 15.7 It is my understanding that subject to the approval of the UK Court, the Phoenix Group intends to transfer the business of Standard Life Assurance Limited (as set out in Standard Life Assurance Limited's 2020 year-end report and accounts), Standard Life Pensions Funds Limited and Phoenix Life Assurance Limited into PLL. I understand that this transfer would not directly involve PLAE.
- 15.8 Similarly, the Phoenix Group currently intends, in due course and subject to the approval of the UK Court, to seek to transfer the RLL Non-transferring Business from RLL and all of the business of RAL to PLL. This would mean that PLAE would become a subsidiary of PLL (rather than RAL), and PLL would become the sole intra-group reinsurer of the Transferred Business. Phoenix management does not expect the potential future transfer to occur before 2024 at the earliest. After

the Irish Scheme has been implemented PLAE would have a similar status to an RLL policyholder when it comes to any future transfers of business out of RLL, and thus would be protected by the Part VII transfer process undertaken to enact any such transfers.

- 15.9 I would expect the scheme(s) related to such intended transfers to abide by the provisions of the proposed UK Scheme where relevant.
- 15.10 In my opinion there are reasonable safeguards in place to ensure that, if approved by the Irish Court, the Irish Scheme will be operated as presented to the Irish Court.

The effect of the proposed Irish Scheme on policies included within UK Scheme but not the Irish Scheme

15.11 In addition to the Irish PLL Transferred Policies that will transfer to PLAE under the Irish Scheme and the PLL Non-transferring Policies that will remain with PLL following the implementation of the Irish Scheme, there is a third group of policies within PLL to consider; the PLL Transferred Policies included within the UK Scheme but not the Irish Scheme (the Icelandic PLL Transferred Business and the German PLL Transferred Business). By virtue of the co-dependency of the UK Scheme and the Irish Scheme, my consideration of the impact of the UK Scheme on PLL Transferred Policies also captures the impact of the Irish Scheme on this group of policies. In paragraphs 6.16.1 to 6.25 I conclude that I am satisfied that the implementation of the proposed UK Scheme would not have a material adverse effect on:

- The security of benefits under the PLL Transferred Policies;
- The profile of risks to which the PLL Transferred Policies are exposed;
- The oversight provided by the regulatory regime that will apply to the PLL Transferred Policies; and
- The reasonable expectations of the PLL Transferred Policyholders in respect of their benefits, including the standards of administration, service, management and governance that apply to the PLL Transferred Policies.

15.12 Similarly, in paragraph 16.3 I provide my overall conclusions on the UK Scheme, which also captures the impact of the Irish Scheme on the PLL Transferred Policies included within the UK Scheme but not the Irish Scheme.

Operational readiness of PLAE

15.13 PLAE is a newly established entity within the Phoenix Group, and the Phoenix Group has established an Operational Readiness project to ensure all aspects of operational readiness are in place prior to the Effective Date of the Irish Scheme. I have been provided with an operational risk review that has been performed by the Phoenix Group which shows that the overall level of operational risk has been assigned an Amber rating with a stable outlook, which is mainly due to the ongoing recruitment of SLAESL (Irish branch) personnel that will be involved in PLAE-related activity. The Phoenix Group is developing contingency plans in the event that recruitment is not completed in advance of the Effective Date, in order to ensure that the Transferred Policies can continue to be serviced following the Effective Date. I will continue to discuss this matter with the Phoenix Group and will provide an update in my Supplementary Report.

15.14 Overall, I understand that Phoenix Group has mitigations in place to address issues arising in respect of the operational matters identified as part of the operational risk review, and is currently undertaking various measures to minimise

the likelihood of operational risks materialising. I will continue to discuss the progress of the Operational Readiness project with the Phoenix Group at regular intervals and provide an update on its progress, including the matters outlined in the above paragraphs, in my Supplementary Report.

The COVID-19 pandemic

- 15.15 I understand that PLL has factored COVID-19 experience data into its recent experience analysis and best estimate assumptions setting process, including both underwriting and market experience. PLL management does not consider the impact of COVID-19 on its balance sheet to be material. For PLAE, the most significant risk exposure is longevity risk (that is the risk that policyholders live longer than expected). Therefore the primary adverse impacts of the COVID-19 pandemic for PLAE would be through operational or market impacts (in contrast, benefits payable to annuitants would reduce as a result of more policyholders dying than expected), which are assessed within its ORSA. In my view the COVID-19 pandemic does not provide any reason to change my conclusions regarding the Irish Scheme.
- 15.16 Whilst currently I do not foresee that the COVID-19 pandemic will impact the ability of policyholders to engage with the transfer process, or the services provided by the Phoenix Group to policyholders, I will continue to monitor this and will provide an update in my Supplementary Report.

Conflict between Russia and Ukraine

- 15.17 I have been informed by PLL that, at the time of writing this Report, there are no Irish PLL Transferred Policyholders who currently hold units in PLL Linked Funds that have been suspended due to sanctions imposed as a result of the current conflict between Russia and Ukraine. I will provide an update on this matter in my Supplementary Report.

16. CONCLUSIONS ON THE UK SCHEME

- 16.1 I confirm that I have considered the issues affecting the various categories of policyholders of RLL and PLL separately, including both the policyholders that remain with RLL and PLL and those that transfer to PLAE under the UK Scheme. I do not consider an assessment of further subdivisions of policyholders (other than those considered in this Summary Report) to be necessary.
- 16.2 I am satisfied that the implementation of the proposed UK Scheme would not have a material adverse effect on:
- The security of the benefits under the Transferred Policies and the Non-transferring Policies;
 - The profile of risks to which the Transferred Policies and the Non-transferring Policies are exposed;
 - The protection offered by the regulatory regime that would apply to the Transferred Policies; or
 - The reasonable expectations of the Transferred Policyholders and the Non-transferring Policyholders in respect of their benefits, including the level and standards of administration and service that would apply.

16.3 I am satisfied that the UK Scheme is equitable to all classes and generations of RLL and PLL policyholders.

17. CONCLUSIONS ON THE IRISH SCHEME

17.1 I confirm that I have considered the issues affecting the various categories of policyholders of PLL, including the policyholders that remain with PLL, those of the Irish branch that transfer to PLAE under the Irish Scheme and those that transfer to PLAE under the UK Scheme but not the Irish Scheme (for whom I set out my conclusions in paragraph 16.2 and 16.3). I do not consider an assessment of further subdivisions of policyholders (other than those considered in this Summary Report) to be necessary.

17.2 I am satisfied that the implementation of the proposed Irish Scheme would not have a material adverse effect on:

- The security of the benefits under the Irish PLL Transferred Policies and the PLL Non-transferring Policies;
- The profile of risks to which the Irish PLL Transferred Policies and the PLL Non-transferring Policies are exposed;
- The protection offered by the regulatory regime that would apply to the Irish PLL Transferred Policies; or
- The reasonable expectations of the Irish PLL Transferred Policyholders and the PLL Non-transferring Policyholders in respect of their benefits, including the level and standards of administration and service that would apply.

17.3 I am satisfied that the Irish Scheme is equitable to all classes and generations of PLL policyholders.

Handwritten signature of Philip Simpson, consisting of the initials 'P H' followed by the name 'Simpson' in a cursive script.

Philip Simpson

1 July 2022

Principal of Milliman LLP

Fellow of the Institute and Faculty of Actuaries

Fellow of the Society of Actuaries in Ireland

7 LEGAL NOTICES

THE HIGH COURT OF IRELAND

2022 / No. 158 COS

2022 / No. 73 COM

IN THE MATTER OF
REASSURE LIFE LIMITED

and

IN THE MATTER OF
PHOENIX LIFE LIMITED

and

IN THE MATTER OF
PHOENIX LIFE ASSURANCE EUROPE DAC

and

IN THE MATTER OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000

and

IN THE MATTER OF
THE ASSURANCE COMPANIES ACT 1909 (AS AMENDED), THE INSURANCE ACT 1989
(AS AMENDED), AND THE EUROPEAN UNION (INSURANCE AND REINSURANCE)
REGULATIONS 2015 (IRELAND) (AS AMENDED)

NOTICE

NOTICE IS HEREBY GIVEN that, on 10 June 2022, ReAssure Life Limited (“**ReAssure Life**”) and Phoenix Life Limited (“**Phoenix Life**” and together with ReAssure Life, the “**Transferors**”) and Phoenix Life Assurance Europe DAC (“**PLAE**”) made an application (the “**UK Application**”) to the High Court of Justice, Business and Property Courts of England and Wales, Companies Court in London (the “**High Court**”) pursuant to section 107(1) of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”) for an Order under section 111 of FSMA sanctioning an insurance business transfer scheme for the transfer to PLAE of certain insurance business and related assets and liabilities written by the Transferors in accordance with the Order and without any further act or instrument (the “**UK Scheme**”).

Phoenix Life and PLAE will also make an application (the “**Irish Application**”) to the High Court of Ireland (the “**Irish High Court**”) pursuant to the Assurance Companies Act 1909 (as amended) (the “**1909 Act**”), the Insurance Act 1989 (as amended) and the European Union (Insurance and Reinsurance) Regulations 2015 (as amended) for an Order under section 13 of the 1909 Act sanctioning an insurance business transfer scheme for the transfer of the insurance business of Phoenix Life’s Irish branch to PLAE (the “**Irish Scheme**”).

The business transferring to PLAE using both of the processes described above is referred to as the “**Transferring Business**”.

The approval of both the High Court and Irish High Court is needed, and the Capitalisation Requirement (as defined in the Irish Scheme) must be satisfied before the proposed transfer proceeds.

Policies transferring under the Scheme and the Irish Scheme may have been issued under brands that have been acquired by the Transferors over time. Previous brand names associated with the Transferors are as follows:

- ReAssure Life: The Transferring Business of ReAssure Life includes policies which were branded Skandia Life Assurance Company Limited and Old Mutual Wealth Life Assurance Limited.

- Phoenix Life: Transferring Business of Phoenix Life includes policies which may have been branded Britannia Life Limited, Life Association of Scotland Limited, Alba Life Limited, Sun Alliance and London Assurance Company Limited, Royal & Sun Alliance Life & Pensions Limited, Phoenix & London Assurance Limited, Phoenix Life and Pensions Limited, Swiss Life (UK) plc, Blackburn Assurance Limited, Pioneer Mutual Insurance Company Limited, Stamford Mutual Insurance Company Limited, Scottish Provident Limited, Scottish Provident Institution, Scottish Mutual Assurance Limited, as well as Phoenix Life.

The following documents are available free of charge:

- (a) a copy of a report of the “independent actuary” (the Independent Person’s Report, as defined in the Grounding Affidavit) on the terms of the UK Scheme prepared in accordance with section 109 of FSMA and the Irish Scheme in accordance with section 13(3)(b) of the 1909 Act (the “**IP Report**”), by the Independent Person, Philip Simpson of Milliman LLP, whose appointment has been approved by the UK Prudential Regulation Authority, in consultation with the UK Financial Conduct Authority and has also been notified to the Central Bank of Ireland;
- (b) copies of the UK Scheme and the Irish Scheme; and
- (c) a copy of the communication pack that will be mailed to the transferring policyholders (which includes a summary of the terms of the UK Scheme and Irish Scheme, a summary of the IP Report, a question and answer booklet about the UK Scheme and the Irish Scheme and a leaflet specific to the with-profits policies).

The above documents can also be downloaded from the Transferors and PLAE’s respective websites:

- Phoenix Life: www.phoenixlife.co.uk/transfer22;
- Phoenix Ireland: www.phoenixireland.com/transfer22;
- ReAssure Life: www.reassure.co.uk/transfer22; and
- PLAE: www.PLAE.thephoenixgroup.com

Copies of these documents will be available for the inspection of any policyholder or shareholder of the Transferors and/or PLAE at their respective registered offices and Phoenix Life’s Irish branch office, detailed below, between the hours of 9.00 a.m. and 5.00 p.m. (local time); on each working day between 29 July 2022 and 1 November 2022 inclusive.

Supporting documents and any further news about the UK Scheme and Irish Scheme will be posted on the websites indicated above so you may wish to check for updates. You can also request free copies of any of these documents by writing to or telephoning the Transferors using the contact details below.

The UK Application is due to be heard on 18 October 2022 by a Judge of the Chancery Division of the High Court at the Rolls Building, Fetter Lane, London EC4A 1NL. The Irish Application is due to be heard before the Irish High Court at the Four Courts, Inns Quay, Dublin 7 on 1 November 2022. If both the High Court and Irish High Court approve the proposals, the UK Scheme and Irish Scheme will both take effect on 1 January 2023. If this date changes, we will notify you by placing a notice on the Transferors’ and PLAE’s websites and will add a recorded message to our helpline (see helpline details below).

Any person who claims that they may be adversely affected by the carrying out of the transfer under the UK Scheme and/or Irish Scheme has a right to attend the hearings and express their views either in person or by nominating a representative. To the extent any such representative is not a legal representative, the permission of the court will be required for them to speak on your behalf.

Any person who believes that they may be adversely affected by the UK Scheme and/or Irish Scheme but does not intend to attend the hearings may make representations about the UK Scheme and/or Irish Scheme by (a) telephone, via an online form which can be found via the website detailed below, or in writing to the Transferors; or (b) in writing to the solicitors named below, using the contact details set out below.

Any person who intends to appear at the hearings or make representations by telephone or in writing is requested (but is not obliged) to notify his or her objections as soon as possible and preferably at least five days before the hearing of the UK Application in the High Court on 18 October 2022 to the Transferors or to the solicitors named below, using the contact details set out below.

If you took out a policy in Ireland:

- **Documents specifically in relation to the Irish Scheme:** These will be made available to you as part of your mailing pack and through Phoenix Life's Irish branch website at www.phoenixireland.com/transfer22.
- **Right to object:** You have the right to object both at the High Court in London in relation to the UK Scheme and at the Irish High Court in relation to the Irish Scheme (as detailed above).
- **Right to attend and speak at the Irish Scheme hearing:** You have the right to attend and speak at the Irish Scheme hearing as detailed above.

If you have recently moved or changed your contact details: please contact the Transferor using the contact details below in order to update your records and, if your policy is part of the Transferring Business, to receive information regarding the transfer.

We will share all objections relating to the UK Scheme with the High Court of England and Wales. We will also share objections relating to Irish policies with the High Court of Ireland.

If the UK Scheme and Irish Scheme are sanctioned by the relevant court, it will result in the transfer to the PLAE of all the contracts, property, assets, and liabilities relating to the Transferring Business (in accordance with the UK Scheme and Irish Scheme); notwithstanding that a person would otherwise be entitled to terminate, modify, acquire, or claim an interest or right or to treat an interest or right as terminated or modified in respect thereof. Any such right will only be enforceable to the extent reflected in the Orders of the High Court and Irish High Court.

Phoenix Life and PLAE contact information:

Registered offices:

Phoenix Life: 1 Wythall Green Way, Wythall, Birmingham, B47 6WG

Phoenix Ireland: 90 St. Stephen's Green, Dublin 2, Dublin, D02DY27

ReAssure Life: Windsor House, Telford Centre, Telford, England, TF3 4NB

PLAE: 90 St. Stephen's Green, Dublin 2, Dublin, D02F653

Helpline numbers:

English language:

Phoenix Life: 1800 856 077 (or +44 (0) 1952 522 053 from overseas)

Phoenix Ireland: 1800 856 078 (or +44 (0) 1952 523 512 from overseas)

The above helplines will be open from 9 a.m. to 5 p.m. (local time), Monday to Friday (excluding UK bank holidays).

Postal address:

To the PLAE Transfer team at: PO Box 456, Windsor House, Ironmasters Way, Telford, TF7 9GH, United Kingdom

Linklaters LLP

Postal address: One Silk Street, London, EC2Y 8HQ

Ref: L-307078

A&L Goodbody LLP

Postal address: International Financial Services Centre, North Wall Quay, Dublin 1, D01H104, Ireland

Ref: 01435755

Solicitors for the Transferors and PLAE

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

NOTICE

NOTICE IS HEREBY GIVEN that, on 10 June 2022, ReAssure Life Limited (“**ReAssure Life**”) and Phoenix Life Limited (“**Phoenix Life**” and together with ReAssure Life, the “**Transferors**”) and Phoenix Life Assurance Europe Designated Activity Company (“**PLAE**”) made an application (the “**Application**”) to the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies Court in London (the “**High Court**”) pursuant to section 107(1) of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”) for an Order under section 111 of FSMA sanctioning an insurance business transfer scheme for the transfer to PLAE of certain insurance business written by the Transferors and related assets and liabilities (the “**Transferring Business**”) in accordance with the Order and without any further act or instrument (the “**Scheme**”).

Phoenix Life and PLAE will also make an application (the “**Irish Application**”) to the High Court of Ireland (the “**Irish High Court**”) pursuant to the Assurance Companies Act 1909 (as amended) (the “**1909 Act**”), the Insurance Act 1989 (as amended) and the European Union (Insurance and Reinsurance Regulations 2015 (as amended) for an Order under section 13 of the 1909 Act sanctioning an insurance business transfer scheme for the transfer of the insurance business of Phoenix Life’s Irish branch to PLAE (the “**Irish Scheme**”).

The approval of both the High Court and the Irish High Court is needed, and the Capitalisation Requirement (as defined in the Scheme) must be satisfied before the proposed transfer proceeds.

Policies transferring under the Scheme and the Irish Scheme may have been issued under brands that have been acquired by the Transferors over time. Previous brand names associated with the Transferors are as follows:

- **ReAssure Life:** The Transferring Business of ReAssure Life includes policies which were branded Skandia Life Assurance Company Limited and Old Mutual Wealth Life Assurance Limited.
- **Phoenix Life:** The Transferring Business of Phoenix Life includes policies which may have been branded Britannia Life Limited, Life Association of Scotland Limited, Alba Life Limited, Sun Alliance and London Assurance Company Limited, Royal & Sun Alliance Life & Pensions Limited, Phoenix & London Assurance Limited, Phoenix Life and Pensions Limited, Swiss Life (UK) plc, Blackburn Assurance Limited, Pioneer Mutual Insurance Company Limited, Stamford Mutual Insurance Company Limited, Scottish Provident Limited, Scottish Provident Institution and Scottish Mutual Assurance Limited as well as Phoenix Life.

The following documents are available free of charge:

- a copy of a report on the terms of the Scheme prepared in accordance with section 109 of FSMA and the Irish Scheme in accordance with section 13(3)(b) of the 1909 Act (the “**IP Report**”), by the Independent Person, Philip Simpson of Milliman LLP, whose appointment has been approved by the Prudential Regulation Authority, in consultation with the Financial Conduct Authority and has also been notified to the Central Bank of Ireland;
- copies of the Scheme and the Irish Scheme; and
- a copy of the communication pack that will be mailed to the transferring policyholders (which contains a summary of the terms of the Scheme and the Irish Scheme (as applicable), a summary of the IP Report, a question and answer booklet about the Scheme and the Irish Scheme (as applicable), and a leaflet containing information specific to with-profits policies).

The above documents can also be downloaded from the Transferors’ and PLAE’s respective websites:

- Phoenix Life: www.phoenixlife.co.uk/transfer22;
- Phoenix Ireland: www.phoenixireland.com/transfer22;
- ReAssure Life: www.reassure.co.uk/transfer22; and
- PLAE: www.PLAE.thephoenixgroup.com.

Supporting documents and any further news about the Scheme and the Irish Scheme will be posted on the websites indicated above so you may wish to check for updates. You can also request free copies of any of the documents listed above by writing to or telephoning the Transferors using the contact details below.

The Application is due to be heard on 18 October 2022 by a Judge of the Chancery Division of the High Court at the Rolls Building, Fetter Lane, London EC4A 1NL. The Irish Application is due to be heard before the Irish High Court at the Four Courts, Inns Quay, Dublin 7 on 1 November 2022. If both the High Court and Irish High Court approve the proposals and the Capitalisation Requirement (as defined in the Scheme) is satisfied, the Scheme and Irish Scheme will both take effect at 00:01 Dublin time and London time on 1 January 2023. If this date changes, we will notify you by placing a notice on the Transferors’ and PLAE’s websites and will add a recorded message to our helplines (see helpline details below).

Any person who claims that they may be adversely affected by the carrying out of the transfer under the Scheme has a right to attend the hearing and express their views either in person or by nominating a representative. To the extent any such representative is not a legal representative, the permission of the High Court will be required for them to speak on your behalf.

Any person who claims that they may be adversely affected by the Scheme but does not intend to attend the hearing may make representations about the Scheme by (a) telephone, (b) via an online form which can be found via the website detailed below, or in writing to the Transferors or (c) in writing to the solicitors named below, using the contact details set out below.

Any person who intends to appear at the hearing or make representations by telephone or in writing is requested (but is not obliged) to notify his or her objections as soon as possible and preferably at least five days before the hearing of the Application on 18 October 2022 to the Transferors or to the solicitors named below using the contact details set out below.

If you took out a policy in Ireland:

- **Documents specifically in relation to the Irish Scheme:** These documents will be made available to you as part of your mailing pack and through Phoenix Life’s Irish branch website at www.phoenixireland.com/transfer22.
- **Right to object:** You have the right to object both at the High Court in London (as detailed above) in relation to this Scheme and at the High Court of Ireland (as detailed in the separate notice of the Irish transfer process) in relation to the Irish Scheme. You will see the Irish Scheme notice being published separately in due course.
- **Right to attend and speak at the Irish Scheme hearing:** Your rights to attend and speak at the Irish Scheme hearing will be set out in the notice to be published separately in relation to the Irish Scheme.

If you have recently moved or changed your contact details: please contact the Transferors using the contact details below in order to update your records and, if your policy is part of the Transferring Business, to receive information regarding the transfer.

We will share all objections relating to the Scheme with the High Court of England and Wales. We will also share any objections relating to Irish policies with the High Court of Ireland.

If the Scheme and the Irish Scheme are sanctioned by the relevant court, it will result in the transfer to PLAE of all the contracts, property, assets, and liabilities relating to the Transferring Business (in accordance with the Scheme and the Irish Scheme); notwithstanding that a person would otherwise be entitled to terminate, modify, acquire, or claim an interest or right or to treat an interest or right as terminated or modified in respect thereof. Any such right will only be enforceable to the extent reflected in the Orders of the High Court and the Irish High Court.

TRANSFEROR AND PLAE CONTACT INFORMATION:

Helpline numbers:

English language:

Phoenix Life: 1800 856 077 (or +44 (0) 1952 522 053 from overseas)

Phoenix Ireland: 1800 856 078 (or +44 (0) 1952 523 512 from overseas)

German language: 0800 724 0450 (or +44 (0) 1952 524 470 from overseas)

Swedish language: 0200 880 017 (or +44 (0) 1952 523 510 from overseas)

Norwegian language: 2315 9800 (or +44 (0) 1952 524 472 from overseas)

The above helplines will be open from 9 a.m. to 5 p.m. (local time), Monday to Friday (excluding UK public holidays only).

Icelandic language helpline: 00 354 553 6688

The Icelandic language helpline will be open from 10 a.m. to 4 p.m. (local time), Monday to Friday (excluding local public holidays only).

Postal address:

To the PLAE Transfer team at: PO Box 456, Windsor House, Ironmasters Way, Telford, TF7 9GH, United Kingdom

To the Phoenix Life Iceland team at: Phoenix Life Þjónustudeild, Tryggingamiðlun Íslands, Hlíðasmári 12, 201 Kópavogur, Iceland

Linklaters LLP

Postal address: One Silk Street, London, EC2Y 8HQ

Ref: L-307078

Solicitors for the Transferors and PLAE

8 HOW TO GET IN TOUCH

If you have any questions, or would like us to talk you through the information in this guide, please get in touch.

Remember to have your reference number to hand, you'll find this at the top of the letter we sent to you with this guide.



Helpline: 1800 856 077

From overseas: +44 (0) 1952 522 053*

Monday to Friday: 9am to 5pm

Excluding UK bank holidays.

We may record and monitor calls.

*There may be a charge when dialling from overseas, please check with your phone provider



www.phoenixlife.co.uk/transfer22



PLAE Transfer team

PO Box 456

Windsor House

Ironmaster Way

Telford

TF7 9GH

If you would like this information in large print, braille or audio please call us on 1800 856 077.

Phoenix Life Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom and is regulated by the Central Bank of Ireland for conduct of business rules. Phoenix Life Limited is incorporated in England (Company No. 1016269) and its registered office is 1 Wythall Green Way, Wythall, Birmingham B47 6WG United Kingdom. An up-to-date list of its directors, containing the particulars required by paragraphs (a), (b) and (c) of Section 196(1) of the Companies Act 1963, is available upon request from the company's registered office.