

# SCHEME GUIDE

For Phoenix Life Limited policyholders

May 2023



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# 1 INTRODUCTION

## Our proposals

Phoenix Life Assurance Limited (PLAL), Standard Life Assurance Limited (SLAL) and Standard Life Pension Funds Limited (SLPF) are planning to transfer all of their policies to Phoenix Life Limited (Phoenix).

PLAL, SLAL, SLPF and Phoenix are all part of Phoenix Group, the UK's largest long-term savings and retirement business.

If our proposals are approved Phoenix will become a much larger company and will issue new policies under a number of different brands, including Standard Life.

**Your policy is not transferring and will remain with Phoenix.**

**Your policy details and terms and conditions will remain the same and you won't see any material changes to the way your policy works as a result of the transfer.**

This guide explains what our proposed changes mean for you, the process we're following and what you should do if you have any concerns.

Throughout this guide, you'll see that we refer to the proposed transfer as 'the Scheme' at times.

Please take the time to carefully read this guide, and the other information we've prepared.

## 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.



Helpline (freephone): 0800 856 4488  
From overseas: +44 (0)1733 793287\*  
Monday to Friday, not including bank holidays: 8:30am – 5:30pm (UK time)  
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/transfer23](http://www.phoenixlife.co.uk/transfer23)



Phoenix Transfer Team  
PO Box 79408  
London  
N17 1HQ

## 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 any policies to Phoenix, 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).

### Independent review of our proposals

We've appointed an Independent Expert, John Jenkins 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 current Phoenix policyholders, and the policyholders transferring to Phoenix. His appointment has been approved by the PRA in consultation with the FCA.

He has written a report in which he details his review of the proposed transfer and his opinion on whether any group of policyholders (existing Phoenix policyholders or transferring policyholders) is materially adversely affected by the proposed transfer.

His report has been reviewed by our regulators and will help the High Court of England and Wales (the High Court) to reach its decision.

In his report, he concludes that the proposed Scheme will not have a material adverse effect on the security of benefits of Phoenix policyholders, the reasonable expectations of Phoenix policyholders with respect to their benefits or the standards of administration, service, management and governance applicable to the Phoenix policies.



You can find the Independent Expert's summary of the effect of the transfer on Phoenix policyholders in section 6 of this guide. You can see the full report and summary reports on our website at [www.phoenixlife.co.uk/transfer23](http://www.phoenixlife.co.uk/transfer23).

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

### Writing to our customers

We're writing to Phoenix customers who have unit-linked or with-profit policies where there are changes to the way their funds are managed, as a result of the Scheme. We have outlined these changes in this guide and in the letters we're sending to these policyholders.

We're not writing to Phoenix customers where there is no impact on their policy and no change to the way the funds they are invested in are managed.

However, we've made this guide and other supporting information available to all customers on our website. This will help all Phoenix customers understand the Scheme, what this means for them and how to raise concerns or make an objection.

We've also set up a dedicated Phoenix helpline for you to contact if you have any questions or would like us to talk you through the information.

## Approval from the Courts

### **The High Court process**

To carry out the transfer, we've applied for approval from the High Court. We're asking the High Court to approve this transfer, and to approve the replacement of a number of previous Phoenix and PLAL transfer schemes.

The High Court will need to be satisfied, having considered the views of the Independent Expert, that all the necessary legal requirements have been met and that the proposals have no material adverse effect on policyholders. The High Court will only approve the transfer if it is appropriate to do so.

The High Court hearing is expected to take place at the High Court of Justice of England and Wales, The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL on 5 October 2023.

### **The Scottish Court of Session process**

The policies of SLAL are covered by three previous transfer schemes which were approved by the Court of Session and allow for changes to be made to them with the Court's approval. To carry out the transfer, it is necessary to obtain the approval of the Court of Session to changes to three existing Schemes, listed below. We refer to these changes as the Proposed Replacements and Amendment.

- The 2006 Scheme which transferred The Standard Life Assurance Company's business to SLAL and became effective on 10 July 2006. We propose to replace the 2006 Scheme with the Scheme described in this guide.
- The 2011 Scheme transferred the business of Standard Life Investment Funds Limited to SLAL and became effective on 31 December 2011. We propose to replace the 2011 Scheme with the Scheme described in this guide.
- The 2019 Scheme, which transferred SLAL's European business to Standard Life International DAC and became effective on 29 March 2019. The 2019 Scheme will continue after the proposed transfer of SLAL's business to Phoenix but with SLAL's role replaced by Phoenix.

The Court of Session hearing is expected to take place at the Court of Session, Parliament House, Parliament Square, Edinburgh, EH1 1RQ, on 3 October 2023.

## **The Jersey and Guernsey Court process**

There will be additional Schemes and court hearings for policies which are part of the business carried on in or from within Jersey (The Jersey Scheme), or that have been issued to customers resident in the Bailiwick of Guernsey (The Guernsey Scheme).

The hearing for the Jersey Scheme will take place at the Royal Court of Jersey at 9am on 17 October 2023 at the Royal Court of Jersey, Royal Court House, Royal Square, St Helier, Jersey JE1 1BA.

The hearing for the Guernsey Scheme will take place at the Royal Court of Guernsey at 9:30am on 20 October 2023 at the Royal Court of Guernsey, the Royal Court House, St Peter Port, Guernsey GY1 2NZ.

You can find more information about your local court process on our website at [www.phoenixlife.co.uk/transfer23](http://www.phoenixlife.co.uk/transfer23).

If your policy falls under the Jersey Scheme or the Guernsey Scheme, the content of this guide applies to you.

## **Other overseas jurisdictions**

If you are resident in the Isle of Man or live overseas, the terms of the Scheme apply to you if it is approved by the High Court.

## **Court dates**

The date of any of the hearings could change. If they do, we'll place a notice on our websites.

## **Transfer goes ahead**

The transfer will only go ahead if the High Court approves this Scheme and the Court of Session gives its approval to the changes to the existing SLAL Schemes.

If both Courts give their approval, we expect the transfer to take place on 27 October 2023.

The transfer of the business under the Jersey Scheme and the Guernsey Scheme will only go ahead if the Royal Courts of Jersey and Guernsey approve the relevant Schemes.

## The process we're following



## 3 WHAT THIS MEANS FOR YOU

### Your policy

If the Scheme goes ahead, you won't notice any changes. Your policy will not move and you will remain a policyholder of Phoenix, who will continue to be responsible for your policy in the same way as it is now.

There will be no changes to the way we administer your policy as a result of the transfer. You'll continue to speak to the same team of people on the same telephone number as you do now. You'll continue to access policy information online in the same way as you do currently.

You'll see no difference to the way your policy works.

**Your policy number and your policy terms and conditions won't change as a result of the Scheme.**

**There will be no change to the benefits payable on your policy, or to any guarantees you may have, as a result of the Scheme.**

**If you are paying premiums or receiving any payments, these will not be affected by the Scheme.**

## Security for your policy

Financial security for your policy will continue to be maintained by Phoenix. Phoenix will hold more capital than the minimum amount required under current regulations. The amount of additional capital held will be underpinned by the Phoenix capital policy, which is part of the Scheme and aims to ensure that policies remain protected even under difficult financial conditions. The capital policy in the Scheme will include additional customer protections so that, in certain circumstances, Phoenix may be required to hold more capital than would be held under the current capital policy.

Phoenix will be a much bigger company after the transfer and will issue new policies under a number of different brands. In determining the amount of additional capital to hold, the Phoenix capital policy will take into account the increase in the size of Phoenix, the mixture of risks and the expected amount of new business to be issued. This will ensure that financial security for all policies is maintained.

## Annuities in payment

If you have an annuity which provides you with a regular income, Phoenix will continue to make these payments.

The amount you receive, the dates of your payments and any guarantees you have will not be affected by the transfer.

## With-profits policies

There will be no change to the value of your current benefits or the way future bonuses are calculated and applied to your policy as a result of the transfer. If you have any guarantees on your policy, these will not be affected. The way the Phoenix with-profits funds are invested will not change as a result of the transfer.

No Phoenix with-profits policies will move as a result of the Scheme and no SLAL or PLAL with-profits policies will transfer into any of the existing Phoenix with-profits funds.

New with-profits funds will be set up in Phoenix that are equivalent to the with-profits funds in SLAL and PLAL. If the Scheme goes ahead, SLAL and PLAL policies will transfer to these new with-profits funds.

## **The Phoenix Principles and Practices of Financial Management (PPFM)**

The Phoenix with-profits funds will continue to be managed in line with the Phoenix PPFM. The PPFM describes in detail how the Phoenix with-profits funds are managed and how bonuses are determined.

There will be some updates to the PPFM as a result of the transfer. New sections will be added, which will set out how the new with-profits funds for the business transferring from PLAL and SLAL will be managed. There will be some other changes as a result of the transfer.



If you have a with-profits policy, you'll find an explanation of these PPFM changes in the 'Your With-Profits Policy' section at the back of the letter we've sent you, and a summary of these changes in section 5 of this guide.

If the transfer is approved, the updated PPFM will come into effect on the date the transfer happens. You can find a copy of the draft updated PPFM on our website at [www.phoenixlife.co.uk/transfer23](http://www.phoenixlife.co.uk/transfer23).

## Unit-linked policies

If you are invested in a unit-linked fund, your policy will continue to be invested in the same unit-linked funds in the same way and by the same investment manager as now. The transfer will not change the number of units allocated to your policy, or the value of those units.

Currently, Phoenix has the right to wind up a unit-linked fund if its value falls below a threshold level. Following the transfer, the wind up threshold will be removed. Phoenix will then have the right to wind up a fund or close it to new investment, provided policy terms and conditions don't prevent this and the change is made on terms the Board considers are fair to policyholders.

For Phoenix Wealth and Abbey Life unit-linked funds Phoenix currently has these rights, so there is no change to Phoenix's rights for these funds.

If a fund is wound up or closed to new investment, an alternative fund will be made available. You'll have the right to choose a different fund if you prefer and switch investment free of charge.

There will be no changes to Phoenix's rights in relation to unit-linked funds which are part of the Hill Samuel and Target Life fund ranges.

## 4 WHAT YOU SHOULD DO NEXT

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

You can find all the information on our website at [www.phoenixlife.co.uk/transfer23](http://www.phoenixlife.co.uk/transfer23), including a 'Your Questions Answered' booklet to help answer any questions you may have. You'll also find more detail about our proposals, including the Independent Expert's full report, the summaries of this report and the full Scheme document.

Please 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.

## 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.

### If you're a trustee

If you're a trustee of a Phoenix policy or pension scheme, please make sure that all beneficiaries or scheme members know about the proposed transfer and are aware that full details are available on our website, or may be obtained by calling our helpline. If you'd like any assistance, please let us know by contacting our helpline. You'll find our contact details in sections 1 and 8 of this guide.

## 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. Your objection will be presented to the High Court, and the High Court will take all objections into consideration when reaching its decision.

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

### 1. 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 concerns and you'd like to raise an objection, we'll make the High Court, the Independent Expert 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 8 September 2023.

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

If you'd like to, you can attend the High Court hearing 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 objection at the hearing, please let us know so 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.

In deciding whether to give its approval, the Court of Session might take into account any objections to this Scheme. So we may also share your objection with the Court of Session if required.

If your policy falls under the Jersey Scheme or the Guernsey Scheme you can also raise an objection to the Royal Court of Jersey or Royal Court of Guernsey. You can find details of how to object on our website at [www.phoenixlife.co.uk/transfer23](http://www.phoenixlife.co.uk/transfer23).

## 5 SUMMARY OF THE SCHEME

The Scheme brings together, and in certain places amends, the provisions in the existing schemes which apply to the companies. This has been done to simplify operation of the Scheme and reflect recent developments, for example in relation to law and regulation.

In this section, we summarise the key changes. You'll find the full Scheme document, which contains detailed technical information, on our website at [www.phoenixlife.co.uk/transfer23](http://www.phoenixlife.co.uk/transfer23). You can request a copy by calling our helpline. You'll find our contact details in sections 1 and 8 of this guide.

The summary of the Scheme also applies to the Jersey Scheme and the Guernsey Scheme, except that these schemes do not affect SLPF and the relevant courts are the Royal Court of Jersey and the Royal Court of Guernsey, rather than the High Court.

### **Transfer of business**

On the transfer date, which is expected to be 27 October 2023, subject to the approval of the High Court, and the approval of the Court of Session to change the existing SLAL Schemes, the three transferring companies (PLAL, SLAL and SLPF) will transfer all their policies and business to Phoenix. This means that Phoenix will become the insurer and will be responsible for the transferring policies.

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

For accounting and financial reporting purposes, the Scheme will be treated as effective between Phoenix and the transferring companies from 30 September 2023. However, this will not affect policyholders or their rights against the transferring companies.

### **Allocation of policies**

Policies in PLAL and SLAL with-profits funds will transfer to corresponding new with-profits funds to be established in Phoenix. All other SLAL and PLAL policies will transfer to the Phoenix Non-Profit Fund.

The policies of SLPF are currently reinsured to the Heritage With-Profits Fund and Proprietary Business Fund in SLAL. These policies will transfer to the new Heritage With-Profits Fund in

Phoenix and the Phoenix Non-Profit Fund respectively. The assets of SLPF will be allocated to the new Phoenix Heritage With-Profits Fund, other than the rights, benefits and powers of SLPF relating to the policies reinsured to the SLAL Proprietary Business Fund, which will be allocated to the Phoenix Non-Profit Fund.

No business will transfer into the existing Phoenix with-profits funds, and no Phoenix policies will transfer under the Scheme.

### **Excluded 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 Phoenix and the relevant transferring company until it is possible to transfer these policies.

### **Reinsurance**

Under the Scheme, Phoenix will become party to all external third party reinsurance arrangements that the transferring companies are currently party to, and these will continue to operate in the same way as they did before the transfer, with Phoenix replacing the relevant transferring company.

Where there are reinsurance agreements between Phoenix and PLAL, or between SLAL and SLPF, on the date of the transfer these agreements will either stop where they are not needed, or will be replaced by inter-fund agreements between the funds of Phoenix to achieve the same financial effect.

Similarly, where there are arrangements between funds in the transferring companies or Phoenix, the Scheme provides for those arrangements to be replicated between the equivalent successor funds in Phoenix.

### **Capital policy**

The Scheme will set out a capital policy which acts as an underpin to the amount of capital Phoenix will hold over that required by regulation. The capital policy will include three tests: a capital quantity test (relating to the amount of capital held to provide security), a capital quality test (relating to the amount of assets available to meet short-term outgoings) and a capital event test (relating to the protection of with-profits funds) sometimes called a 'capital event business requirement'. Phoenix must hold enough additional capital to satisfy all of the tests.

The capital policies set out in the current Phoenix and PLAL schemes contain a capital test which has a similar purpose to the capital quantity test, but the capital quality test and capital event test are additional policyholder protections.

The capital requirements set out in the current SLAL schemes are similar to the capital event test, but the capital quantity test and capital quality test are additional policyholder protections. However in practice SLAL already calculates its additional capital holdings using all three tests.

## **With-profits funds**

### **With-profits fund closure requirements**

For existing Phoenix with-profit funds and the with-profit funds corresponding to those in PLAL, the Scheme will update the basis upon which the closure threshold is calculated to refer to the equivalent Solvency II regulation definitions. The closure thresholds will be index-linked and will trigger consideration of closure rather than triggering a requirement to close. Where a fund does close, the Scheme will require with-profits policies to be treated in a way which is fair and in the best interest of policyholders by allowing Phoenix to carry out one or more of the following:

- transfer the policies to another Phoenix with-profits fund, where those policies will be able to participate in profits in that fund; and/or
- convert the with-profits benefits to unit-linked benefits in the Phoenix unit-linked funds; and/or
- convert the policy so that bonuses are fixed and guaranteed.

### **Policies whose with-profits benefits are allocated to the NPI With-Profits Fund**

The Scheme will allocate the with-profits benefits of those policies in the Phoenix Non-Profit Fund, whose with-profits benefits are currently in the NPI With-Profits Fund, to the Pearl With-Profits Fund set up in Phoenix. The NPI With-Profits Fund will be closed. There will be no change to the way these policies are operated.

### **New business written in with-profits funds**

Although there will be no change to the types of new business that can be written in the with-profits funds, the Scheme will align the description of the types of new business permitted to be written in the with-profits funds where it is possible to do so.

### **With-profits funds certification**

The annual certificates to be provided by the Phoenix Board, confirming whether the SPI With-Profits Fund has been operated in line with the terms of the Phoenix 2009 Scheme, by the PLAL Board, confirming whether the provisions of the PLAL 2015 Scheme in relation to the NPL With-Profits Fund have been complied with, and by the SLAL Board in relation to the Heritage With Profits Fund confirming that the provisions of the 2006 Demutualisation Scheme have been complied with, are not included in the Scheme.

The checks required to provide the certificates will continue to be carried out alongside the annual PPFM compliance exercises required by the FCA.

### **Re-allocation of certain policies**

The Scheme allows Phoenix to reallocate non-profit policies in Phoenix's with-profits funds to the Phoenix Non-Profit Fund, subject to certain policyholder protections. Phoenix and PLAL currently have this right, which will continue to apply in Phoenix in the same way after the transfer date as it does now.

## **Operation of the Heritage With-Profits Fund transferring from SLAL**

The Scheme will clarify the calculation for determining the mid-year cash flows from the Heritage With-Profits Fund and will allow Phoenix to carry out unit matching on its unit-linked funds.

### **With-profits fund support arrangements**

The shareholder support arrangements for the Phoenix and PLAL with-profits funds, and the SLAL Heritage With-Profits Fund and German With-Profits Fund, will continue to apply in the same way in Phoenix after the transfer date as they do now.

### **With-Profits Committee Terms of Reference**

The updated Terms of Reference will combine and align the current terms of the Phoenix, PLAL, and SLAL With-Profits Committees. The Scheme will amend the requirement to refer changes to the Terms of Reference to the regulators so that not all changes will need the regulators' approval. Any material changes will still require certification by the Phoenix Chief Actuary and With-Profits Actuaries that the proposed change does not have an adverse effect on the reasonable expectations of policyholders affected by the change.

### **Unit-linked funds**

With the exception of the unit-linked funds of external providers and the unit-linked funds within the Hill Samuel and Target Life fund ranges, the Scheme provides for Phoenix (subject to certain policyholder protections) to allow the division, merger or closure of unit-linked funds, the closure to new or further investment and the modification of their investment objectives to permit investment in reasonably similar assets. If a fund is closed, policyholders will be given units of the same value in a substitute fund having similar investment exposure where possible. However, these changes are not permitted if they are prohibited by the policy terms and conditions.

If any of these changes are made, the Board must consider the change is made on terms that are fair to policyholders taking into account the interests of policyholders and policyholders will be able to switch investment free of charge.

For the Hill Samuel range and the Target Life range of unit-linked funds Phoenix will have the same rights following the transfer as now.

### **Policies with options for a new or replacement policy**

Policy options or other rights which allow a new, additional or replacement policy to be taken out will continue to apply after the transfer. If Phoenix is not issuing these exact policies, Phoenix may (subject to satisfying certain requirements) offer the nearest equivalent policy that Phoenix is then providing.

## **Data protection**

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

## **Costs**

The costs and expenses will be met by the Phoenix Shareholders' Fund. No costs will be passed on to customers.

## **Replacement of existing schemes and continuation of the SLAL 2019 Scheme**

The Scheme will replace a number of existing schemes covering Phoenix, SLAL, PLAL and SLPF. Certain other schemes will continue, including the SLAL 2019 Scheme which will be amended to reflect that Phoenix has replaced SLAL. The replacement of the Phoenix and PLAL schemes is subject to the approval of the High Court. The replacement of the SLAL Schemes and the continuation of the SLAL 2019 Scheme are subject to the approval of the Court of Session.

## **Amendments to the Scheme**

Phoenix and the transferring companies are allowed to make amendments or additions to the Scheme 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, stating that in their opinion the proposed amendments will not materially adversely affect the security or reasonable expectations of policyholders.

The process described above does not have to be followed if only minor or technical amendments are being made or if the Scheme specifically permits an amendment without going through this process.

## 6 SUMMARY OF THE INDEPENDENT EXPERT'S REPORT

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

The Independent Expert has been selected on the basis of his experience and independence. As part of the process to appoint the Independent Expert we considered whether he held any policies with, or had previously done any work for, the companies involved in the transfer.

The Independent Expert holds two unit-linked pension policies provided by SLAL. Should the transfer proceed these policies will be treated in exactly the same way as all other policies of the same type and will have the same value after the transfer as before.

The Independent Expert has not carried out any work for the companies involved in the transfer during the last seven years.

We are confident that the Independent Expert's policies and previous work will not affect his judgement or his ability to act independently when considering the transfer proposals. His appointment has been approved by the PRA in consultation with the FCA.

In this section you can read the Independent Expert's summary of the effect of the transfer on Phoenix policyholders.

You can see the full report, and also his summary of the effect of the transfer on all policyholders, on our website at [www.phoenixlife.co.uk/transfer23](http://www.phoenixlife.co.uk/transfer23). You can request a copy of any of the documents on our website by calling our helpline.

This summary applies equally to the Jersey Scheme and the Guernsey Scheme.

### Summary of the Independent Expert's Report

#### Introduction

As set out in this guide, Phoenix Group proposes to carry out an insurance business transfer in order to combine four of its life insurance companies into one company (the one referred to as Phoenix) in order to simplify its corporate structure. This requires the approval or consent of the High Court (in England) and the Court of Session (in Scotland). I have been appointed by Phoenix Group as the Independent Expert under the relevant legislation to consider and report to the courts on this proposed transfer, and I have been approved to carry out this role by the PRA in consultation with the FCA.

I am a Fellow of the Institute and Faculty of Actuaries, and a Principal in Milliman LLP, part of Milliman Inc., which is a global consulting firm. I have over 35 years of experience in the UK life insurance industry and I have previously carried out the role of Independent Expert for transfers of life insurance business, including those involving with-profits business. My independence to carry out this role for this transfer has been set out separately within this guide.

I have produced a full and detailed report (my "Full Report"), which considers the effects of the transfer on all of the policyholders in all four companies and which sets out my conclusions, and



includes my reliances and limitations in producing the report. My Full Report is available to all policyholders and to any interested party who wishes to see it, and can be viewed at [www.phoenixlife.co.uk/transfer23](http://www.phoenixlife.co.uk/transfer23). Alternatively, my Full Report can be obtained as set out within Section 8 of this guide.

I have produced a number of summary reports, each tailored to specific groups of policyholders. This tailored summary report is for the policyholders of Phoenix, other than those holding policies written under the Phoenix Wealth, SunLife, and Phoenix Corporate Investment Services brands, for whom separate summary reports have been produced.

The Chief Actuary and the relevant With-Profits Actuaries of Phoenix have produced reports on the proposed transfer. I have considered those reports, and I have consulted with the Chief Actuary and the relevant With-Profits Actuaries in the course of carrying out my work.

Set out below is a summary of my considerations and conclusions under the following headings:

- Summary of the Scheme.
- Determination of policy benefits and benefit expectations.
- Security of policy benefits.
- Other aspects, including standards of policy administration and service.

I will produce a Supplementary Report prior to the final court hearings. My Supplementary Report will provide updates as necessary to my analyses and considerations, and will comment on any queries, issues or objections arising from any of the policyholders involved or from other interested parties. My Supplementary Report will also provide any applicable updates to the conclusions reached in my Full Report.

### **Summary of the Scheme**

The Scheme is the legal document which gives effect to the transfer. It essentially provides for all the assets, liabilities and policies of PLAL, SLAL and SLPF (which is a small subsidiary of SLAL) to be transferred to Phoenix. All current Phoenix policyholders will remain within Phoenix, and (subject to the clarification below in respect of the NPI With-Profits Fund) each of the current with-profits funds within Phoenix, including how they operate, will remain unchanged.

The Scheme replaces a number of previous schemes and also incorporates a number of practical updates to the previous schemes to which I refer as necessary below. The Scheme makes no change to any policy terms and conditions. All of the costs of carrying out the Scheme will be borne by the Phoenix Group shareholders, and no such costs will be borne either directly or indirectly by any policyholders.

### **Determination of policy benefits and benefit expectations**

For policyholders holding with-profits policies of all types, the determination of policy benefits will continue as currently, with no changes to the determination of the asset mixes which affect policyholder benefits. The published Principles and Practices of Financial Management (known as the PPFM) which governs the operation of the Phoenix with-profits funds will be combined into a single document with the PPFM of the PLAL with-profits funds, but with separate sections for each fund. Other than the closure provisions as explained below, the PPFM as it applies to the Phoenix with-profits funds will fundamentally remain unchanged in all material respects. References within the PPFM to previous schemes will be updated to refer instead to the current Scheme.

The NPI With-Profits Fund within Phoenix will no longer exist following the implementation of the Scheme. The with-profits benefits provided by this fund are currently fully reinsured to and thus determined by the Pearl With-Profits Fund within PLAL, and the Pearl With-Profits Fund is being transferred into Phoenix by the Scheme. The need for the reinsurance will thus fall away, and the with-profits benefits of the relevant policyholders will be determined directly by the Pearl With-Profits Fund. I am satisfied that this arrangement fully preserves the current with-profits benefit expectations for these policyholders.

The Scheme includes changes to the closure provisions for each of the Phoenix with-profits funds. These closure provisions (often referred to as sunset clauses) set out what happens when a with-profits fund has reduced to a certain size. The main changes are to move from the existing “must close” provisions when a with-profits fund reaches a certain size to “may close” provisions. This change may allow a with-profits fund to continue as with-profits for longer provided that this is in the interests of the with-profits policyholders in that fund. The changes also allow for greater flexibility on the available options when a with-profits fund is closed. I am satisfied that appropriate protections have been included and that these changes are beneficial to the Phoenix with-profits policyholders.

For policyholders holding unit-linked policies, the determination of policy benefits will continue as currently, including the approaches and standards used for the determination of unit prices. The Scheme includes updated provisions for unit-linked funds to be closed to new investments, merged with or replaced by other unit-linked funds, and for unit-linked investment objectives to be modified, where this is not inconsistent with the relevant policy terms. This will enable Phoenix to continue to manage the enlarged unit-linked business to best meet policyholder needs efficiently as unit-linked funds grow or decline. I note that for unit-linked funds in the Abbey Life and Phoenix Wealth fund ranges, Phoenix currently has all of these rights and there is thus no actual change. The Scheme includes appropriate protections to ensure that the terms of any unit-linked fund mergers or replacements or modifications to investment objectives are fair to policyholders. The changes described here do not apply to the funds in the Hill Samuel and Target Life fund ranges due to their policy terms. The changes described here also do not apply to policies where unit-linked benefits are determined by reference to externally managed funds, as any changes here are the responsibility of the external manager.

For both with-profits and unit-linked policies, the determination and application of charges and expenses to the funds and policies will be the same as currently. Given that Phoenix, PLAL, and SLAL already have common management approaches and governance structures, I can see no reason why the future consideration of charges and expenses within the enlarged Phoenix following the implementation of the Scheme would be materially different to that which currently applies.

For policyholders holding policies with fixed benefits (or benefits linked to an inflation index), there will be no change to such benefits.

Hence, for all Phoenix policyholders, I conclude that the Scheme will have no material adverse effect on the determination of policyholder benefits or on expectations in respect of policyholder benefits.

### **Security of policy benefits**

The security of policy benefits is provided through the following:

- The reserves and capital which the PRA requires all life companies to hold to meet expected outcomes and to cover adverse circumstances and events in relation to the risks to which the company is exposed.
- The additional capital, over and above the PRA's requirements, which a particular life company elects to hold. This is often referred to as the capital buffer or the capital policy requirement.

- The governance processes which a life company uses to run its business and to manage the risks to which it is exposed.

I consider each of these aspects below.

#### *Regulatory capital requirements*

The normal UK regulatory capital requirements will apply to the enlarged Phoenix following the implementation of the Scheme. These regulatory capital requirements are intended to ensure that a life company can withstand adverse circumstances and events equivalent to a 1-in-200 year event. There will be material capital efficiency benefits arising from combining the four life companies into one, and I have thus reviewed this aspect carefully.

#### *Capital policy*

Currently Phoenix, PLAL and SLAL adopt essentially the same capital policy. In particular, a capital buffer is held sufficient to enable Phoenix, PLAL and SLAL to meet their regulatory capital requirements (including the 1-in-200 year event requirement) following a 1-in-10 year adverse event. This same level of capital buffer (i.e. ability to meet regulatory capital requirements following a 1-in-10 year adverse event) will apply to the enlarged Phoenix following the implementation of the Scheme. Phoenix is required by the Scheme to adopt and comply with this capital policy, including the 1-in-10 year level of capital buffer and other aspects contained within the Scheme. My Full Report contains analyses which show that the enlarged Phoenix would have been able as at 31 December 2022 to meet its capital policy had the Scheme been effective at that date.

Currently, all SLAL policyholders benefit from certain additional capital protections, which derive from the demutualisation of Standard Life in 2006. These additional capital protections are incorporated into the Phoenix capital policy within the Scheme, and will benefit all policyholders (including current Phoenix policyholders) in the enlarged Phoenix following the implementation of the Scheme.

The current provisions for the shareholder to provide capital support to the Phoenix with-profits funds in certain circumstances are maintained under the Scheme.

#### *Governance processes*

There will be no material change to the governance processes of Phoenix as a result of the Scheme.

#### *Summary in relation to the security of policy benefits*

Taking all of the above aspects into consideration, I conclude that for all Phoenix policyholders the Scheme will have no material adverse effect on their security of benefits.

#### **Other aspects (including standards of policy administration and service)**

In addition to the key aspects of policy benefits and the security of policy benefits, I have considered a number of further aspects, including the possible effects of the Scheme on standards of policy administration and service, the ability of Phoenix to implement the transfer in practical terms and to deal with queries arising from policyholders, and the availability of protections such as the UK Financial Services Compensation Scheme. I am satisfied that the Scheme will have no material adverse effect on policyholders in these areas.

## **Overall Conclusion**

Taking all of the above considerations into account, I conclude that the Scheme will have no material adverse effects on any of the Phoenix policyholders.

My other summary reports contain this same conclusion in respect of the other groups of policyholders to whom each summary report is applicable.

I have provided all the relevant Independent Expert certificates to allow the Scheme to replace the previous schemes.

### **John A Jenkins**

*Fellow of the Institute and Faculty of Actuaries*

*Principal and Consulting Actuary, Milliman LLP*

*April 2023*

## 7 LEGAL NOTICE

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

CR–2022–000458

IN THE MATTER OF  
PHOENIX LIFE ASSURANCE LIMITED  
and  
IN THE MATTER OF  
STANDARD LIFE ASSURANCE LIMITED  
and  
IN THE MATTER OF  
STANDARD LIFE PENSION FUNDS LIMITED  
and  
IN THE MATTER OF  
PHOENIX LIFE LIMITED  
and  
IN THE MATTER OF  
THE FINANCIAL SERVICES AND MARKETS ACT 2000

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### NOTICE

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**NOTICE IS HEREBY GIVEN** that, on 26 April 2023, Phoenix Life Assurance Limited ("**PLAL**"), Standard Life Assurance Limited ("**SLAL**") and Standard Life Pension Funds Limited ("**SLPF**") and together with PLAL and SLAL, the "**Transferors**") and Phoenix Life Limited ("**Phoenix**") 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 (the "**Order**") under section 111 of FSMA sanctioning an insurance business transfer scheme for the transfer to Phoenix of the 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**").

Previous company names and brands associated with policies in PLAL and Phoenix are as follows:

**PLAL:** London Life, NPI, National Provident Institution, National Provident Life, Pearl and Pearl Assurance;  
and

**Phoenix:** Abbey Life, Ambassador Life, Britannic Assurance, Hill Samuel and SunLife.

Details of the companies and brands which are associated with policies now in PLAL and Phoenix are available at <https://www.phoenixlife.co.uk/about-phoenix-life/our-history>.

In relation to SLAL, the only brand associated with the majority of policies in SLAL is the Standard Life brand.

The following documents are available free of charge by contacting the Transferors or Phoenix using the contact details at the end of this notice:

- a copy of a report on the terms of the Scheme prepared in accordance with section 109 of FSMA (the "**IE Report**"), by the Independent Expert, John Jenkins whose appointment has been approved by the Prudential Regulation Authority, in consultation with the Financial Conduct Authority;
- a copy of the Scheme;
- copies of the reports prepared by the Chief Actuaries of Phoenix, PLAL, SLAL and SLPF;
- copies of the reports prepared by the With-Profits Actuaries of Phoenix, PLAL and SLAL; and
- a copy of the communications that will be mailed to the transferring policyholders (which includes a summary of the terms of the Scheme and a summary of the IE Report).

The above documents can also be downloaded from the Transferors' and Phoenix's respective websites:

- in relation to Phoenix and PLAL policies: [www.phoenixlife.co.uk/transfer23](http://www.phoenixlife.co.uk/transfer23); and
- in relation to SLAL and SLPF policies: [www.standardlife.co.uk/businesstransfer](http://www.standardlife.co.uk/businesstransfer).

Supporting documents and any further news about the Scheme will be posted on the websites indicated above.

The Application is due to be heard on 5 and 6 October 2023 by a Judge of the Chancery Division of the High Court at the Rolls Building, Fetter Lane, London EC4A 1NL. If these dates change, a notice will be placed on the Transferors' and Phoenix's websites.

Phoenix will also make applications under section 112(1)(d) of FSMA for orders of the High Court:

- approving a proposed amendment and abrogation of an insurance business transfer scheme between Scottish Mutual Assurance Limited and Scottish Provident Limited as transferors and Phoenix as transferee under Part VII and Schedule 12 of FSMA, which was sanctioned by the High Court on 3 February 2009 and became effective on 1 January 2009;
- approving a proposed amendment and abrogation of an insurance business transfer scheme between Phoenix & London Assurance Limited as transferor and Phoenix as transferee under Part VII and Schedule 12 of FSMA, which was sanctioned by the High Court on 11 Feb 2011 and became effective on 1 January 2011;
- approving a proposed amendment and abrogation of an insurance business transfer scheme between National Provident Life Limited and NPI Limited as transferors and Phoenix as transferee under Part VII and Schedule 12 of FSMA, which was sanctioned by the High Court on 28 March 2012 and became effective on 1 January 2012;
- approving a proposed amendment and abrogation of an insurance business transfer scheme between AXA Wealth Limited as transferor and Phoenix as transferee under Part VII and Schedule 12 of FSMA, which was sanctioned by the High Court on 21 November 2017 and became effective on 30 September 2017, and
- approving a proposed amendment and abrogation of an insurance business transfer scheme between Abbey Life Assurance Company Limited as transferor and Phoenix as transferee under Part VII and Schedule 12 of FSMA, which was sanctioned by the High Court on 19 December 2018 and became effective on 31 December 2018.

PLAL will also make applications under section 112(1)(d) of FSMA for orders of the High Court:

- approving a proposed amendment and abrogation of an insurance business transfer scheme between London Life Limited as transferor and PLAL as transferee under Part VII and Schedule 12 of FSMA,

which was sanctioned by the High Court on 24 September 2012 and became effective on 1 July 2012; and

- approving a proposed amendment and abrogation of an insurance business transfer scheme between National Provident Life Limited as transferor and PLAL as transferee under Part VII and Schedule 12 of FSMA, which was sanctioned by the High Court on 1 May 2015 and became effective on 1 January 2015.

SLAL will also make applications under section 112(1)(d) of FSMA for orders of the Court of Session in Edinburgh (the “**Court of Session**”):

- consenting to a proposed variation to, and releasing SLAL from its obligations under, an insurance business transfer scheme between The Standard Life Assurance Company as transferor and SLAL as transferee under Part VII and Schedule 12 of FSMA, which was sanctioned by the Court of Session on 9 June 2006 and became effective on 10 July 2006; and
- consenting to a proposed variation to, and releasing SLAL from its obligations under, an insurance business transfer scheme between Standard Life Investment Funds Limited as transferor and SLAL as transferee under Part VII and Schedule 12 of FSMA, which was sanctioned by the Court of Session on 20 December 2011 and became effective on 31 December 2011,

(together, the “**SLAL Consents**”).

SLAL and Standard Life International Designated Activity Company will also make an application under section 112(1)(d) of FSMA for an order of the Court of Session approving a proposed variation to an insurance business transfer scheme between SLAL as transferor and Standard Life International DAC as transferee under Part VII and Schedule 12 of FSMA, which was sanctioned by the Court of Session on 19 March 2019 and became effective on 29 March 2019 (the “**SLAL/SL Intl Approval**” and, together with the SLAL Consents, the “**Court of Session Consent**”).

Both the approval of the High Court and the Court of Session Consent are needed before the proposed transfer proceeds.

If the High Court approves the proposals and the Court of Session Consent is obtained, the Scheme will become operative at 23.59 on 27 October 2023. If this date changes, a notice will be placed on the Transferors' and Phoenix's websites.

Any person who considers 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 barrister or solicitor advocate, the permission of the High Court will be required for them to speak on your behalf.

Any person who considers 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 above, or (c) in writing to the Transferors at the addresses set out below or (d) 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 by 8 September 2023 to the Transferors or to the solicitors named below using the contact details set out below.

All objections relating to the Scheme will be shared with the High Court of England and Wales.

If the Scheme is sanctioned by the High Court and the Court of Session Consent is obtained, it will result in the transfer to Phoenix of all the contracts, property, assets, and liabilities relating to the Transferring Business (in accordance with the 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 Order of the High Court.

*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.

**Transferor and Phoenix contact information:**

**Phoenix and PLAL**

Helpline number: 0800 856 4488

Helpline number (from overseas): +44 (0)1733 793287

Postal address:

Phoenix Transfer Team

PO Box 79408

LONDON

N17 1HQ

The Phoenix and PLAL helplines will be open from 8.30 a.m. to 5.30 p.m. (UK time), Monday to Friday (excluding UK bank holidays).

**Standard Life (SLAL and SLPF)**

Helpline number: 0808 196 6804

Helpline number (from overseas): +44 (0) 1234 298 298

Postal address:

Standard Life Transfer Team

PO Box 79408

LONDON

N17 1HQ

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

**Solicitors for the Transferors and Phoenix**

**Linklaters LLP**

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

Please quote reference number L-296640 on any correspondence to Linklaters LLP.



## 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.



Helpline (freephone): 0800 856 4488

From overseas: +44 (0)1733 793287\*

Monday to Friday, not including bank holidays: 8:30am – 5:30pm (UK time)

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/transfer23](http://www.phoenixlife.co.uk/transfer23)



Phoenix Transfer Team

PO Box 79408

London

N17 1HQ

Phoenix Life Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Phoenix Life Limited is registered in England No. 1016269 and has its registered office at: 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.