Countrywide Assured

Countrywide Assured plc

Supplementary Report by the Chief Actuary of Countrywide Assured plc ("CA")

On the proposed transfer of business from Canada Life Ltd ("CLL") to CA pursuant to Part VII of the Financial Services and Markets Act 2000

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1. Introduction

1.1. Purpose of the Supplementary Report

The purpose of this report (the “Supplementary Report”) is to provide an update to my original report (the “Main Report”) dated 2 July 2025.

The Main Report was prepared for the Board of Directors of CA which considered the financial implications of the proposed insurance business transfer Scheme (the “Scheme”) under Part VII of the Financial Services and Markets Act 2000 (“FSMA”) and its potential impact on both the existing CA policyholders and those transferring from CLL.

The Main Report also considered the fair treatment of CA policyholders and any changes to administration and policyholder benefits affecting CA policyholders.

A copy of the Main Report was provided to the Prudential Regulation Authority (“PRA”), the Financial Conduct Authority (“FCA”), the Independent Expert (“IE”) and presented to the High Court of England and Wales (the “Court”) at the Directions Hearing which took place on 15 July 2025. The report was also made available to the policyholders of CA and CLL.

The purpose of this Supplementary Report is to consider any matters or developments since the Main Report was produced that I consider to be material or relevant to the assessment of the Scheme. This includes:

- updated financial information subsequent to that of 31 December 2024 used in the Main report
- policyholder responses to the Scheme; and
- any amendments to the terms of the Scheme.

In respect of these matters, this Supplementary Report confirms that my conclusions stated in the Main Report remain valid and that, in my opinion, it remains appropriate to proceed with the Scheme.

This Supplementary Report should be read in conjunction with the Main Report. Terms used in this report but not defined have the same meaning as set out in the glossary of the Main Report. In preparing this report I have read and considered CLL’s draft supplementary report by the Chief Actuary, the draft report of the With Profits Actuary for CA and a draft of the Independent Expert’s supplementary report.

1.2. Report Structure

The report is structured as follows:

- section 2 considers the financial impact position of CA before and after the Scheme based on updated financial information

- section 3 provides a summary of the responses to policyholder communications
- section 4 sets out other developments relevant to the assessment of the Scheme; and
- Section 5 presents conclusions.

1.3. Compliance with Actuarial Standards

This report is considered to comply with the following Technical Actuarial Standards (TAS) issued by the Financial Reporting Council:

- TAS 100: General Actuarial Standards v2.0; and
- TAS 200: Insurance v2.0.

and has been prepared in accordance with relevant actuarial professional standards. In particular, APS X2: Review of Actuarial Work, issued by the Institute and Faculty of Actuaries, requires Actuaries to consider the appropriate level of review that should be applied to their work, and this report has been subject to peer review in accordance with APS X2.

2. Financial position of CA before and after the Scheme

The Main Report considered the financial position of CA before and after the Scheme based on the 31 December 2024 results. This section provides an update based on the balance sheet data as of 31 December 2025.

2.1. Balance sheet showing combined position as of 31 December 2025

The table below shows a summary of the Solvency UK balance sheet of CA as of 31 December 2025 together with an estimated pro-forma balance sheet had the Scheme been effective at that date. The equivalent information as of 31 December 2024 has been included for reference.

CA solvency positions (£m)	31 December 2024		31 December 2025		
	Reported	Post-scheme	Reported	Post-scheme	Scheme not sanctioned
Own Funds	130.4	130.4	118.0	118.2	103.8
Solvency Capital Requirement	(96.3)	(95.8)	(90.8)	(90.4)	(78.9)
Excess Assets	34.1	34.7	27.2	27.6	24.9
SCR cover %	135%	136%	130%	130%	132%

The SCR cover ratio of CA as of 31 December 2025 was 130% compared to 135% as of 31 December 2024. The decrease in solvency is driven by a foreseeable dividend payable to Chesnara Plc which offsets positive operating surplus from management actions in 2025 and positive market movements. The solvency ratio is 155% before dividend.

The table above also shows the estimated impact on CA were the Scheme not to be sanctioned. In this scenario, the Reinsurance Agreement between CA and CLL would be terminated resulting in a decrease in Own Funds as the negative liabilities associated with the Transferred Business would be removed from the CA balance sheet. For the same reason, there would be a reduction in Solvency Capital Requirements and overall, an increase in the SCR cover ratio relative to if the Scheme had gone ahead. The solvency position of CA would remain within the Board's risk appetite in the scenario of the Scheme not being sanctioned.

As of 31 December 2025, there are 14,780 policies subject to transfer under the scheme compared to c241k for CA in total excluding the Transferred Business.

The risk profile of CA has remained stable over 2025 and overall, the Part VII Transfer is not expected to materially change the risk profile of CA from a risk capital perspective, or in terms of the underlying risk exposure.

2.2. Impacts to the balance sheet since 31 December 2025

CA's solvency ratio since 31 December 2025 to 31 March 2026 is estimated to have increased slightly, primarily due to the run-off of the existing business.

Since 28 February, geopolitical uncertainty has increased with conflict breaking out principally between Iran, Israel and the US. This has contributed to a relatively higher level of market volatility, particularly in energy and bond markets.

Economic impacts are being actively monitored against the Countrywide Assured capital management and continuous solvency monitoring policies.

Returns on longer term UK government bonds have increased markedly since the end of February. Notwithstanding the current high level of the return on these bonds, it is noted that it is not uncommon for there to be short-term fluctuations in the financial markets.

CA invests in UK government bonds and other similar fixed interest investments that are expected to broadly match its contractual liabilities, such that when interest rates rise or fall the movements in the assets and liabilities broadly offset. Hence the current levels of volatility are expected to have a limited impact on CA's balance sheet, including across other financial metrics (e.g. equity valuations and inflation as well as fixed interest yields).

3. Summary of the responses to policyholder communications

Information packs were sent out to policyholders of CLL in line with the communication strategy developed and the waivers granted by the Court.

Information was also made available to CA and CLL policyholders through notices published in national newspapers (The Times, Daily Mail) and in the London, Edinburgh, and Belfast Gazettes, with relevant material available on CLL and CA plc's websites. This included how to request further information or how to object to the scheme and the expected date of the sanction hearing.

As of 30 March 2026, CLL have confirmed that there have been 895 responses from CLL policyholders (a 6% response rate).

There have also been 84 letters returned as the policyholder is no longer contactable via the details on the policy record. Of these 61 have been located and the PVII information pack reissued. CLL has attempted to contact all customers with returned mail at least once, which has been led by CLL's Customer Tracing Team. Further detail can be found in CLL's Second Witness Statement.

There have been 15 objections raised by policyholders in respect of the proposed transfer:

- 13 policyholders have objected based on their negative perceptions of, and in 1 instance past personal experience with, CA
- 1 policyholder has expressed concerns about the security of their benefits; and
- 1 policyholder has expressed concerns around the relative fund performance.

Of the above, one policyholder has indicated that they wish to attend the Sanctions Hearing as is permitted under the PVII process.

There have been no responses and no objections from CA policyholders.

I have considered the objections raised by policyholders and the responses provided in each case. I am satisfied that none of the objections cause me to reconsider the overall conclusions reached in the Main Report, as set out in section 5 of this report. I will continue to consider any further objections that are received up to the Sanctions Hearing

4. Other developments relevant to the assessment of the Scheme

4.1. Administration arrangements

As noted in the Main Report, the administration of the Transferred Business is currently undertaken in-house by CLL and there is ongoing work to migrate the Transferred Business to CA's outsourced administration platform with SS&C.

In the Main Report it was noted that this work is scheduled to complete in line with the Scheme Effective Date. The Sanctions Hearing has been delayed from November 2025 to July 2026 to allow this work to be completed.

At the time of writing, the migration remains on track for delivery in line with the revised dates with build activity having been completed and testing well progressed.

Since the publication of the Main Report, CLL have shared an Investment Charter which sets out non-contractual service standards that are operated in respect of the Transferring Policies.

CLL have confirmed that the Investment Charter does not form part of the policy terms and conditions and could be amended or withdrawn over time.

I understand that CA management have reviewed the Investment Charter in detail and, whilst it will not be replicated exactly, service delivery will be governed by service level agreements in place with SS&C and CA's framework for dealing with policyholder complaints and compensation for distress and inconvenience ("D&I").

In the most part, service delivery is expected to be similar or better once the administration transfers to SS&C. An enhanced D&I policy will be implemented were there to be a significant delay to service delivery in respect of surrenders and withdrawals. This includes the introduction of a £300 compensation where a surrender or withdrawal payment is delayed by more than 20 days beyond the applicable SLA.

Overall, it is considered that there is no materially adverse impact expected on overall levels of customer service as a result of the transfer.

4.2. CLL unit pricing error

Subsequent to the Main Report, I have been made aware of a unit pricing error in respect of the Transferring Business. This arose due to the incorrect application of taxation by CLL in respect of the underlying assets with the result that policyholder units were overvalued.

I understand that CLL has made the decision not to reprice the units to correct the overvalued positions. CLL have confirmed that they have carried out remedial actions to prevent the error from happening again in the future and that there has been no adverse impact on policyholders as a result.

4.3. Amendments to the scheme

There have been no material amendments to the Scheme.

4.4. Chesnara acquisition of HSBC Life (UK) Limited

Chesnara plc completed the acquisition of HSBC Life (UK) Limited on 30 January 2026 and renamed the acquired entity Chesnara Life (UK) Limited. Chesnara Life (UK) Limited is a specialist life protection and investment bond provider in the UK. This acquisition brings approximately 454,000 policies and increases the assets under administration of Chesnara by approximately £5 billion.

In the main report it was noted that in extremis, CA also has potential support from the Chesnara Group. The solvency ratio of Chesnara following the acquisition is still at the upper end of the normal operating range.

This acquisition does not impact the financial position of CA as the acquisition was by Chesnara plc, the parent company.

The intention is for the business of Chesnara Life (UK) Limited to transfer to CA in due course, and the associated scheme will be subject to a separate Part VII process at that time. Any future scheme will require that it be demonstrated that the intended transfer will have no material adverse impact on CA policyholders as at that future date. My conclusions are therefore not affected by any potential future transfers.

4.5. Chesnara proposed acquisition of Scottish Widows Europe

Chesnara plc announced on 17 February 2026 that it had entered into an agreement to acquire Scottish Widows Europe SA (“SWE”). SWE is a Luxembourg based closed life insurance business and brings approximately 46,000 policies and c£1.5bn assets under administration to the Chesnara group.

In the main report it was noted that in extremis, CA also has potential support from the Chesnara Group. The estimated solvency ratio of Chesnara following the acquisition is still at the upper end of the normal operating range.

This acquisition is anticipated to be completed around the end of 2026. It does not impact the financial position of CA as the acquisition was by Chesnara plc, the parent company and as a result also does not impact this proposed transfer.

5. Conclusions

Based on the considerations set out in this Report, it is my opinion that the conclusions set out in Section 9 of the Main Report are still valid. In particular:

- The proposed Scheme will not have an adverse impact on the security of benefits of the existing CA policyholders.
- I do not expect the reasonable benefit expectations of CA's policyholders to be adversely affected by the Scheme. It should be noted that this includes the CA with-profit policyholders, as the operation of the ring-fenced arrangements for the two with-profit funds and their associated PPFM will be unaffected, as will the reinsurance arrangements for the with-profits business reinsured to Reassure.
- There will be no change to the administration of existing CA policies as a result of the Scheme, and therefore no reason to expect that the service standards for the existing CA policyholders will be adversely affected by the Scheme.
- There are no features of the Scheme that I would expect to prejudice the Court approval of the Scheme.

Based on these considerations, my advice to the Board is therefore that there is no reason why the Scheme should not proceed.

Rob Goodwin

Chief Actuary

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8 July 2026