

# **Summary Report on the proposed business transfer from Canada Life Limited to Countrywide Assured plc**

Summary Report of the Independent  
Expert

8 July 2025

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# 1.Introduction

Canada Life Limited ("CLL") and Countrywide Assured plc ("CA") (together, the "Companies") have jointly appointed Mr Loic Bellettre ("me", "I", "my") of Ernst & Young LLP ("EY", "we", "us", "our") to act as the Independent Expert ("IE") for the proposed transfer of certain long-term insurance business (the "Scheme") from CLL to CA. The Companies are both proprietary insurance companies operating in the UK. The Scheme in question relates to a block of UK based unit-linked bonds and pension business of 16,058 policies ("Transferring Policies").

When an application is made to the High Court for an order to sanction the transfer of long-term insurance business from one insurance company to another, the application is subject to Part VII of the Financial Services and Markets Act 2000 ("FSMA") and must be approved by the Court under Section 111 of FSMA. FSMA requires the application to be accompanied by a report on the terms of a scheme (the "Report") by an IE. I have prepared a Summary Report to provide policyholders and other interested parties with a summarised version of that full Report.

This Summary Report summarises my conclusions on the potential impact of the Scheme on policyholders and explains my rationale for reaching these conclusions. This is intended to be a standalone summary of my full Report, but some policyholders may wish to read the Report which provides greater detail on the Scheme and its potential effects on policyholders, and a more comprehensive explanation of my conclusions. Section 1 of that Report provides detail of the scope, reliances and limitations of my work, and why I believe that my work has been prepared in line with the relevant regulatory and professional guidance. The information in that Section applies equally to this Summary Report.

## 2. Summary of conclusion

For the reasons set out in the remainder of this Summary Report, I do not believe there is a reason that the Scheme should not proceed. This is subject to outstanding items where work is still in progress, stated in Section 12 of this report.

All the direct costs of the Scheme will be met by the Companies and none of the costs will be borne directly by policyholders, so they will not be adversely affected in this regard.

Overall, I am satisfied that policyholders' reasonable benefit expectations, security of benefits, and service standards will not be materially adversely impacted by the Scheme.

### 3. Background information

This Section provides background information, including an overview of the current regulatory regime to which the Companies comply. I believe this background information will be helpful to aid readers' understanding of the remainder of this Summary Report.

Solvency UK is the prudential solvency regime for the UK insurance industry, under which both Companies operate.

Under the regulatory regime of Solvency UK, insurers are required to hold assets that cover at least the Technical Provisions ("TPs"), in addition to further assets to cover additional capital requirements (notably the Solvency Capital Requirement ("SCR")). TPs consists of the Best Estimate Liability ("BEL") and Risk Margin ("RM"). The BEL is the amount of liability a company has to meet its policyholder obligations on a best estimate basis and the RM is an adjustment designed to represent the amount that another insurance or reinsurance undertaking would require to be paid to take on the obligations of that insurance company.

The TPs can be adjusted through a number of measures, subject to regulatory approval, that can reduce the amount of assets that the insurer is required to hold.

The SCR is an amount representing the additional capital requirements to cover a 1-in-200 year loss event. If a company's capital falls below the calculated SCR, management actions are required to re-establish this level of capital and regulatory intervention may be triggered.

There is a Standard Formula ("SF") under Solvency UK, which companies can use to calculate SCR. Alternatively, companies can also use an Internal Model ("IM") or Partial Internal Model ("PIM"), where some components of the SCR are calculated using SF and others through an IM, to calculate the SCR amount. This allows firms to more accurately reflect the specific risks that they are exposed to as a business, should the SF not appropriately capture these risks. Regulatory approval is required for companies to adopt an IM or a PIM.

Insurance companies within the scope of Solvency UK are required to hold assets that cover at least the TPs and SCR. In practice, companies also generally hold an amount of buffer capital above regulatory requirements in line with their risk appetite. The level of this buffer capital, and the implications of breaching it, are normally set out in a firm's Capital Management Policy ("CMP").

The excess assets over TPs and other liabilities represent the Own Funds, which are the financial resources available to meet the SCR, subject to being assessed and allocated to tiers according to their eligibility for meeting the SCR.

## 4. The Independent Expert

The IE is required to prepare a report on the terms of a scheme in a form approved by the PRA and subject to its guidance as set out in the PRA's Statement of Policy: "The PRA's approach to insurance business transfers" (January 2022) and in accordance with the guidance contained in the FCA Handbook – Chapter 18 of the Supervision Manual and the FCA's Final Guidance "FG221: The FCA's approach to the review of Part VII insurance business transfers". The purpose of the Report and the role of the IE is to assist the Court in deciding whether to sanction the Scheme and the Report will be considered by the Court along with views of the regulators, policyholders and other parties to the transfer.

I am a Fellow of the Institute and Faculty of Actuaries ("IFoA") and hold a Chief Actuary practising certificate issued by the IFoA. I am a Partner of EY, and I lead the EY Life Actuarial practice in the UK. I am independent of the Companies, and neither I nor any partner or member of staff at EY has acted for the Companies in developing any aspects of the Scheme.

My main Report will be presented to the Court at an initial hearing (the "Directions Hearing") expected to take place on 15 July 2025. The Scheme is then expected to be submitted to the Court for sanction at a hearing in late 2025 (the "Sanction Hearing"). To take account of updated financial information, progress with implementation of the Scheme, any regulatory developments and/or other circumstances nearer to the date of the Sanction Hearing, I will provide a report setting out my updated opinions in respect of the Scheme (the "Supplementary Report"). It will be made available to all policyholders, through the website of the Companies and Chesnara plc, the parent company of CA. If approved, the Scheme is expected to become effective on 7 December 2025 (the "Effective Date").

As IE, I have considered the effect of the Scheme on different groups of policyholders in CLL and CA. In doing so, I distinguish between:

- Policyholders transferring from CLL to CA ("Transferring Policyholders");
- Existing policyholders of CA ("Transferee Policyholders"); and
- Policyholders remaining with CLL ("Remaining Policyholders").

In considering the effect of the Scheme on different groups of policyholders, I have reviewed the impact of the Scheme on the following areas:

- The reasonable benefit expectations of policyholders
- The security of policyholder's benefits
- Levels of service provided to policyholders

The test I have used in considering this Scheme is whether the position of any group of policyholders is "materially adversely affected". The definition of what is "material" depends on the matter in hand, and so where there are adverse changes, I have provided context regarding their size and/or likelihood of them occurring, the relevance of the outcome to the Scheme and the impact (financial or otherwise) of the outcome to the policyholders. Unless explicitly stated, if the potential effect represents a small or very unlikely impact, I do not consider this to be material.

Further, I use the guidance provided by the Court of Appeal in 2020 following the initially refused sanction of the transfer of an £11.2 billion portfolio of annuities from The Prudential Assurance Company to Rothesay Life plc. In considering if a policyholder could be materially adversely affected by the Scheme, this guidance states that focus needs to be on adverse effects where:

- There are possibilities that cannot sensibly be ignored having regard to the nature and gravity of the feared harm in the particular case;

- They are a consequence of the Scheme;
- They are material in the sense that there is the prospect of real or significant, as opposed to fanciful or insignificant, risk to the position of the stakeholder concerned.

## 5.The Scheme

The purchase of CLL's UK unit-linked portfolio of bonds and pensions by CA was announced publicly on 23 December 2024, subject to Part VII court proceedings.

For CA, the transfer represents a continuation of its strategy of acquiring portfolios of closed life insurance policies and providing additional scale to the UK business. CA has extensive experience with acquisitions and has successfully completed five Part VII transfers from 2006 to present.

For CLL, the transfer enables the company to focus on its core markets and growth in other strategic areas, including in the international bond market and its bulk annuity business.

The Scheme relates to a portfolio of UK based unit-linked bonds and pensions business, with c.£1.5bn Assets Under Management ("AUM") and 16,058 policies, from CLL to CA. AUM is the total value of assets held by CLL for each policy type. A financial summary of the business included in the Scheme is shown below. AUM refers to the Assets Under Management, which is the total value of assets held by CLL for each policy type.

**Figure 5.1: Financial summary of the policies subject to the Scheme as at 31 December 2024**

	Policy count	AUM (£m)
Unit-linked bond	15,081	1,463
Unit-linked pension	977	60
<b>Total</b>	<b>16,058</b>	<b>1,523</b>

Source: CLL

The table below shows the breakdown of CLL's products included in the Scheme. All products are now closed to new business, though top-ups are available for the Select Account, Flexible Investment Bond, Total Access Bond, and Trustee Investment Plan.

**Figure 5.2: Breakdown of products as at 31 December 2024**

	Policy count	AUM (£m)
Select Account	6,398	926
Flexible Investment Bond	7,163	476
Select Investment Bond	1,434	57
Total Access Bond	86	5
<b>Total bonds</b>	<b>15,081</b>	<b>1,463</b>
Flexible Drawdown Plan	844	43
Trustee Investment Plan	133	17
<b>Total pensions</b>	<b>977</b>	<b>60</b>
<b>Total</b>	<b>16,058</b>	<b>1,523</b>

Source: CLL

The Scheme is proposed to work as follows:

- Unit-linked policyholders currently have a choice of funds they can invest in through their policy. The intention is that CA will enter into fund link agreements with the same fund providers, such that there is no impact on fund choice or charges. At the time of writing, not all of the funds have been set up yet and therefore I will provide an update on this in my Supplementary Report.
- The products will remain closed to new business, but top-ups will remain available for the Select Account, Flexible Investment Bond, Total Access Bond, and Trustee Investment Plan.



- The rights and obligations under the policies will be transferred without alteration. The product features under each policy will not change as a result of the Scheme.
- The direct costs of the Scheme will be borne by the Companies and will not be passed directly on to policyholders.
- The administration of the policies will transfer from CLL's inhouse administration system, Computations Life Office Administration System ("CLOAS") to CA's specialist third-party administration provider, SS&C Technologies ("SS&C"). At the time of writing the migration of this data has not yet taken place and I will provide an update on this in my Supplementary Report.
- There is already a Reinsurance Agreement in place relating to the Transferring Policies included in the Scheme, whereby the majority of the insurance and economic risks are transferred from CLL to CA ahead of the actual transfer of policies. The risk exposure that currently remains with CLL in relation to the Transferring Policies is expense risk associated with policy administration (in addition to a counterparty exposure to CA). That Reinsurance Agreement will fall away upon implementation of the Scheme when the policies move fully to CA. I note that in the event the Scheme were not to be sanctioned, this Reinsurance Agreement would also fall away at a later date with the policies and economic exposure fully staying with CLL.

The Effective Date of the Scheme is expected to be 7 December 2025. On this date, if the Scheme is approved, the insurance assets, liabilities, rights, benefits, powers and obligations in respect of the CLL unit-linked portfolio will be transferred to CA.

Prior to the Effective Date of the Scheme, and for the Scheme to proceed, the following needs to occur:

1. The Directions Hearing will take place on 15 July 2025. For the hearing, my main Report, along with those of the Chief Actuaries and the With-Profits Actuary, will be submitted.
2. Provided the Court has no objections, policyholder communications will be distributed by way of direct mail.
3. I will review any objections raised by policyholders or others, along with any other changes to the Companies or economic environment and write a Supplementary Report for the Court.
4. The Sanction Hearing will take place late 2025. At the hearing, the Court will consider all submitted information in order to conclude on the Scheme.
5. If the Scheme is approved, it is expected to be effective on 7 December 2025 (the Effective Date).

## 6. Financial Impact

This Section provides an overview of the estimated financial impact of the Scheme. I have not performed an independent review of the financial information provided by either CLL or CA, but note there is internal governance around these results, and I have raised queries where required to aid my understanding of the results. I am satisfied that it is reasonable for me to rely on the provided financial information in order to conclude on the Scheme. I will include more up-to-date financial information closer to the Scheme Effective Date in my Supplementary Report.

Figure 6.1 shows the breakdown of the financial impact of the Scheme on CLL as at 31 December 2024, as provided by CLL.

The pre-Scheme position is the reported position at 31 December 2024 for both Companies. I note that the actual impacts and financial positions at the Effective Date will be different, but I do not expect that the relative positions of the Companies will move significantly such that my conclusions would be impacted.

**Figure 6.1: CLL Pro-forma balance sheet as at 31 December 2024**

CLL (£m)	Pre-Scheme	Post-Scheme	Scheme not sanctioned
Assets	25,633	24,080	25,616
TP	(19,507)	(17,976)	(19,507)
Other liabilities	(2,680)	(2,657)	(2,665)
<b>Own funds (pre restrictions)</b>	<b>3,447</b>	<b>3,447</b>	<b>3,444</b>
Ring-fenced Funds ("RFF") restrictions	0	0	0
Foreseeable dividends	-	-	-
<b>Own funds (post restrictions)</b>	<b>3,446</b>	<b>3,447</b>	<b>3,444</b>
SCR	2,124	2,123	2,125
Excess assets	1,322	1,323	1,319
<b>SCR coverage %</b>	<b>162%</b>	<b>162%</b>	<b>162%</b>

Source: CLL

In the table above, in the step from pre-Scheme to post-Scheme, the assets and TPs both decrease by a value of c.£1.5bn, which aligns with the increase on the CA balance sheet, representing the movement of the unit reserve. The Own Funds increase by £1m. This is an immaterial change for CLL. Additionally, the impact on SCR and excess assets is also of the magnitude of £1m, resulting in no change in SCR coverage ratio from the movement of pre- to post-Scheme. This is due to the Reinsurance Agreement.

The table above also shows the expected impact on CLL's balance sheet were the Scheme not to be sanctioned, and the policyholders were to remain with CLL with the Reinsurance Agreement falling away. Comparing the pre-Scheme position with the not sanctioned position shows an immaterial impact on the balance sheet.

The table below shows the breakdown of the financial impact of the Scheme on CA as at 31 December 2024, as provided by CA.

**Figure 6.2: CA Pro-forma balance sheet as at 31 December 2024**

<b>CA (£m)</b>	<b>Pre-Scheme</b>	<b>Post-Scheme</b>	<b>Scheme not sanctioned</b>
Assets	4,280	5,804	4,272
Technical Provisions	(3,946)	(5,469)	(3,947)
Other liabilities	(158)	(158)	(158)
<b>Own funds (pre restrictions)</b>	<b>177</b>	<b>177</b>	<b>168</b>
Ring-fenced Funds ("RFF") restrictions	(2)	(2)	(2)
Foreseeable dividends	(45)	(45)	(45)
<b>Own funds (post restrictions)</b>	<b>130</b>	<b>130</b>	<b>121</b>
SCR	96	96	84
Excess assets	34	35	37
<b>SCR coverage %</b>	<b>135%</b>	<b>136%</b>	<b>145%</b>

Source: CA

In the table above, the assets and TPs both increase by c.£1.5bn as a result of the Scheme. This is largely due to the transfer of the unit reserve, which represents the value of the assets in the unit fund. The movement in Own Funds, restrictions, SCR and excess assets across the pre- and post-Scheme positions are small. These movements are due to the Reinsurance Agreement relating to the Scheme. If approved by the Court at the Sanction Hearing, the Reinsurance Agreement will terminate on the Effective Date of the Scheme. If the Scheme were to be implemented, it is expected that the SCR coverage ratio would rise by approximately 1%, compared with the pre-Scheme position.

If the Scheme were not sanctioned, the Reinsurance Agreement would ultimately fall away, and the expected balance sheet is represented by the 'Scheme not sanctioned' column above. The Transferring Policyholders would remain with CLL and would not transfer to CA. The financial impact is that the Own Funds would fall by approximately £9.4m, which reflects the financial impact of the reinsurance falling away. The SCR coverage ratio, an indication of excess assets over SCR, would increase by 9% because the lapse risk and other additional risks (equity, expense, etc.) that the transferring policies carry, are removed from the balance sheet. This lowers the SCR and the SCR coverage ratio increases.

I have reviewed these impacts and believe them to be reasonable given the size of the Scheme and associated movements on the CLL and CA balance sheets, and with considerations around materiality as defined in Section 4. I have not performed additional checks beyond this to confirm the accuracy of the figures.

The financials set out above are based on the positions for each Company at 31 December 2024. There has been significant market volatility since this date, most notably an increase in trade tariffs has impacted market movements globally. In addition to my consideration of financial information as at 31 December 2024, in forming my views on the Scheme, I have sought additional and more up-to-date information to understand the impact of the recent market volatility on both Companies. In April 2025, both Companies have provided additional and more up-to-date solvency and liquidity monitoring analysis. Based on this information, I note that at the time of writing, both Companies remain within their respective solvency and liquidity tolerances. The Companies have also considered the potential impact if the tariffs were to increase further, and each have concluded that such impacts are immaterial and second order in respect of their financial soundness. I am satisfied based on this information that my conclusions are not impacted by the current market volatility; however, I will continue to review the current market conditions and the impact on the Scheme before the Effective Date and will comment further in my Supplementary Report.

## 7. Effect on policyholder benefits

When considering the impact of the Scheme on the reasonable benefit expectations of policyholders, I have considered the three policyholders categories noted in Section 4:

- Transferring Policyholders;
- Transferee Policyholders; and
- Remaining Policyholders.

### 7.1 Transferring Policyholders

The Transferring Policyholders are unit-linked policyholders. The reasonable benefit expectations are therefore expected to be dependent on the underlying unit-linked funds to which they have access and the charges associated with the funds. The Scheme is not changing the assets underlying any of the unit-linked funds, the investment strategy or any of the terms and conditions of the funds. As such, the same funds with the same charges are expected to be available to Transferring Policyholders following approval of the Scheme. As a result, I am satisfied that this does not materially adversely affect these policyholders' benefit expectations.

At the time of writing, work is in progress to set up fund links for Transferring Policyholders within CA, with no planned changes to funds or charges. I expect that setting up these funds and the respective fund link agreements will conclude before the Scheme Effective Date. I will therefore re-assess the status in my Supplementary Report and consider impacts to Transferring Policyholders.

I have confirmed with CA that there will be no changes to the product features currently offered to Transferring Policyholders. CA has also confirmed that there will be no changes to any existing terms and conditions. Additionally, there are no non-contractual benefits offered to Transferring Policyholders currently and this will not change as a result of the Scheme.

Tax positions are another key consideration relating to the assessment of impact on policyholder benefits, particularly where there are carried-forward tax attributes which affect the unit prices in funds. Currently, where there is a loss arising within unit-linked funds, these are carried-forward for use against future profits and present a potential benefit for policyholders. For Transferring Policyholders, I have considered the implications of CLL's existing carried-forward tax attributes for these policyholders and the outcome post-Scheme and note the carried-forward tax attributes are expected to be replicated in CA in relation to the Scheme. I note that clearances and confirmations that CA and CLL expect to apply will be finalised prior to the Effective date and will comment on this further in my Supplementary report.

### 7.2 Transferee Policyholders

For existing CA policyholders there will be no impact on any existing product features, including terms and conditions and charges. The new funds that are being set up will not impact existing policyholders.

With regards to with-profits policyholders at CA, benefits also include policyholder bonuses. The Scheme does not impact the asset shares or guaranteed levels of benefit in relation to CA's with-profit policyholders. The majority of the with-profits portfolio of business is held in ring-fenced funds, and a remaining small amount is fully reinsured with no change to that reinsurance arrangement. Therefore, there are no material impacts expected on policyholder bonuses as a result of the Scheme.

### 7.3 Remaining Policyholders

For Remaining Policyholders there will be no impact on any existing product features, including terms and conditions and charges.

## 7.4 Conclusion

Following my review, I am satisfied that the Scheme will not have a materially adverse impact on policyholders' reasonable benefit expectations, subject to the ongoing fund set up and the associated agreements, as well as the tax clearances and confirmations, for Transferring Policyholders. I will provide an update in my Supplementary Report on these open items.

## 8. Effect on security of benefits

I have considered the impact of the Scheme on the security of policyholders' benefits. In particular, I would be concerned if the Scheme meant that policies were to move from a financially stronger company to a weaker one which had a significant chance of not honouring its obligations to policyholders.

### 8.1 Transferring Policyholders

The Companies are both UK-based, regulated insurers operating under the same Solvency UK prudential regulatory regime. The Transferring Policyholders will not be subject to a new regulator or regulatory regime as a result of the Scheme. Under Solvency UK regulation, different approaches can be used to calculate solvency requirements. I have considered the methodology used by each Company to determine the key financial metrics. I note there are differences in the Companies' measurement approaches; however, having considered them, the differences in measurement approaches do not affect my conclusions around policyholder security.

The financial impact of the Scheme on the Companies is shown in figures 6.1 and 6.2, for CLL and CA, respectively. The solvency ratio (shown as SCR coverage % in figures 6.1 and 6.2) as at 31 December 2024 is 162% for CLL and 135% for CA. A solvency ratio is an amount representing the capital requirement to cover a 1-in-200 year loss event. CA's solvency ratio is lower than CLL's, however both are well in excess of 100%. Further, the precise relative levels of solvency ratios do not provide a complete view of relative financial strength in isolation, as both Companies could choose to pay additional dividends while still remaining within their respective risk appetites and thereby reducing their solvency ratios.

Therefore, it is important to also consider the Company's Capital Management Policy ("CMP"), which defines the solvency ratios that the Companies aim to maintain, and any constraints on dividends or other management actions in the event that the solvency ratio falls below this level. The Scheme will result in the Transferring Policyholders being subject to CA's CMP in place of CLL's CMP. Both companies have a CMP in place which defines a target (or minimum) level of additional capital to be held above regulatory requirements and is aimed at ensuring the Companies provide a minimum level of security of policyholders' benefits. I have reviewed the CMPs and note that whilst the specifics of each Company's CMP differ, both Companies monitor and manage risks to remain within respective risk appetites.

I have considered whether the Scheme will materially impact the nature, mix, and materiality of risks for policyholders. As a result of the Scheme, Transferring Policyholders will be exposed to a different mix of risks due to the types of business and risk appetites of both Companies. However, both companies have exposure to a well-diversified range of risks and are within their respective risk appetites. In addition, I have also considered financial positions under different stress scenarios, provided by the Companies. Following my review, I note that the Companies have broadly comparable vulnerability towards wider market events, as evidenced by the SCR breakdown and stress testing, and I conclude there is no material adverse impact to Transferring Policyholders' security as a result.

### 8.2 Transferee Policyholders

For Transferee Policyholders in CA, I have considered the impact on policyholder security from the Scheme, compared to the scenario in which the scheme were not sanctioned.

The key consideration is whether the post-Scheme financial strength of CA will materially adversely impact CA policyholders, compared to the position if the Scheme were not sanctioned. The CA solvency ratio post-Scheme is 136%, or 145% if the scheme were not sanctioned. This is driven by an overall decrease in SCR in the post-Scheme position. Both positions are within CMP tolerances for CA, and above the targeted solvency coverage for CA to issue dividends. This means, should the Scheme not be sanctioned, CA management could issue dividends to the same level, and therefore I do not believe that the Scheme materially impacts the financial security of Transferee Policyholders.

The impact of the Scheme on the risk profile of CA is small, which is also reflected in the components of SCR. Lapse risk presents the biggest increase to risk exposure for CA arising from the Scheme, which is offset by small reductions across several market risks. This is due to the unit-linked nature of the business transferring under the Scheme.

There will not be any changes to the risk management policies, governance or CMPs as a result of the Scheme.

### 8.3 Remaining Policyholders

For Remaining Policyholders, I have considered the impact on financial strength and risk profile of the Scheme, including if the Scheme were not sanctioned.

In considering the financial strength, I have assessed whether the solvency ratio is significantly weakened, or if there is a large drop in Own Funds across the pre-, post-Scheme and not sanctioned positions at CLL. Due to the relative size of the business transferring under the Scheme, the solvency ratio remains at 162% in all instances. Additionally, if the Scheme were not to be sanctioned, the Own Funds impact is a decrease of £3m relative to the post-Scheme position, which is a c.0.1% impact. Therefore, the Scheme does not have a material financial impact on the solvency position of CLL.

The impact on the risk profile as a result of the Scheme is small. Whilst there are some minor changes in the mix of risks, the Scheme does not result in risks becoming materially more concentrated than without the Scheme and does not materially impact the diversification CLL's risk profile.

There will not be any changes to the risk management policies, governance or CMPs as a result of the Scheme.

### 8.4 Conclusion

Following my review, I am satisfied that the Scheme will not have a materially adverse impact on policyholders' security of benefits.

## 9. Effect on level of service

### 9.1 Transferring Policyholders

CA is in the process of changing its existing outsourcing arrangements for its other products to outsource policy administration to SS&C, a third-party administration provider. Transferring Policies are currently administered by CLL's customer servicing team and through the CLOAS system. Following the Scheme the Transferring Policies will be administered by SS&C. As a result, there will be a change in administration systems for Transferring Policyholders as they transfer to CA, and a migration is required to extract policy data from CLOAS and other systems that relate to these policies and provide this in extract files in order to onboard the policies onto SS&C systems. Provided that the migration takes place as planned, and aligned with the Effective Date, then the impact of migrating to SS&C for Transferring Policyholders is unlikely to be material. In my Supplementary Report, I will provide an update on the migration's progress against plan, indicate whether it is still likely to be in place as planned, and discuss whether there are any potential further impacts to Transferring Policyholders.

I note that CA already uses SS&C systems for other products, including for a block of long-term Individual Protection business that transferred from CLL to CA in February 2025. The systems migration for the long-term Individual Protection business scheme operated to similar timelines as planned for this Scheme. CA also confirmed that a number of the same individuals will be working on the systems migration for this Scheme as for the previous scheme's systems migration, to allow leveraging of knowledge and experience.

To measure servicing standards relating to policy administration, Service Level Agreements ("SLAs") are in place for both CLL and CA. A range of metrics are included as part of the SLAs, with thresholds against each metric to inform any remediation action required. I have reviewed and considered the SLA targets of the Companies and, whilst there are several differences, I note that they are broadly comparable across both Companies.

In terms of customer experience, Transferring Policyholders can currently call in, write, or email to access or update their policies with CLL. The CLL company website also provides general information. CA has confirmed there are no expected changes to the points above, including the ways in which Transferring Policyholders can access or update their policies following the transfer, once the policies are in CA. I have further confirmed with the Companies that the level of service before and after the Scheme is expected to remain the same, and the intention of the planned migration is to offer at least the same level of service provision to Transferring Policyholders.

There are existing terms of business in place between CLL and the current distributors for the Transferring Policies. These agreements cover, amongst other things, the commission payments specifically related to the transferring business. These commission liabilities will be moved from CLL to CA by the Scheme. Separately, CA will establish new terms of business with each of the current distributors in order to facilitate the normal administration and top-ups to policies to which Transferring Policyholders currently have access. At the time of writing, these new agreements have not yet been confirmed and so I will comment on this further in my Supplementary Report.

### 9.2 Transferee and Remaining Policyholders

For Transferee Policyholders and Remaining Policyholders, I have confirmed that there is no change to their administration system and no expected change to customer experience as a result of the Scheme. Therefore, their services should remain materially unchanged post-Scheme, and I am satisfied that there is no material adverse impact to service standards for Transferee Policyholders and Remaining Policyholders.

In particular, the migration of the administration system for Transferring Policyholders is not expected to have a material impact on the level of services to either the Transferee Policyholders or Remaining Policyholders. I have also confirmed with the Companies that there are no expected changes to the customer experience and SLAs in place for Transferee Policyholders or Remaining Policyholders as a result of the Scheme.



### 9.3 Conclusion

Following my review, I am satisfied that the Scheme will not have a materially adverse impact on policyholders' level of service, subject to any developments in the ongoing and planned migration activity before the Effective Date. I will provide an update in my Supplementary Report as the migration progresses.

## 10. Other considerations

I have also considered a number of other topics that have not been fully discussed in earlier parts of this Report but could still influence the Scheme and its effects on policyholders. This includes:

- Taxation;
- Articles and Memorandum of Association;
- Authorisations, permissions and waivers;
- Geopolitical risks;
- Effect of the Scheme on reinsurers;
- Consumer Duty; and
- Other regulatory matters.

At the time of writing, I do not expect any of the above considerations to have a material impact on the conclusions made in this Summary Report. I have provided more detailed commentary on these items in my Report. Where relevant, I will continue to keep up to date with these matters and will provide an update in my Supplementary Report.

## 11. Policyholder communications

CLL will inform the Transferring Policyholders about the Scheme through direct mailing. The direct mailing will include a summary of the Scheme and this Report and will be addressed to the named policyholders of the business transferring under the Scheme. Policyholders will also be able to access further technical information regarding the Scheme, including my main Report, either online or a printed copy by post, free of charge. I have reviewed the proposed communication approach and discussed it with CLL and CA. I am satisfied that the approach is reasonable.

CLL and CA are seeking to waive the requirement to send notice of the Scheme to all their existing policyholders via direct mailing. This means that Transferee Policyholders and Remaining Policyholders would not be directly contacted by CLL or CA in relation to the Scheme. I have reviewed the justification provided by the Companies in relation to waiving these requirements and I am satisfied that it is reasonable to exclude these groups from the direct mailing.

Transferee Policyholders and Remaining Policyholders will be able to access information regarding the Scheme through a number of information channels, such as public newspapers including the London, Edinburgh and Belfast Gazettes, The Times, and The Daily Mail, and further information will be provided upon request.

CLL will keep a detailed log of policyholder responses and communications. Policyholder communications involving objections will be provided to me, in full, and summaries of the correspondence provided to the High Court and regulators ahead of the Sanction Hearing.

Overall, I am satisfied with the proposed communication approach. In particular, I am satisfied that it is reasonable to communicate via direct mailing to the Transferring Policyholders only and that the information in the direct mailing is suitable for informing Transferring Policyholders about the Scheme.

## 12. Overall conclusion

I have considered the Scheme and its likely effects on the Transferring Policyholders, Transferee Policyholders, and Remaining Policyholders.

I am aware of certain areas where work is still in progress, some of which are material to the Scheme, and which I will continue to keep under review in the period leading up to the Sanction Hearing. These areas include:

- The migration of policy administration from CLOAS to SS&C;
- Completion of agreements with third-party asset managers to set up fund link arrangements;
- Issuance of terms of business to, and onboarding of, relevant distributors in relation to the transferring policies under the Scheme;
- Tax implications; and
- Completion of the policyholder communications process, including consideration of any policyholder objections.

Subject to the areas of ongoing review noted above, I am satisfied that the implementation of the Scheme on the Effective Date will not result in a materially adverse effect on the reasonable benefit expectations of policyholders, the security of policyholders' contractual rights, or the level of service provided to policyholders. Additionally, I am satisfied that the Scheme is equitable to all classes and generations of policyholders – in particular, I note that I have reached the same “no material adverse effect” conclusion for each distinct policyholder group that I identified as needing separate consideration, specifically the Transferring Policyholders, Transferee Policyholders, and Remaining Policyholders.

I therefore do not believe there is a reason that the Scheme should not proceed.