Actuarial Report on Incoming Business Q2 Update

Assurant Europe Insurance N.V.

Date: 1 October 2020

Purpose: *to provide an update to the conclusions of the Actuarial Transferee Report based on developments in the first half of 2020*

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1. Introduction

This document provides an update to the Actuarial Transferee Report (henceforth "main report") provided to the Dutch Management Board on 30 June 2020. This document will also be provided to policyholders if requested.

The main report was based on the year-end 2019 financial position and projections to Q3 2020. Now that Q2-end financial positions are known, the Finance and Actuarial teams have re-assessed the projections to Q3 2020. This allows us to update our view and may lead us to different conclusions.

This document uses the same heading structure as the main report, for ease of reference. Under each heading I comment on whether there have been any material changes in the intervening period, and whether there is any change to the conclusions drawn in the main report.

This Transfer is necessary in response to the UK's decision to leave the European Union, commonly known as 'Brexit'. Some changes to the business are necessary to ensure the continuity of cover to all customers with European risks, so that it will be possible to continue to service the policyholders and claimants across Europe post-Brexit.

Having left the EU on 31 January 2020, the UK entered the transition period as laid out in the Withdrawal Agreement. The transition period could be extended by agreement between the UK and EU prior to 1 June 2020. This deadline has now passed, with no such agreement made, and as a result the transition period can no longer be extended. This brings some level of certainty to the 31 December 2020 as the date that European customers can no longer be serviced by UK insurers.

I have been requested to provide this report to the Transferees, independent of the reports provided to the Transferors by the Chief Actuary. Therefore, I have been granted the delegated responsibility to act as the 2nd line actuary for the purposes of the Part VII Transfer. Beyond this, the 2nd line responsibility will revert to William Diffey who is the Chief Actuary of the Transferors.

The Transfer is intended to be effective on 2 November 2020 ("the **Effective Date**").

The report has been written in accordance with the Technical Actuarial Standards (TAS) of the (UK) Institute and Faculty of Actuaries, and also in accordance with the Actuarial Professional Standard APS X2 with regards to peer review.

2. Executive Summary

2.1. Overview

This report considers the likely impact of the proposed Transfer of a portfolio of general insurance business from AGIL and LGI, two UK legal entities of Assurant Europe Group, into AEI, a new legal entity, also part of Assurant Europe Group, which has recently been authorised for business in the Netherlands.

Due to Brexit, Assurant Europe has established two new insurance companies, AEI and Assurant Europe Life Insurance N.V. (**AEL**), based in the Netherlands. AEI is a general insurance company and AEL is a life and health insurance company. These entities were authorised by the Dutch regulator (DNB) in June 2020.

This report deals with the transfer of the EU-originated general insurance business of AGIL and LGI into AEI. The transfer of the EU-originated life insurance business of London General Life (**LGL**) and Assurant Life Limited (**ALL**) into AEL is covered in a separate report. The proposed transfers are independent and not conditional upon each other but are interconnected due to various creditor insurance policies written jointly by LGI and LGL.

2.2. Actuarial Function

There have been no changes to the named individuals providing the Actuarial Function. I am acting as 2nd Line Actuary to advise the Management Board from the perspective of transferee. I confirm that I have been granted sufficient independence and I have been supported by appropriately experienced interim resource.

2.3. Approach

There has been no change to my approach in assessing the Transfer.

2.4. Conclusions

In the main report I listed some small areas of disbenefit to customers due to reductions in capital coverage as a result of the Transfer. The improvements seen in the capital position in this report has partly alleviated these concerns.

Therefore, I conclude that the implementation of the Transfer has no material adverse impacts for the policyholders. In particular, I believe that the Transfer will at least maintain the security of benefits of all transferring policyholders and ensure that they continue to be treated fairly.

2.5. Opinion of the 2nd Line Actuary

I confirm that my opinion remains unchanged from that expressed in the main report, i.e. that this Transfer is to the benefit of customers of AEI.

3. Background

3.1. Scope of the Report

The scope of this report is unchanged from the main report.

By way of update, AEI is licensed and operational, and commenced writing business in July 2020.

3.2. Legal Entity Structure

There has been no change to the structure of entities and ownership within Assurant Europe Group during the first half of 2020.

4. Transfer of the Business, Assets and Liabilities

4.1. Transferred Business

There is no change to the business that is intended to be transferred, i.e. all insurance business written by AGIL and LGI where the state of risk is an EEA country.

The Q2-end financials have allowed us to provide updated estimates of the amount of business to be transferred and this is explained below.

4.2. Excluded Policies

The policies excluded from the Transfer are those policies written by AGIL and LGI with the state of risk being the UK, Switzerland and South Africa.

Any inwards reinsurance (also called assumed business) is also excluded from the transfer as this business can be legally serviced post-Brexit by the existing entities. For clarity, it has always been the intention to exclude assumed business from the Transfer but was not specifically noted in the main report.

4.3. Transferred Liabilities

The gross Best Estimate Liabilities (technical provisions excluding risk margin), on Solvency II basis of the incoming portfolio valued at Q2 2020 are summarised below.

Q220 Gross TPs €000s	Transferred policies		
AEI (Back book)	AGIL	LGI	Total
Claims Provision	10,237	35,287	45,525
Premium Provision	14,680	39,569	54,249
Total	**24,918**	**74,856**	**99,774**

For comparison, the table from the main report, showing the YE 2019 position, is shown below;

YE19 Gross TPs €000s	Transferred policies		
AEI (Back book)	AGIL	LGI	Total
Claims Provision	8,762	33,087	41,849
Premium Provision	14,366	40,127	54,493
Total	**23,128**	**73,213**	**96,341**

The tables show that the transferring Technical Provisions at Q2 2020 are slightly higher than those at YE2019.

I continue to believe that the Solvency II technical provisions lie within a range of reasonable best estimates.

4.4. Transferred Assets

The monetary value of the assets after Transfer is expected to be;

Post-Transfer Assets (€m)		
Scenario	**Main Report**	**Update**
YE2019 without COVID	205.4	201.0
YE2019 with COVID	203.4	203.7
Effective Date	202.4	190.8

The monetary value of assets post-Transfer was previously estimated as €202.4m at the Effective Date. The current view is that this will be slightly less, at €190.8m. This decrease is mainly due to a reduction in the amount of business expected to be transferred, reflecting the delay in authorisation (compared to original plans) and loss of revenues due to COVID-19. This leads to a lower asset base being required.

The assets to be transferred to AEI are mainly composed of government bonds and high-quality corporate bonds.

In the main report, I commented that "it is likely that the same asset managers will administer AEI's portfolio, following the same Assurant Group investment philosophy". This has been confirmed.

4.5. Mandates and other payments

There has been no change in the approach to handling mandates, direct debits, etc.

5. Financial Position Before and After the Transfer

5.1. Key Assumptions used in Forecasting

Since the main report was released, there have been some changes to the assumptions underpinning the financial forecasts;

It was previously believed that the costs of the transfer will be borne by Assurant Inc. and recharged to the local entities. We have now clarified that these costs will not be recharged.

The Transfer was previously modelled to generate no profit or loss on a UK GAAP basis. This was under discussion at the time of the main report and it has been decided that the Transfer will now take place at a "fair value", and this will generate profit or loss on the UK GAAP basis. Instead there will be no profit or loss on a Solvency II basis.

The capital injections in AEI have also been increased to offset the payment from AEI to LGI/AGIL to cover the value of the business transferred. This is listed as "Sale of FB" below.

There have been more material updates to the figures used in the calculations as more up-to-date data has become available. As a result, the forecasted figures have been updated and are provided below alongside the figures provided in the main report, to aid comparison.

In the main report, two scenarios were considered;

- "As at YE2019", whereby the transfer is valued as if it had occurred at the end of 2019
- "As if Q32020", which is valued as a forecast of values as at Q3 2020.

Updates to both scenarios are provided in this report.

Note that the Q320 assumptions and assessment are closer to the actual Transfer timeline, assumptions and business environment. The YE19 assessment is a pro-forma assessment done for the purpose of consistency with the latest publicly available financial information of AGIL and LGI.

5.2. Forecasted Financial Positions

In this section, the forecasted financial impact of the Transfer is presented in terms of balance sheet on both UK GAAP and Solvency II basis pre- and post-Transfer. The Effective Date is assumed to be 2 November 2020.

The corresponding table from the main report is reproduced immediately below each updated table to provide a direct comparison.

For all of the below scenarios, there are minimal changes to the positions described in the main report, with the exception of the additional capital injection, which strengthens the capital coverage.

5.2.1. Year End 2019 Basis

AEI
"as if" YE19 without COVID-19

GAAP balance sheet (€m)	Before Transfer	Impact of Transfer	Sale of FB	PVII Sh Cap Inj	After Transfer
Assets:					
Cash	43.8	0.0	-11.8	0.0	32.0
Investments	0.0	97.7	0.0	41.0	138.6
DAC	0.0	46.9	0.0	0.0	46.9
Ceded technical provisions	0.0	17.0	0.0	0.0	17.0
Other assets	0.0	24.2	0.0	0.0	24.2
Total assets	**43.8**	**185.7**	**-11.8**	**41.0**	**258.6**
Liabilities:					
Gross tech provisions (excl. risk margin)	0.0	172.2	0.0	0.0	172.2
Risk margin	0.0	0.0	0.0	0.0	0.0
RI DAC	0.0	3.8	0.0	0.0	3.8
Other liabilities	0.0	16.6	0.0	0.0	16.6
Total liabilities	**0.0**	**192.6**	**0.0**	**0.0**	**192.6**
Excess of assets over liabilities	43.8	-6.9	-11.8	41.0	66.0

Original table

AEI
"as if" YE19 without COVID-19

GAAP balance sheet (€m)	Before Transfer	Impact of Transfer	PVII Sh Cap Inj	After Transfer
Assets:				
Cash	40.0	0.0	0.0	40.0
Investments	0.0	85.0	29.4	114.3
DAC	0.0	45.6	0.0	45.6
Ceded technical provisions	0.0	16.5	0.0	16.5
Other assets	0.0	40.4	0.0	40.4
Total assets	**40.0**	**187.5**	**29.4**	**256.9**
Liabilities:	0.0	0.0	0.0	0.0
Gross tech provisions (excl. risk margin)	0.0	167.6	0.0	167.6
Risk margin	0.0	0.0	0.0	0.0
RI DAC	0.0	3.7	0.0	3.7
Other liabilities	0.0	16.2	0.0	16.2
Total liabilities	**0.0**	**187.5**	**0.0**	**187.5**
Excess of assets over liabilities	40.0	0.0	29.4	69.4

Note that;

- The "after transfer" position is largely unchanged,
- The impact of the transfer now generates a loss for AEI. Previously this was shown as zero. This is due to the change from UK GAAP to Solvency II basis mentioned in Section 5.1.
- The capital injection has increased to offset the sale of the front book.

AEI **Solvency II balance sheet (€m)**	Before Transfer	Impact of Transfer: Methodology Adjustment	Impact of Transfer: Back Book Portfolio	Sale of FB	PVII Sh Cap Inj	After Transfer
Assets:						
Cash	43.8	0.0	0.0	-11.8	0.0	32.0
Investments	0.0	0.0	97.7	0.0	41.0	138.6
DAC	0.0	0.0	0.0	0.0	0.0	0.0
Ceded technical provisions	0.0	0.0	3.7	0.0	0.0	3.7
Other assets	0.0	4.1	22.5	0.0	0.0	26.7
Total assets	**43.8**	**4.1**	**123.9**	**-11.8**	**41.0**	**201.0**
Liabilities:	0.0	0.0	0.0	0.0	0.0	0.0
Gross tech provisions (excl risk margin)	0.0	4.1	99.0	0.0	0.0	103.1
Risk margin	0.0	0.0	8.2	0.0	0.0	8.2
RI DAC	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.0	16.6	0.0	0.0	16.6
Total liabilities	**0.0**	**4.1**	**123.9**	**0.0**	**0.0**	**128.0**
Excess of assets over liabilities	43.8	0.0	0.0	-11.8	41.0	73.0

<u>Original table</u>

AEI **Solvency II balance sheet (€m)**	Before Transfer	Impact of Transfer: Methodology Adjustment	Impact of Transfer: Back Book Portfolio	PVII Sh Cap Inj	After Transfer
Assets:					
Cash	40.0	0.0	0.0	0.0	40.0
Investments	0.0	0.0	85.0	29.4	114.3
DAC	0.0	0.0	0.0	0.0	0.0
Ceded technical provisions	0.0	0.0	3.6	0.0	3.6
Other assets	0.0	8.7	38.8	0.0	47.5
Total assets	**40.0**	**8.7**	**127.3**	**29.4**	**205.4**
Liabilities:	0.0	0.0	0.0	0.0	0.0
Gross tech provisions (excl risk margin)	0.0	8.7	96.3	0.0	105.0
Risk margin	0.0	0.0	8.0	0.0	8.0
RI DAC	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.0	16.2	0.0	16.2
Total liabilities	**0.0**	**8.7**	**120.5**	**0.0**	**129.3**
Excess of assets over liabilities	40.0	0.0	6.8	29.4	76.1

Note that;

- The “after transfer” position is largely unchanged,
- The impact of the transfer now generates no profit or loss for AEI on Solvency II basis. Previously this was shown as a gain. This is due to the change from UK GAAP to Solvency II basis mentioned in Section 5.1.
- The capital injection has increased to offset the sale of the front book.

AEI

"as if" YE19 without COVID-19

Capital	Before Transfer	After Transfer
Eligible Own Funds (€m)	43.8	73.0
Solvency Capital Requirement (SCR)	0	46.5
SCR %	**n/a**	**157%**

Original table

AEI
"as if" YE19 without COVID-19

Capital	Before Transfer	After Transfer
Eligible Own Funds (€m)	40.0	76.1
Solvency Capital Requirement (SCR)	0.0	49.6
SCR %	**n/a**	**154%**

Note that;

- The solvency level has been approximately maintained.
- The target capital coverage level for AEI is 140%.

5.2.2. Year End 2019 with COVID-19 impact

AEI "as if" YE19 with impact of COVID-19 Solvency II balance sheet (Euro m)	Before Transfer	Impact of Transfer Methodology Adjustment	Impact of Transfer Back Book Portfolio	Sale of FB	PVII Sh Cap Inj	After Transfer
Assets:						
Cash	43.8	0	0	-11.8	0	32.0
Investments	0	0	100.3	0.0	41.0	141.3
DAC	0	0	0	0	0	0
Ceded technical provisions	0	0	3.7	0	0	3.7
Other assets	0	4.1	22.5	0	0	26.7
Total assets	**43.8**	**4.1**	**126.6**	**-11.8**	**41.0**	**203.7**
Liabilities:						
Gross tech provisions (excl risk margin)	0	4.1	101.7	0	0	105.9
Risk margin	0	0	8.2	0	0	8.2
RI DAC	0	0	0	0	0	0
Other liabilities	0	0	16.6	0	0	16.6
Total liabilities	**0**	**4.1**	**126.6**	**0**	**0**	**130.7**
Excess of assets over liabilities	43.8	0	0	-11.8	41.0	73.0

Original table

AEI "as if" YE19 with impact of COVID-19 Solvency II balance sheet (Euro m)	Before Transfer	Impact of Transfer Methodology Adjustment	Impact of Transfer Back Book Portfolio	Additional Assets transferred for Covid	PVII Sh Cap Inj	After Transfer	After Transfer (no additional assets for COVID-19)
Assets:							
Cash	40.0	0.0	0.0	0.4	0.0	40.4	40.0
Investments	0.0	0.0	82.2	1.5	29.4	113.1	111.6
DAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ceded technical provisions	0.0	0.0	3.6	0.0	0.0	3.6	3.6
Other assets	0.0	8.7	39.5	0.0	0.0	48.2	48.2
Total assets	**40.0**	**8.7**	**125.3**	**1.9**	**29.4**	**205.3**	**203.4**
Liabilities:							
Gross tech provisions (excl risk margin)	0.0	8.7	99.0	0.0	0.0	107.7	107.7
Risk margin	0.0	0.0	8.0	0.0	0.0	8.0	8.0
RI DAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.0	16.2	0.0	0.0	16.2	16.2
Total liabilities	**0.0**	**8.7**	**123.2**	**0.0**	**0.0**	**131.9**	**131.9**
Excess of assets over liabilities	40.0	0.0	2.1	1.9	29.4	73.4	71.5
Adjustments							

Note that the "after transfer" position is largely unchanged.

AEI

Capital	Before Transfer	After Transfer
Eligible Own Funds	43.8	73.0
Solvency Capital Requirement (SCR)	0	46.5
SCR %	n/a	157%

Original table

AEI

Capital	Before Scheme	After Transfer
Eligible Own Funds	40.0	73.4
Solvency Capital Requirement (SCR)	0.0	49.6
SCR %	n/a	148%

Note that;

- The solvency level has slightly improved.
- The target capital coverage level for AEI is 140%.

5.2.3. Q32020 with COVID-19 impact

Q3 20 With COVID-19		
AEI Q320 with impact of COVID-19	Before Transfer	After Transfer
SCR %	222%	153%
Target	140%	140%

Original table

Q3 20 With COVID-19			
AEI Q320 with impact of COVID-19	Before Transfer	After Transfer	After Transfer (no additional assets for COVID-19)
SCR %	170%	151%	146%
Target	140%	140%	140%

Note that;

- The solvency level before the Transfer is markedly higher due to a fall in the SCR. This is due to a reduction in expected business volumes in our most recent forecast. This reduction reflects both the delay in authorisation (compared to original plans) and loss of revenues due to COVID-19.
- The solvency level after the Transfer is materially the same.

6. Reinsurance

The EUR and PLN elements of the LGI Quota Share reinsurance with Virginia Surety Company have been unwound as at 1 July 2020, in preparation for the Part VII Transfer. This does not affect AEI.

There is no change in the approach to client-specific reinsurance arrangements.

7. Determination of Capital Requirements

AEI intends to set a risk appetite buffer at 140%, meaning that the actual SCR ratio will be above 140%, which is a strong capital position and is in line with AEI's Capital Management Policy. This is unchanged from the main report.

7.1. Capital Position

YE 19

For the "as-if" Transfer as at YE19 (without the impact of COVID-19), the capital position of AEI is as follows:

€m	Pre-transfer (as at YE19)	Post transfer (as at YE19 + impact of Transfer)
Eligible Own Funds	43.8	73.0
Regulatory SCR	0	46.5
SCR%	n/a	157%
Risk Appetite buffer target	140%	140%
Surplus (over the target buffer)	43.8	7.8

Original table

€m	Pre-transfer (as at YE19)	Post transfer (as at YE19 + impact of Transfer)
Eligible Own Funds	40.0	76.1
Regulatory SCR	0.0	49.6
SCR%	n/a	154%
Risk Appetite buffer target	140%	140%
Surplus (over the target buffer)	40.0	6.7

The capital position of AEI has improved, both pre-and post-transfer.

Roll forward to Q320
At Q320, before and after the incoming Transfer, the capital position of AEI is as follows:

€m	Pre-transfer (as at Q320) With impact of COVID-19	Post transfer (as at Q320 + impact of Transfer) With impact of COVID-19
Eligible Own Funds	38.9	68.2
Regulatory SCR	17.5	44.7
SCR%	222%	153%
Risk Appetite buffer target	140%	140%
Surplus (over the target buffer)	14.3	5.6

Original table

€m	Pre-transfer (as at Q320) With impact of COVID-19	Post transfer (as at Q320 + impact of Transfer) With impact of COVID-19
Eligible Own Funds	34.4	74.8
Regulatory SCR	20.2	49.6
SCR%	170%	151%
Risk Appetite buffer target	140%	140%
Surplus (over the target buffer)	6.1	5.4

It can be seen from the table above that AEI is well capitalised and remain strongly capitalised after the incoming Transfer.

Our view of the SCR has fallen due to a reduction in the amount of business expected to be in AEI. This has been re-estimated as part of our business plan reforecasting process and reflects both the delay in authorisation (compared to original plans) and loss of revenues due to COVID-19.

8. Exchange Rate Impact

The Transfer will move the Euro liabilities and assets to AEI where the front book will already be in Euro, therefore there is no FX impact on the incoming transfer. However, AEI being a subsidiary of a UK group, TWGE, there will still be an FX impact in the consolidated group reporting at TWGE level.

9. Continuity of Service

9.1. Expected Impact of the Transfer on Risk Profile

In the main report, I stated that the risk profile of AEI would be dominated by the incoming business from AGIL and LGI, due to the small amount of business expected to be written before the transfer date.

I provide below an updated (and more detailed) view of the business planned to be written in AEI before the Transfer. It is confirmed that these volumes are small compared to the business to be transferred. Client names have been anonymised for confidentiality.

I would also note that from the table below, two of the rows relate to business that is 100% reinsured so the net level of risk will be reduced.

Legacy	Client	Product Lines	Territories	Go Live Date	*Estimated Monthly GWP*	July	August	September	October	Total July - October
AIZ	**ANONYMISED**	Mobile Phone/Gadget Insurance	Italy	**Mid-July**	*€168k*	€84k	€168k	€168k	€168k	**€588k**
TWG	**ANONYMISED**	Motor Warranty	Germany	**Beginning August**	*€500k*	€0k	€500k	€500k	€500k	**€1,500k**
AIZ	**ANONYMISED**	Mobile Phone/Gadget Insurance	Spain	**Mid-July** (Spain) **Beginning August** (Portugal)	*€230k*	€86k	€230k	€230k	€230k	**€776k**
AIZ	**ANONYMISED**	Mobile Phone/Gadget Insurance	Romania	**Beginning August**	*€80k*	€0k	€80k	€80k	€80k	**€240k**
TWG	**ANONYMISED**	Gadget/ Electronics Insurance	Germany, Austria, France, Spain, Italy	**Beginning September**	*€305k*	€0k	€0k	€305k	€305k	**€610k**
	Total					**€170k**	**€978k**	**€1,283k**	**€1,283k**	**€3,714k**

9.2. Legal Risk to Policyholders

The table below shows the updated number of policies that are written jointly between LGI and LGL, split by territory.

Linked Policies	YE 2019	Q2 2020
Netherlands	249	161
Belgium	3,591	2,699
Ireland	22	12
Total	**3,862**	**2,872**

The total number of linked policies has fallen by 26%, reflecting the continued runoff of the Creditor business.

Note that in the main report, the Irish policies were excluded as it was believed they would all expire before the transfer. Further analysis has shown that 8 policies will be still be live at 2 November 2020 and therefore will be part of the transfer (unless the customers choose to cancel before that date).

9.3. Policy Terms and Conditions

Terms and conditions of policies have not changed in the first half of 2020.

9.4. Policy and Claims Administration

There has been no change to the planned provision of administrative services during the first half of 2020.

9.5. Communication Strategy

The Communications plan remains on track, and largely in adherence to our original timeline and plan.

Our original plan was to inform all policyholders by 31 July. This was completed as expected for the vast majority of clients/customers, with three outstanding areas where our clients limited our ability to contact policyholders. Client names have been anonymised for confidentiality;

- ANONYMOUS (France); where we received no customer information from the client and have used a historic dataset as a best endeavour
- ANONYMOUS (Europe); where communications are in progress but delayed by limits to the number of customers that can be emailed in a given day
- ANONYMOUS (Netherlands); where we received information late from the client.

So far, there have been five policyholders in France that have decided to cancel their policies instead of consenting to the Transfer. These are the only objections out of the many thousands of policyholders contacted with regards to the Transfer. In my opinion, this shows a very low level of objection to the Transfer.

We continue to report fortnightly to the FCA.

Further detail on this area can be found in the relevant Witness Statement.

9.6. Benefits Expectation

There has been no change to policyholder benefits in the first half of 2020.

9.7. Treating Customers Fairly

There has been no change to customer service in the first half of 2020.

9.8. Consumer Protection Schemes

There have been no changes to relevant consumer protection schemes in the first half of 2020.

10. Business Strategy

The strategy of Assurant Europe Group has not changed in the first half of 2020.

The transfer of business to AEI and AEL remains a key part of the strategy of the group.

11. Governance Framework

There has been no significant change to the governance structure at the European group level during the first half of 2020.

Therefore, it remains my opinion that the policyholders being transferred will benefit from strong oversight and governance.

12. Other Considerations

12.1. B2B contracts

Notifications to all clients, suppliers and reinsurers have been drafted and provided to the relevant relationship managers for onwards communication to the external party. As at 1 August, no partners have expressed an unwillingness to transfer. One reinsurer (affecting the Life Transfer only) requested a formal novation agreement, which has been completed.

Our original timeline remains on track.

12.2. Reputation of AGIL, LGI and AEI

There has been no significant change in this area, and therefore it remains my belief that customers will not face any detriment from loss of reputation.

12.3. Group Services support Post-Brexit

There has been no change to the planned provision of group services during the first half of 2020.

13. Limitations

The limitations noted in the main report apply equally to this report, although it should be noted that as the Transfer date approaches, financial projections become less uncertain. Therefore, the financial projections in this report can be considered more certain than those in the main report.

14. Conclusions

The updates provided in this report do not change my conclusions from the main report.

Therefore, I conclude that the implementation of the Transfer has no material adverse impacts for the policyholders. In particular, I believe that the Transfer will at least maintain the security of benefits of all transferring policyholders and ensure that they continue to be treated fairly.