

**Scheme for the transfer to Assurant Europe Insurance N.V. of  
certain general insurance business of  
each of Assurant General Insurance Limited and London General Insurance Company  
Limited (the "Scheme")**

**SUMMARY OF THE SCHEME**

This document summarises the key terms of the Scheme.

Unless otherwise defined, capitalised terms referred to in this document have the meaning given to them in the Scheme.

**1. Transfer of business**

On the Effective Date, subject to the approval of the Court, each of Assurant General Insurance Limited ("**AGIL**") and London General Insurance Company Limited ("**LGI**") will transfer all of the AGIL Transferred Policies and LGI Transferred Policies to Assurant Europe Insurance N.V. ("**AEI**").

This means that AEI will then be the insurer and responsible for the AGIL Transferred Policies and the LGI Transferred Policies instead of AGIL and LGI (as applicable).

**2. Rights and obligations under the Transferred Policies and Contracts**

On the Effective Date, AEI will acquire all the rights, benefits and powers of AGIL and LGI in relation to the AGIL Transferred Policies and the LGI Transferred Policies. To the extent described in the Scheme, the holders of the AGIL Transferred Policies and the LGI Transferred Policies will be entitled to the same rights, benefits and obligations with AEI as they had with AGIL or LGI (as applicable) before the Scheme took effect.

The AGIL Transferred Contracts and the LGI Transferred Contracts will also transfer, as specified in the Scheme, so that they will be between AEI and the relevant third party to those contracts.

Each of the AGIL Transferred Policies and LGI Transferred Policies will have effect on and from the Effective Date as if the policy had been made with AEI instead of AGIL or LGI (as applicable).

**3. Residual Policies**

It is possible that some of the policies that would otherwise be included in the Scheme will not transfer on the Effective Date. This includes policies:

- (a) for which the Prudential Regulation Authority has not provided a certificate that is required prior to Court approval of the Scheme;
- (b) which are not capable of being transferred pursuant to the relevant legislation; or
- (c) which are LGI EEA Creditor Policies, where the Assurant Life Scheme (see paragraph 5) has not been sanctioned by the Court and become effective in accordance with its terms.

These policies are referred to as "Residual Policies" in the Scheme.

Any Residual Policies will subsequently transfer to AEI if it becomes possible to transfer them at a later date (or, in the case of the LGI EEA Creditor Policies, if the Assurant Life Scheme is sanctioned by the Court and becomes effective). If this happens they will be dealt with in the same way as if they had been transferred to AEI on the Effective Date.

Until a Residual Policy subsequently transfers to AEI, it will remain with AGIL or LGI (as applicable).

#### 4. **Continuity of legal proceedings**

The Scheme allows, to the extent described in the Scheme, for any legal proceedings or applications to any authority that are pending by or against AGIL or LGI in respect of the transferred insurance business, policies, assets and liabilities to be continued by or against AEI.

If there are any legal proceedings or applications to any authority pending by or against AGIL or LGI in relation to Residual Policies, such proceedings or applications will be continued by or against AEI, if and until the Residual Policies transfer to AEI.

#### 5. **Creditor Policies**

LGI has written certain policies under which LGI has provided general insurance cover in relation to accidental death, disability and sickness and unemployment risks and London General Life Company Limited ("**LGL**") (another insurance company in the Assurant group of companies) has provided life insurance cover in relation to life and annuity and permanent health risks. These are referred to as the "LGI EEA Creditor Policies" in the Scheme.

LGL is also transferring its EEA business to another Dutch insurer, Assurant Europe Life Insurance N.V. ("**AEL**"), under a separate insurance business transfer scheme pursuant to the Financial Services and Markets Act 2000 (the "**Assurant Life Scheme**"). The Assurant Life Scheme is being carried out in parallel with the Scheme, meaning that:

- (a) the general insurance component of the LGI EEA Creditor Policies will be transferred under the Scheme; and
- (b) the life insurance component of the LGI EEA Creditor Policies will be transferred under the Assurant Life Scheme.

If the Assurant Life Scheme has not been sanctioned by the Court and become effective by the Effective Date of the Scheme, then the LGI EEA Creditor Policies will be treated as Residual Policies until such time as the Assurant Life Scheme is approved.

#### 6. **Premiums and mandates**

On the Effective Date, all premiums attributable to the AGIL Transferred Policies and LGI Transferred Policies will be payable to AEI and receivable and received by AEI.

In the case of the Residual Policies, premiums will be payable by AGIL and LGI to AEI following the date on which the relevant Residual Policy is transferred under the Scheme.

Any mandates or other instructions in respect of the AGIL Transferred Policies and LGI Transferred Policies will, on the Effective Date, take effect as if given to AEI. In the case of the Residual Policies, this will happen when those policies are transferred.

#### 7. **Effective Date**

It is intended that the Scheme will become effective in accordance with the order of the Court at 22:59 GMT (23:59 CET) on 2 November 2020 or on such other time and date as the parties may agree. Unless the Scheme becomes operative in its entirety on or before 22:59 GMT (23:59 CET) on 31 March 2021 or such later date and/or time, as the Court may allow, the Scheme will lapse.

## 8. **Data Protection**

Under the Scheme, AEI will take over the rights, liabilities and obligations of each of AGIL and LGI in respect of personal data which:

- (a) relates to the Transferred Business;
- (b) is controlled by AGIL and LGI; and
- (c) is subject to the relevant data protection legislation.

This means that, from the Effective Date, AEI will become the data controller of such information and will be under the same duty to respect the confidentiality and privacy of such information as each of AGIL and LGI were when they were a data controller.

As the new data controller, AEI will use any personal data in the same way as each of AGIL and LGI did.

The Scheme means that any data protection consent given by a person to either AGIL or LGI will be binding on AEI in the same way.

## 9. **Costs and expenses**

Any of the costs in connection with the preparation and implementation of the Scheme will be met in a manner determined by AGIL, LGI and AEI. For the avoidance of doubt no such costs will be borne by any policyholder of AGIL, LGI or AEI.

## 10. **Governing law**

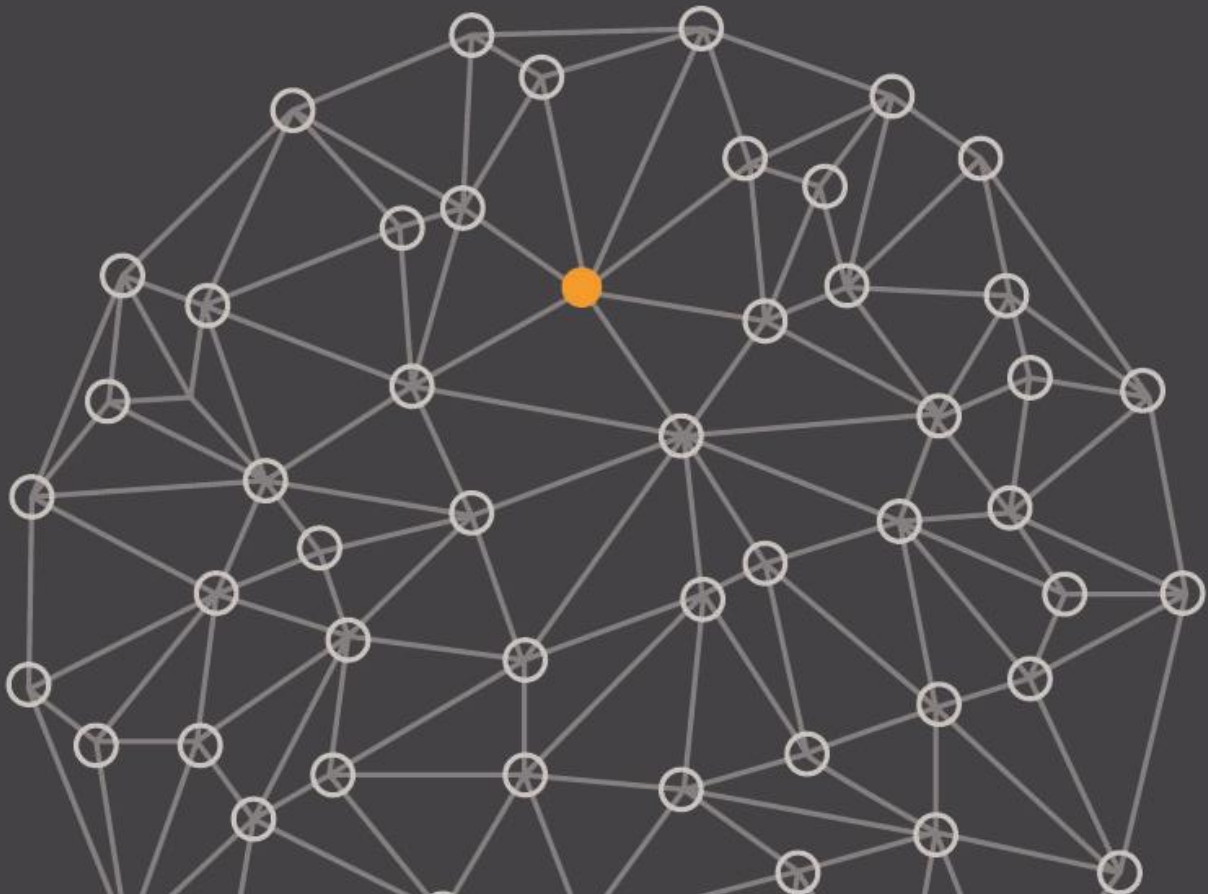
The Scheme is governed by and construed in accordance with English law.

# Assurant, Inc.

Summary of the Report of the Independent Expert on the proposed transfer of business from Assurant General Insurance Limited and London General Insurance Company Limited to Assurant Europe Insurance N.V.

19 June 2020

Derek Newton, FIA





## 1. About the Independent Expert's Report and this Summary

- 1.1 I, Derek Newton, am a principal of Milliman LLP and a Fellow of the Institute and Faculty of Actuaries. I have been appointed as the independent expert to provide, in accordance with Part VII of the FSMA, a report on the potential impact of the proposed transfer (the "**Scheme**") on the policyholders of Assurant General Insurance Limited ("**AGIL**"), London General Insurance Company Limited ("**LGI**") and (to the extent applicable) Assurant Europe Insurance N.V. ("**AEI**") (the "**Scheme Report**"). The Scheme Report is intended to assist the Court in properly assessing the effect of the proposed transfer on all affected policyholders, in particular to comment on possible material adverse impacts in respect of the security of their benefits under their policies and the levels of service that they could expect to receive after the transfer.
- 1.2 In the Scheme Report, I comment only on the Scheme as presented and do not consider any possible alterations or alternative arrangements.
- 1.3 This section contains a summary (the "**Summary**") of the Scheme Report, dated 19 June 2020. The Summary is subject to the same limitations on its use as those set out in the Scheme Report. The Scheme Report contains the reasoning behind my conclusions, much of the detail of which I have omitted from this Summary. The Scheme Report also includes further information regarding AGIL, LGI and AEI (the "**Companies**"), which I have also not included within this Summary. While I am satisfied that this Summary provides an appropriate synopsis of the Scheme Report, reliance on this Summary alone could be misleading. Copies of the Scheme Report and any subsequent update can be obtained at [www.assurant.co.uk](http://www.assurant.co.uk), [www.thewarrantygroup.eu](http://www.thewarrantygroup.eu) and <https://assurantnederland.nl> (the "**Transfer Websites**").
- 1.4 The document in which this Summary is included contains a description of the proposed Scheme. Therefore, I have not included further description of the proposed Scheme within this Summary. Furthermore, by way of background, the Scheme Report includes material regarding the insurance regulatory environment in the UK and in the Netherlands. Again, I have not included that material within this Summary, which instead focuses on what I perceive to be the security and service levels provided to, and the likely effect of the proposed Scheme on, policyholders of each of AGIL, LGI and AEI, as applicable.

## 2. Who will be affected by the Scheme?

- 2.1 I have determined that the following policyholder groups might be affected by the proposed Scheme:
- those policyholders of AGIL and LGI transferring to AEI under the Scheme (the "**Transferring Policyholders**");
  - the current policyholders of AGIL and LGI whose policies will not be transferred under the Scheme.
- 2.2 I have not considered the impact of the Scheme upon existing AEI policyholders. Currently, there are none and AEI is not expected to start writing business until the effective date of the Scheme ("**Effective Date**") or shortly before the Effective Date.
- 2.3 I have assessed the circumstances, security and levels of service, separately for each of the groups of policyholders identified in paragraph 2.1 above, and have then similarly considered the changes that the Scheme is likely to cause to those circumstances, security and levels of service. I consider that policyholders of no other insurance companies would be affected by the proposed Scheme.

## 3. Will there be any impact on the Transferring Policyholders?

### SECURITY OF BENEFITS

- 3.1 The Scheme will result in no changes to the terms and conditions of any policy being transferred by the Scheme ("**Transferring Policies**"). The rights and obligations of AGIL and of LGI under the Transferring Policies will be transferred, without alteration, to AEI.

- 3.2 I have reviewed the level of excess assets held as at 31 December 2019 by each of AGIL and LGI (pre-Scheme), those projected to be held as at the Effective Date by each of AGIL and LGI (pre-Scheme), and those projected to be held by AEI (post-Scheme, assuming that the capital injection underlying the business plan occurs). I have compared them with each company's respective capital requirements (actual, as at 31 December 2019, and projected, as at the Effective Date), using, where available, both current and forward looking measures of those requirements. I have noted that the level of excess assets relative to the required capital is projected to be lower in AEI post-Scheme than it is projected to be in either of the Transferors pre-Scheme. I have considered key components of solvency calculation and of the funds available to meet the solvency requirements, in particular the technical provisions.
- 3.3 Taking all of these aspects into account, I have concluded that, on an on-going basis, while the security of the Transferring Policyholders will be adversely affected by differences in the financial strength between the Transferors and AEI, these differences will not adversely affect their security to a material extent.

## RISK PROFILE

- 3.4 The risks in AGIL and LGI are very similar to one another, and are managed using the same risk management framework. The risks within AEI, post-Scheme, will also be very similar to those in AGIL and LGI, pre-Scheme, although, in AEI, post-Scheme, there will be greater diversification by product type and less diversification by geography than there was, pre-Scheme, in either AGIL or LGI. That same management framework will be used to manage the risks within AEI. I have concluded that the Scheme will not result in changes in the risk exposures currently experienced by the Transferring Policyholders that will adversely affect the Transferring Policyholders to a material degree.

## POLICY SERVICING

- 3.5 The administration and servicing of the Transferring Policies will be performed, post-Scheme, by largely the same outsourced entities as it is currently. The administration and servicing will be conducted by much the same staff and management as they are currently, using the same processes and systems as currently used, and under the same policy framework as now. There will be no migration of policy data from one administration system to another. Therefore, it is neither intended nor expected that there be any change in the administration or servicing of the Transferring Policies as a result of the Scheme.

## CHANGE IN REGULATORY ENVIRONMENT

- 3.6 Post-Scheme, the primary regulators for the business being transferred under the Scheme ("**Transferring Business**") would be the Netherlands regulators, rather than the Prudential Regulation Authority ("**PRA**") and Financial Conduct Authority ("**FCA**"). The regulators in the Netherlands operate similarly to the PRA and FCA, and operate the same solvency capital regime (Solvency II) as used in the UK.
- 3.7 The rules in the UK and the Netherlands in the event of an insurer being wound-up are broadly similar. I am satisfied that the Scheme will not result in a material change in the rights of the Transferring Policyholders in the event of the winding-up of their insurer.
- 3.8 Post-Scheme, it is unlikely that, in the event that AEI fails to satisfy their contractual rights, the Transferring Policyholders would be eligible for compensation under the Financial Services Compensation Scheme. There is no alternative compensation scheme that they would be eligible to access. I do not consider this to be a materially adverse change for the Transferring Policyholders as the likelihood of AEI becoming insolvent and hence of them needing to access such a scheme is remote.
- 3.9 Post-Scheme, it is unlikely that the Transferring Policyholders will be eligible to bring complaints to the Financial Ombudsman Service ("**FOS**"). Instead, in circumstances where AGIL or LGI currently refer policyholders to the FOS, AEI would refer those policyholders to the Dutch financial services complaints tribunal<sup>1</sup> ("**KiFiD**") (which provides a similar service in the Netherlands to that of the FOS in the UK) or to the competent dispute resolution agency within the relevant territory of the policyholder. Thus, in practice, the Transferring Policyholders will continue to have access to the local dispute resolution processes in their own territory and any changes to their access to the FOS should not be material.

<sup>1</sup> AEI has applied to KiFiD for registration. As at the date of this Summary, AEI expected the registration process to be completed in July 2020.

3.10 I do not consider the differences outlined above to represent a material weakening in the ombudsman protections available to Transferring Policyholders.

## CONCLUSION

3.11 I am satisfied that the proposed Scheme will not adversely affect, to a material extent,:

- The security of benefits under the Transferring Policies;
- The benefits that the Transferring Policyholders could reasonably expect to receive; or
- The standards of administration, service, management and governance that apply to the Transferring Policies.

## 4. Will there be any impact on the policyholders of AGIL and LGI whose policies are not being transferred under the Scheme?

### SECURITY OF BENEFITS AND RISK PROFILE

- 4.1 Post-Scheme, the capital cover ratios within AGIL and LGI are projected to be more than they are pre-Scheme.
- 4.2 The risk profile within AGIL and LGI will change as a result of the Scheme, with insurance risk becoming less prominent, post-Scheme, relative to other risk types, especially market risk. However, these changes are reflected in the solvency requirements and I do not consider that they jeopardise, to a material extent, the security of benefits of the holders of policies that are not being transferred to AEI by the Scheme.
- 4.3 I have concluded that the policyholders of AGIL and LGI who are not transferring will not be adversely affected by the Scheme in terms of the financial security afforded to their benefits from their insurers.

### POLICY SERVICING

- 4.4 The existing arrangements for servicing and administering the business of AGIL and LGI that is not being transferred by the Scheme will remain unchanged post-Scheme. Likewise, the terms and conditions of the policies not being transferred by the Scheme will remain unaltered post-Scheme.
- 4.5 The business that is not transferred by the Scheme will include the Residual Policies, if any. While the existing arrangements for servicing and administering the Residual Policies will remain unchanged post-Scheme, following the end of the Transition Period it might not be possible for AGIL and/or LGI to fulfil their obligations to the holders of Residual Policies without a technical breach of authorisation requirements in the relevant EEA state. The likelihood and impact of this eventuality are not affected by the Scheme.

### REGULATORY ENVIRONMENT

- 4.6 There will be no change in the regulatory environment for the business of AGIL and LGI that is not being transferred by the Scheme.
- 4.7 I have concluded that the Scheme does not affect to a material degree the prospects of the remaining policyholders of AGIL or LGI in the event of post-Scheme insolvency of AGIL or of LGI.
- 4.8 The Scheme will not affect the eligibility of non-transferring policyholders of either AGIL or LGI to seek compensation from the FSCS or to take complaints to the FOS.

## CONCLUSION

4.9 I am satisfied that the proposed Scheme will not adversely affect, to a material extent,:

- The security of benefits of those policyholders of AGIL and LGI who do not have Transferring Policies;
- The benefits that those policyholders of AGIL and LGI who do not have Transferring Policies could reasonably expect to receive; or



- The standards of administration, service, management and governance that apply to the policies of AGIL and LGI that are not being transferred under the Scheme.

## 5. Other matters

### REINSURANCE

- 5.1 I have considered the likely effects of the Scheme on the reinsurers whose reinsurance contracts cover the Transferring Business. All such contracts, other than an intra-group quota share agreement relating to LGI, are being transferred from AGIL or LGI to AEI by the Scheme, where possible, and, where not possible and subject to the consent of the respective reinsurers, by novation. I am satisfied that the Scheme will not have a materially adverse effect on the writers of the reinsurance contracts that are being transferred. The administration of the Transferring Business, including the management and handling of claims, will continue to be performed post-Scheme by the same teams, using the same processes, as it had been pre-Scheme, so the magnitude and timing of recoveries claimed against reinsurance contracts relating to the Transferring Business will be unaffected by the Scheme.

### WHAT WOULD HAPPEN WERE THE SCHEME NOT TO PROCEED?

- 5.2 In the event that the Scheme does not proceed, the Transferring Policyholders would continue to be policyholders of their respective insurers, with no immediate change to the security of their benefits or policy servicing standards. However, there is a material risk that, after the end of the Brexit Transition Period, regulations in one or more EEA state would prevent AGIL and LGI from servicing their respective Transferring Policies in such states or providing the Transferring Policyholders with the benefits to which their policies entitle them.

## 6. Conclusions

- 6.1 I confirm that I have been provided with access to all material facts of which I am aware and which I consider relevant in order to assess the proposals under the proposed Scheme and I further confirm that all information that I have requested in relation to my review has been provided. I have had discussions with senior members of staff within the Companies that have helped me to evaluate the potential impact of the proposals on all policyholders under the proposed Scheme, as well as the potential impact of the COVID-19 pandemic on the financial and operational health of the Companies (including the logistics of carrying out the Scheme as proposed). In performing my review and in producing the Scheme Report, I have relied, without detailed verification, upon the accuracy and completeness of the data and information provided to me by the Companies. My conclusions depend on the substantial accuracy of this data, information and the underlying calculations. At the time of preparing the Scheme Report, I was unaware of any issue that might cause me to doubt the accuracy of the data and other information provided to me by the Companies. As far as I am aware, there are no matters that I have not taken into account in undertaking my assessment of the proposed Scheme and in preparing the Scheme Report, but that nonetheless should be drawn to the attention of policyholders in their consideration of the proposed Scheme.
- 6.2 In summary, in my opinion, provided the proposed Scheme operates as intended, and I have no grounds for believing that it will not do so, I am satisfied that the implementation of the proposed Scheme would not have a material adverse effect on:
- The benefit expectations of the Transferring Policyholders under the Transferring Policies;
  - The security of the benefits under the Transferring Policies;
  - The level and standards of administration and service that would apply to the Transferring Policies;
  - The benefit expectations of the policyholders of AGIL and LGI whose policies will not be transferred to AEI under the Scheme;
  - The security of the benefits of the policyholders of AGIL and LGI whose policies will not be transferred to AEI under the Scheme;

- The level and standards of administration and service that would apply to the policies of AGIL and LGI that will not be transferred to AEI under the Scheme.

## 7. Supplementary Report

- 7.1 My analysis has been based upon the material supplied to me, including balance sheets and other information, which themselves are based on accounting positions as at 31 December 2019.
- 7.2 Shortly before the date of the Court hearing at which an order sanctioning the Scheme will be sought, I will prepare a supplementary report (the “**Supplementary Report**”), covering any relevant matters that might have arisen since the date of the Scheme Report. This will include consideration of the impact of the COVID-19 pandemic subsequent to the date of the Scheme Report. It is intended that the Supplementary Report will be published on the Transfer Websites at least one week before the date of the final Court hearing.



Derek Newton / 19 June 2020

Fellow of the Institute and Faculty of Actuaries