Actuarial Function Transfer Report

From London General Life Company Limited (LGL) & Assurant Life Limited (ALL) into Assurant Europe Life Insurance N.V.(AEL)

Effective Date: *02/11/2020*

Purpose: *to set out the likely impact of the proposed Transfer of certain life insurance business from LGL and ALL into AEL*

William Diffey FIA - Chief Actuary LGL & ALL

Contents

This report has been produced by the actuarial function of Assurant to inform the Boards of Assurant Life Limited (**ALL**) and London General Life Company Limited (**LGL**) with relation to the proposed Part VII Transfer of the non-UK insurance policies of ALL and LGL (the **Transferors**) to Assurant Europe Life Insurance N.V.(**AEL**) in the Netherlands (the **Scheme**). Subject to obtaining regulatory and court approvals, the Scheme is intended to become effective on 2 November 2020 (the **Effective Date**).

ALL, LGL and AEL have nominated Philip Simpson, a Principal at Milliman, to produce a report on the terms of the Scheme in his capacity as Independent Expert pursuant to section 109(2) of the Financial Services and Markets Act 2000 (**FSMA**).

In order to review this proposed transfer, I have performed the valuation:

- as at 31 December 2019 AS if the Transfer is going to take place at YE 2019, referring at "as if YE2019"
- and projected roll forward capital positions to 30 September 2020.

This is to allow evaluation of the Transfer on the last known Year End using the booked amounts and audited financial statements, and to give the view of capital at the nearest quarter end before the Effective Date.

As part of this transferring procedure and the actuarial function duties, I, William Diffey, Fellow of the Institute of Actuaries', as the Chief Actuary (SIMR20) of both ALL and LGL, am performing an analysis of the proposed Transfer under the Scheme with the aim of informing the Boards of ALL and LGL, and with the intention that this report will also be provided to the Prudential Regulation Authority (PRA), the Financial Conduct Authority (FCA) and the Court. As such, this report is written with Part VII of FSMA in mind.

So, the objectives of this report are to:

- Explain the procedures used to Transfer the portfolio;
- Perform actuarial analysis of the portfolio to highlight its key features;
- Set out the likely impact of the Scheme on Assurant's portfolio, reserving and solvency position, pre and post-Transfer; and
- Comment on the effectiveness of the Scheme, and its likely impact on the business risk profile and on policyholders.

The report has been written in accordance to the Technical Actuarial Standards (TAS). TAS 100 that applies to technical actuarial work, and also in accordance of the Actuarial Profession Standard APS X2 with regards to peer review.

This report considers the likely impact of the proposed Transfer of a portfolio of life insurance business from ALL and LGL, two UK legal entities of Assurant group into AEL, a newly incorporated Dutch legal entity which is also part of the Assurant group.

As part of Brexit-induced restructuring, Assurant Europe have opened two new Dutch head officed insurance companies, Assurant Europe Insurance N.V. (**AEI**) and Assurant Europe Life Insurance N.V.(**AEL**). AEL applied to De Nederlandsche Bank (DNB), the Dutch regulatory authority, to become authorised as a life insurance company. AEI applied to the DNB to become authorised as a general insurance company. Assurant have been informed that these entities were approved on 9 June 2020. Business plans for year 2020 reflecting the expectation that business will be transferred into these new entities at 2 November 2020 have been forecasted as well.

This report is dealing with the Transfer of the non-UK life insurance business of ALL and LGL into AEL (the **Transferee**). The Transfer of the non-UK and non-Switzerland general insurance business of London General Insurance (LGI) and Assurant General Insurance Limited (AGIL) into AEI is covered in a separate report. It should be noted that the two proposed transfers are being progressed in parallel and have the same Effective Date but are not interdependent except for a small portfolio of Creditor business written jointly by LGI and LGL. This portfolio will not transfer until both transfers are effective.

The approach to estimate the likely impact of the Transfer is to:

- Understand the nature and structure of the Scheme;
- Make clear the position of policies proposed to be transferred from what are not;
- Assess the pre and post-Transfer financial positions of the companies involved in the Scheme: technical insurance liabilities, assets and capital;
- Consider the risk management implications, including reinsurance and other risk mitigation aspects;
- Consider the likely implications of the Scheme on the level of security provided to the affected policyholders before and post-Transfer;
- Consider the likely impact on levels of customer service;
- Consider other financial factors that might affect policyholders; and
- Consider other non-financial factors that might affect policyholders.

The conclusions in this report are summarised in this section. The detailed explanation behind these conclusions follows in the body of this report.

The financial strength of the companies involved in the Transfer measured in terms of ratio of Solvency II Own Funds (OF) to Capital Requirement (MCR), the MCR coverage ratio (MCR%), pre- and post-Transfer is presented in the table below (with the Transfer presented as occurring as if 31 December 2019 and as at Q32020):

	ALL	LGL	AEL	ALL	LGL	AEL
(£' m)	Pre-transfer (as IF **YE2019**)			Post-Transfer (as IF YE2019 + impact of Transfer)		
Eligible Own Funds	7.61	5.16	4.65	7.61	5.16	4.65
Capital Requirement (aMCR)	3.19	3.19	3.19	3.19	3.19	3.19
aMCR%	239%	162%	146%	239%	162%	146%
	Pre-transfer (as IF **YE2019**) With COVID-19 impact			Post-Transfer (as IF YE2019 + impact of Transfer) With COVID-19 impact		
Eligible Own Funds	7.31	4.63	4.65	7.31	4.63	4.65
Capital Requirement (aMCR)	3.19	3.19	3.19	3.19	3.19	3.19
aMCR%	229%	145%	146%	229%	145%	146%
	Pre-transfer (as at **Q32020**) With COVID-19 impact			Post-Transfer (as at Q32020 + impact of Transfer) With COVID-19 impact		
Eligible Own Funds	7.24	4.76	4.79	7.24	4.76	4.79
Capital Requirement (aMCR)	3.29	3.29	3.29	3.29	3.29	3.29
aMCR%	220%	145%	146%	220%	145%	146%

Note that the Transfer has been assessed at Year End 2019 (YE2019) on a "as-if" basis[1] and at the end of the third quarter of 2020 (Q32020)[2]. AEL does not have any business before the Transfer at YE2019.

ALL, LGL and AEL are all well capitalised, pre- and post-Transfer, as their solvency ratio (MCR%), where calculated, is much above 100% and above their targets pre- and post-Transfer. On the YE2019 assessment basis, the solvency ratios are maintained as the capital requirement and the eligible own funds are projected to remain at the same strong level regarding the capital management policy. In addition, the solvency ratio of AEL is expected to stay above 140% for the 3 forthcoming years.

The Transferring policyholders of ALL and LGL to AEL and the remaining non-Transferring policyholders will benefit from strong financial capacity of the companies from which they have their policies. AEL also benefit from a letter of support from TWGE effective at the date of transfer.

In my opinion as the Chief Actuary, considering the likely impact of the Scheme on those specified solvency positions as well as other considerations set out throughout this report, I confirm that I have considered the various issues affecting the policyholders.

I am satisfied that the implementation of the Scheme has no material adverse effects on:

- The security of the benefits and the reasonable expectations of policyholders for the transferred policies;
- The risk profile and the financial solidity of ALL, LGL and AEL Post-Transfer (ALL will have no policyholders once the Transfer is implemented); and
- The risk profile of the remaining policies within LGL which are reinsured at 100%.

AEL will have no policyholders prior to the Transfer taking effect and does not intend to write any new business in the future. It will run-off the policies that are proposed to be transferred to it under the Scheme. In particular, I believe that the Scheme will at least maintain the same level of quality of the insurance coverage and the service whether transferring or for any residual non-transferring policies if there is a delay in part of the scheme becoming effective. I am satisfied that the Scheme is equitable to all classes of ALL, LGL and AEL policyholders.

I have conducted a detailed assessment of the Scheme, its likely impact on the different policyholder groups of the companies involved.

I have assessed the Scheme from an actuarial point of view but also with consideration to the other non-technical, non-actuarial aspects. My conclusion is that the risk of any policyholder group of ALL, LGL or AEL being adversely affected is immaterial.

I have conducted a detailed assessment of the Transfer, its likely impact on the different policyholder groups, on the companies involved and on Assurant group. I have assessed the Transfer from an actuarial point of view but also with consideration to the other non-technical, non-actuarial aspects.

Assessment of pre and post-Transfer financial positions

I conclude that the financials provided during this assessment are reliable. The solidity of ALL, LGL and AEL post-Transfer thanks to the analysis undertaken with YE2019 figures, as if YE2019 and as at Q32020.

I considered the risk posed by the COVID-19 on the world economy with the impacts on assets, increased mortality in some age groups, the disruption in some supply chains and additional volatility in the markets. Should there be a significant hit to the economy, the ripple can be felt in various parts of ALL and LGL businesses, especially in the

[1] The actual Transfer will take place at 2 November 2020. However, we have performed an assessment of the Transfer on a "as-if" basis at YE2019 as this is the last date of public and audited financial results. The YE2019 assessment is referred to as the "as-if" Transfer in this report.

[2] We have done an assessment of the financial position of the Transfer at 30 September 2020 (Q32020), as this is the last quarter before the actual Transfer.

Creditor book, the most material line of business directly exposed to economic downturn.
However, the full impact of this uncertainty and potential market movements cannot been assessed in detail at present as the pandemic is still on. But the risk is closely monitored by management, and an addendum will be provided when necessary.

Consideration of Risk Management implications including reinsurance and other risk mitigation aspects

I have considered the broader risk management issues in relation to the underlying businesses and risk profiles of the Transferors and AEL, including an assessment of insurance risk, market risk, credit risk and operational risks. I am satisfied with the risk management framework, including governance and compliance which are of a high standard and will remain to be of same standard post-Transfer.

Effectiveness of the scheme and its impact on policyholders and risk profile

I believe policyholders are fairly treated in terms of the before and after positions of the scheme. These are covered in detail in section 12 of my report.

This report covers the proposed life insurance business to AEL. The legal entities from which the insurance policies will be transferred, the Transferors, are:

- **Assurant Life Limited (ALL)**, based in the UK

ALL is a life insurance writer of various lines of business providing insurance to individuals via commercial clients. ALL has policies covering business from some EEA countries.

- **London General Life Company Limited (LGL)**, based in the UK

LGL is a life insurance writer, providing lifestyle and other life related insurance covers to the general public via commercial clients. LGL has policies covering business originated from some EEA countries.

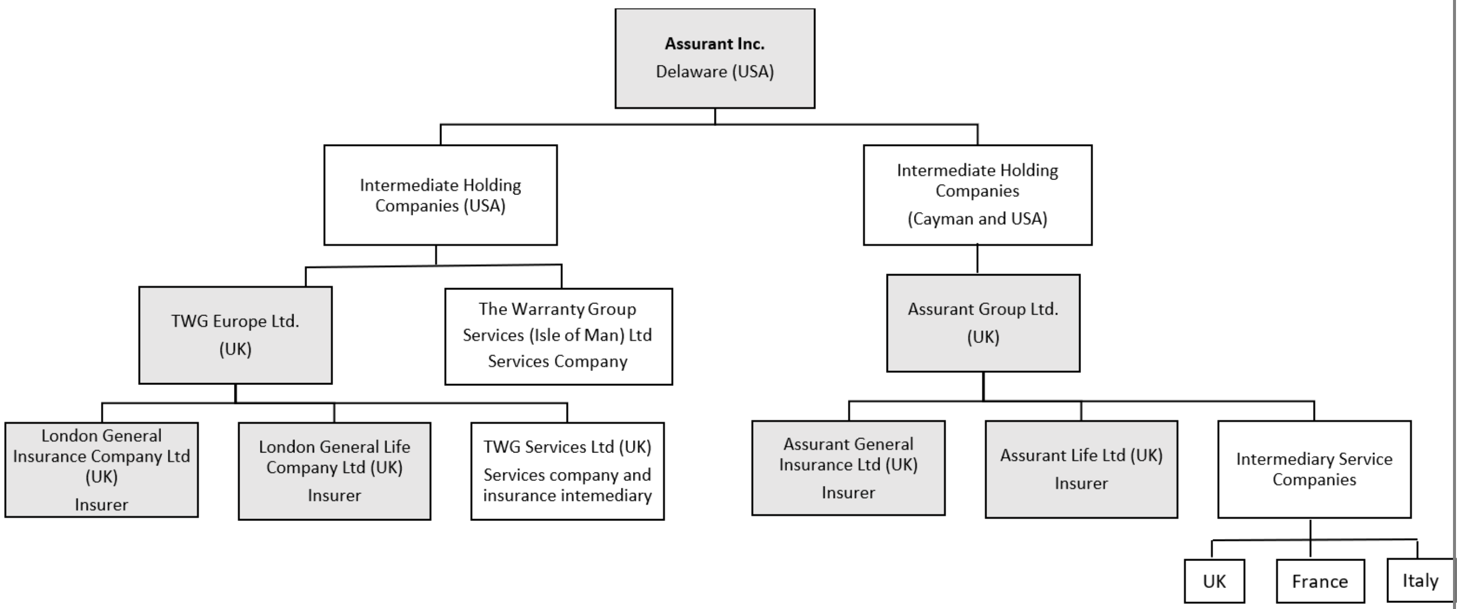
The legal entity to which the insurance policies will be transferred, the transferee, is:

- **Assurant Europe Life Insurance N.V. (AEL),** based in the Netherlands

By construction, AEL will be a life and health insurance company. Following its authorisation, it has the right to write a broad spectrum of lines of business to individuals via commercial clients with policies covering business originated from many EEA countries in line with the group strategy.

This section presents the diagrams of structure of entities and ownership within the Assurant group pre- and post-Transfer.

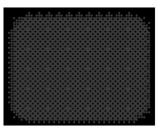
The first diagram below shows the corporate structure of Assurant Group before the Transfer, with the parties to the Transfer highlighted in red.



LGL is part of TWG Europe Limited (TWGE), while ALL is part of the Assurant Group Limited (AGL) and are all UK entities. Note, TWGS Isle of Man does not form part of the European group.

Under the Scheme, the non-UK life insurance policies of ALL and LGL will move to AEL while under a separate Part VII Scheme, the non-UK and non-Switzerland non-life insurance policies of AGIL and LGI will move to AEI.

The diagram below shows the corporate structure and the supervisory groups post-Transfer.



Post-Transfer, both AGL (incl ALL) and TWGE (incl LGL) still remain UK Groups and Solvency II regulated. However, TWGE will have some legal entities in the Netherlands, namely AEI, AEL and Assurant Europe Services B.V. (**AES**) while all legal entities of AGL are UK domiciled. Currently, and up to 31 December 2020, (being the last date of the transition period under the Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union), the EU's Solvency II regulatory regime continues to apply in the UK. However, whilst it is not absolutely certain that Solvency II in its current format and contents will still be the UK regulatory regime from 1 January 2021, it is a current working assumption that the UK will retain Solvency II after 31 December 2020. AGL and TWGE will continue to submit group reporting to the UK regulator (PRA) and at solo entity level, and AEI and AEL will report to the DNB while the other entities (AGIL, LGI, ALL and LGL) continue to report to the UK regulator (PRA).

Both groups AGL and TWGE are specialised in the underwriting, administration and marketing of four core product lines:

- Connecting Living - Protection products for mobile phones, gadgets, home appliances and consumer electronics;
- Automotive – Warranty, Guaranteed Asset Protection (GAP) and ancillary insurances;
- Shipping – Goods in transit cover for commercial sellers on online marketplaces; and
- Creditor and Other including Mortgage protection, personal finance loans protection, unemployment, accident, health and life. The “Creditor and Other similar” product line is primarily in run off and there is no plan to underwrite any new customers business since after 2018.

These are primarily consumer insurance products that are marketed across the UK and Europe through a combination of branches and freedom of service arrangements. These are distributed on a Business-to-Business basis through relationships with a range of motor dealers, manufacturers, retailers, financial institutions and other distributors.

All UK and European insurance operations are conducted by entities that are subsidiaries of either Assurant Group Limited or TWG Europe Limited, two UK regulated groups.

Both entities ALL and LGL are specialised in "creditor and other similar" and are allowed to undertake life insurance and reinsurance business:

ENTITY	LGL	ALL
NATURE	Private Limited Company incorporated in England and Wales with registered number 02443666.	Private Limited Company incorporated in England and Wales with registered number 03264844.
REGISTERED OFFICE	Twenty Kingston Road, Kingston Road, Staines-Upon-Thames, Surrey, TW18 4LG.	Emerald Buildings, Westmere Drive, Crewe, Cheshire, CW1 6UN.
LoB	under Part 4A of FSMA to carry on Long-Term Business in the United Kingdom in classes: - I (Life and annuity), - III (Linked long-term) - and IV (Permanent health)	under Part 4A of FSMA to carry on Long-Term Business in the United Kingdom in classes: - I (Life and annuity), - and IV (Permanent health)
AUTHORISED COUNTRIES other than UK	following EEA states: - Austria, - Belgium (effective), - Czech Republic, - France, - Germany, - Greece, - Hungary, - Ireland, - Italy, - Luxembourg, - Netherlands (effective), - Norway, - Poland, - Portugal, - Spain and - Sweden	following EEA states: - Austria, - Belgium, - Bulgaria, - Cyprus, - Czech Republic, - Denmark, - Estonia, - Finland, - France, - Germany (effective), - Greece, - Hungary, - Iceland, - Ireland (effective), - Italy (effective), - Latvia, - Liechtenstein, - Lithuania, - Luxembourg, - Malta, - Netherlands, - Norway, - Poland, - Portugal, - Romania, - Slovakia, - Slovenia, - Spain (effective) and - Sweden
CLIENTS TYPE	B2B	B2B

The Scheme will Transfer all insurance business written by ALL and LGL where the state of risk is not the UK.

The portfolio to be transferred constitutes:

- insurance policy contracts, in the scope of this report, and
- all other contracts – the "B2B Contracts", regarding the distribution channel, not in scope of the Part VII transfer.

AEL is a limited company incorporated in the Netherlands. It is registered in the trade register of the Dutch Chamber of Commerce under number 72959312. The registered office of AEL is at Paasheuvelweg 1, 1105 BE Amsterdam, the Netherlands. At the time of writing, AEL has been authorised the 9 June 2020 by the DNB under *Wet op het financieel toezich* (the **Dutch Act on Financial Supervision**) to carry on Life and Health Insurance Business in the Netherlands in the following lines of business:

1. Life and Annuity;
2. Permanent health insurance.

The starting lines of business of AEL are described in the table below:

Product Line	Description
Mortgage Protection ALL	Administration of Policies in run-off under which ALL has provided long term insurance cover in life and permanent health to clients in EU.
Creditor ALL	
Creditor LGL	Administration of Policies in run-off under which LGL has provided long term insurance cover in life and permanent health to clients in EU.

Basically, AEL will have the right to passport certain of its permissions referred to in this paragraph into the same EEA states (and Gibraltar) where ALL and LGL are authorised to do so. And the effective countries where live policies are written are Belgium, Germany, Ireland, Italy, Netherlands and Spain.

In order to assess the financial position pre- and post-Transfer (exclusive of Assurant's cost of the transfer), forecasted balance sheets of the Transferors (ALL and LGL) and that of the transferee (AEL) have been constructed by Finance. Indeed, the costs of the Transfer are initially covered by Assurant Group INC. A legal entity cost allocation recharge process ensures that all relevant costs are recharged to each entity on an arms' length basis. The Plan financials for ALL, LGL & AEL include cost recharges and these recharges, where relevant, will include a share of Brexit Part VII costs. It should be noted that in the event that actual cost recharges are higher than plan or Brexit Part VII costs are higher than expected, this would not impact solvency levels as additional capital would be injected into regulated entities to maintain their solvency levels.

Here are the key assumptions used in constructing these balance sheets:

- Insurance contracts transferred at economic value (Solvency II basis), for no profit or loss.
- ALL and LGL will Transfer EU business to AEL on 2 November 2020, AEL begins managing business after the Transfer.
- Assets and Liabilities likely to be transferred, forecast using 2019 Year end balances as proxy:
    - Financial investments;
    - Debtors (including Reinsurance);
    - Cash and cash equivalents;
    - Technical provisions;
    - Creditors (including Reinsurance).

In more detail:

<u>The "as if" YE2019 Basis</u>

Technical Provisions

- Starting with YE2019 position, TPs are made as if the Transfer happened YE2019 by allowing for movements in premiums and claims (occurrence and payment) which have been globally approximated by policies to be transferred movements in terms of TPs (claims and premiums).
- The impact of Coronavirus (COVID-19) has been allowed for in the TPs by applying an uplift of 5% to the TPs, based on a combination of quantitative and qualitative information about the footprint of the disease and its likely financial impact on ALL and LGL businesses, and overlaid with expert judgment. Synthetically, the rationale is that COVID-19has increased mortality primarily in the over 70s. However, at that end of the age spectrum, creditor policyholders with loans and mortgage protection might be nearing the end of their policy term and the sum assured (generally the remaining liability) is usually not material. Most mortgage lenders do not lend with repayment terms going over retirement age. Therefore, the impact on mortgage protection might not be material.
- The risk margin for AEL at YE2019 is calculated as the sum of risk margins of ALL and LGL, which are themselves calculated by taking the risk margin to TPs at YE2019.

Assets

- Assets are valued at their mark to market value in line with the Solvency II Delegated Acts. Note that AEL's assets are intended to be composed primarily of cash.
- Also, an adjustment of -5% has been applied to the investment assets due to actual quarter assets performance as a result of COVID-19.

Debtors and Creditors

- Debtors and Creditors for Premium, Commission and Claims have been calculated using a fixed factor of relevant technical provisions.

Capital

- The SCR for ALL and LGL have been set at the absolute Minimum Capital Requirement (aMCR) and have been approved by the PRA.
- The aMCR is EUR 3.7 m (£3.2m as at YE2019) for Life insurance companies.

The SCR for AEL is also set at the aMCR and the intention is for AEL to have approval from the DNB for functioning at the absolute Minimum Capital Requirement (*See explanation section 9)*.

Capital injection

- Initial seed capital will be provided at the level of the aMCR (estimated to be £3.2m or EUR 3.7m as at YE2019) plus a 46% risk appetite buffer, i.e. an initial cash injection of £4.6m (EUR 5.4m). This level is to ensure AEL stays above its capital target of 120%, and to incur and compensate some costs of establishment for EUR 0.4m or £0.3 m. The cash transfer has been made on the 20 May 2020.

- This amount comes from a fund set up by the ASSURANT, INC GROUP specially for the purpose of the Transfer and funded from prior years dividends from the UK insurance subsidiaries.
- Balancing amount of cash (or cash equivalent investments) will be transferred if necessary, so that:
    - the Part VII Transfer does not generate a profit or loss,
    - any additional tax impact is accounted for, and
    - ensure that AEL capital coverage target will not be less its target of 120%

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

However, the financial assessment of the Transfer has been performed at the end of 2019 as if the Transfer takes place at that date.

Therefore, pre-Transfer position relates to end YE2019 pre- and post-Transfer position relates to end "YE2019 + impact of Transfer".

LGL and ALL are both reporting the absolute Minimum Capital Requirement (aMCR), so will be AEL.

The financials have been constructed with the following constraints:

- The post-Transfer ratio of Own Funds to capital requirement must not be less than 120% for AEL;
- The ratios of Own Funds to capital requirement for ALL and LGL must not deteriorate;
- The Transfer must be at zero profit or loss on Solvency II basis (i.e. the liabilities and assets to be transferred must be equal);
- Other Assets balance sheet line used as the balancing item.

Given LGL and ALL's focus on run off creditor business, it is unlikely that the FCA's 'value for money' consultation or recent bulletins regarding Covid-19 would materially affect these forecasts. This is also the case because the quantum of claims and technical provisions is relatively immaterial relative to the scale of the MCR. Moreover, it can be argued that creditor insurance provides value during a pandemic (such as that caused by Covid-19) through its coverage of sickness claims. There are currently no other compliance matters which materially affect the forecasts. However, any further or final projections will reflect the value for money consultation.

The financials have been forecasted in a joint effort by the actuarial and finance teams, starting with the year-end 2019 position and make it as if, allowing for planned business actions (e.g. the Transfer of clearly identified liabilities and equivalent total amount of assets, cash injection, etc.), adjustments from actual versus expected movements where necessary, impact of COVID-19 on assets and liabilities (uplift of 5% to TPs), and overlaying with expert judgment where needed.

In assessing the impact of the coronavirus pandemic outbreak, we have considered the mortality increase (mainly of the over 70s), the increase in disability, the increase in unemployment, the loss of assets values across stock exchanges across the world and the general economic slowdown.

We note the following non-exhaustive list of remarks with regards to insurance liabilities:

Creditor - Mortgage Protection

The COVID-19 has increased mortality of the over 70s (mainly). However, at that end of the age spectrum, policyholders with Mortgage Protection might be nearing the end of their policy term and the sum assured (generally the remaining mortgage liability) is relatively not material. Most mortgage lenders do not lend with terms going over the age of 75. Therefore, the impact on Mortgage Protection might not be material.

Creditor – Personal loans, consumer loans, car finance, etc.

Mortality increase of the over 70s due to COVID-19 might have an impact, but as discussed above, similar to Mortgage Protection, the impact on Loans protection insurance issued by Assurant might not be material. However, due to the general economic slowdown and the increase in unemployment, there might be pressure on households' finances and there might be an increase in missing payments and defaults on personal finance loans insured by Assurant.

We have assumed an expert judgmentally determined 5% uplift in Solvency II Technical Provisions due to COVID-19 as a rough estimate, since the situation is still unfolding.

The use of other judgment has been very limited in the construction of the financials detailed in the tables below.

In this basis, the Transfer date is assumed to be 31 December 2019 without considering COVID-19 impact. Therefore, Pre-Transfer position relates to 31 Dec 2019 and Post-Transfer position relates to end "31 Dec 2019 + impact of Transfer (assessed as at 31 Dec 2019)".

- **ALL**

ALL (£' m)	As if YE2019 without COVID impact		
	Pre-Transfer	Transfer Impact	Post-Transfer
Assets:			
Cash	2.46	(1.40)	1.06
Investments	4.70	-	4.70
Ceded technical provisions	0.07	(0.07)	-
Other assets	3.93	(0.02)	3.91
Total assets	**11.16**	**(1.48)**	**9.67**
Liabilities:			
Gross tech provisions (excl risk margin)	1.37	(1.37)	-
Risk margin	0.02	(0.02)	-
Other liabilities	2.15	(0.09)	2.06
Total liabilities	**3.54**	**(1.48)**	**2.06**
Excess of assets over liabilities	7.61	-	7.61
Adjustments	-	-	-
Eligible Own Funds	**7.61**	**-**	**7.61**
Capital Requirement (aMCR)	**3.19**	**-**	**3.19**
aMCR %	239%	0%	239%

- All technical provision liabilities of ALL are transferred to AEL;
- No investment is transferred from ALL invested assets, but some cash, £1.40m, has been transferred;
- The net asset value of the Transfer is zero, the Transfer is made at no profit or loss;
- As a reminder ALL is reporting at the aMCR;
- The Own funds coverage of the aMCR is above the target of solvency ratio of 150% pre and post-Transfer.

- **LGL**

LGL (£' m)	As if YE2019 without COVID impact		
	Pre-Transfer	Transfer Impact	Post-Transfer
Assets:			
Cash	0.18	-	0.18
Investments	8.80	(1.71)	7.09
Ceded technical provisions	0.01	-	0.01
Other assets	0.34	(0.15)	0.19
Total assets	**9.33**	**(1.87)**	**7.46**

Liabilities:			
Gross tech provisions (excl risk margin)	1.85	(1.84)	0.01
Risk margin	0.02	(0.02)	0.00
Other liabilities	2.29	0.00	2.29
Total liabilities	**4.17**	**(1.87)**	**2.30**
Excess of assets over liabilities	5.16	-	5.16
Adjustments	-	-	-
Eligible Own Funds	**5.16**	**0.00**	**5.16**
Capital Requirement (aMCR)	3.19	-	3.19
aMCR %	162%	0%	162%

- Almost all of the Gross technical provisions of LGL are transferred to AEL, only 0.5% of the Gross technical provisions of LGL stay in the UK;
- Likely cash in investment is transferred of £1.71m has been transferred with the liabilities;
- The Transfer is at zero profit or loss;
- As a reminder LGL is reporting at the aMCR;
- The Own funds coverage of the aMCR is above the target of solvency ratio of 145% pre and post-Transfer.

- AEL

	As if YE2019 without COVID impact		
AEL (£' m)	Pre-Transfer	Transfer Impact	Post-Transfer
Assets:			
Cash	-	1.40	1.40
Investments	4.65	1.71	6.36
Ceded technical provisions	-	0.07	0.07
Other assets	-	0.17	0.17
Total assets	**4.65**	**3.35**	**7.99**
Liabilities:			
Gross tech provisions (excl risk margin)	-	3.21	3.21
Risk margin	-	0.05	0.05
Other liabilities	-	0.09	0.09
Total liabilities	**-**	**3.35**	**3.35**
Excess of assets over liabilities	4.65	-	4.65
Adjustments	-	-	-
Eligible Own Funds	**4.65**	**-**	**4.65**
Capital Requirement (aMCR)	3.19	-	3.19
aMCR %	146%	0%	146%

- The Gross technical provisions of AEL is made of 43% liabilities coming from ALL and 57% coming from LGL;
- The Transfer is at zero profit or loss;
- Initial cash injection of £4.65m (or Euros 5.44m) to AEL before the transfer. These are accounted for in the investment line on the balance sheet;
- As a reminder AEL is reporting at the aMCR;
- The Own funds coverage of the aMCR stay above its target of 120% pre- and post-Transfer, at 146%.

In conclusion, the capitalisation of ALL, LGL and AEL, pre- and post-Transfer is strong, all ratios are above 100% and above their individual target buffers.

YE2019 No COVID-19 Impact								
ALL	Pre-Transfer	Post-Transfer	**LGL**	Pre-Transfer	Post-Transfer	**AEL**	Pre-Transfer	Post-Transfer
MCR %	239%	239%	MCR %	162%	162%	MCR %	146%	146%

Target %	150%	150%	Target %	145%	145%	Target %	120%	120%

In this section, the assessment made above is used and the estimated impact of COVID-19 as if YE2019 is applied.[3]

As specified in section 4.1, the impact of COVID-19 on the liabilities is assumed to be:

- an uplift to the Technical Provision of + 5% for ALL, LGL and AEL, and
- a reduction of asset values by 5%. The impact on the assets is based on actual movements in assets values observed in the first quarter of year 2020.

In assessing the likely impact of COVID-19 pandemic outbreak, we have considered the mortality increase (mainly of the over 70), the increase in unemployment, the loss of assets values across stock exchanges across the world and the general economic slowdown. Note that COVID-19 situation is still unfolding and there is uncertainty to what the ultimate impact of COVID-19 will be on the liabilities and on the assets side of the balance sheet.

- **ALL**

	As if YE2019 with COVID impact		
ALL (£' m)	Pre-Transfer	Transfer Impact	Post-Transfer
Assets:			
Cash	2.46	(1.47)	0.99
Investments	4.47	-	4.47
Ceded technical provisions	0.07	(0.07)	-
Other assets	3.93	(0.02)	3.91
Total assets	**10.93**	**(1.55)**	**9.37**
Liabilities:	**0.98**		
Gross tech provisions (excl risk margin)	1.44	(1.44)	-
Risk margin	0.02	(0.02)	-
Other liabilities	2.15	(0.09)	2.06
Total liabilities	**3.61**	**(1.55)**	**2.06**
Excess of assets over liabilities	7.31	-	7.31
Adjustments	-	-	-
Eligible Own Funds	**7.31**	**-**	**7.31**
Capital Requirement (aMCR)	3.19	-	3.19
aMCR %	229%	0%	229%

- Basically, the drop of assets value and the increase of TPs generates a decrease on eligible own funds of -4%.
- But, the Own funds coverage of the aMCR still stays above 150% pre- and post-Transfer.

- **LGL**

	As if YE2019 with COVID impact		
LGL (£' m)	Pre-Transfer	Transfer Impact	Post-Transfer
Assets:			
Cash	0.18	-	0.18
Investments	8.36	(1.81)	6.56
Ceded technical provisions	0.01	-	0.01
Other assets	0.34	(0.15)	0.19

[3] COVID-19 was not yet an issue at YE2019. However, we have done a "as-if" assessment of COVID-19 on the "as-if" YE2019 Transfer at YE2019 to assess the impact that disease might have on the Scheme.

Total assets	**8.89**	**(1.96)**	**6.93**
Liabilities:			
Gross tech provisions (excl risk margin)	1.94	(1.93)	0.01
Risk margin	0.03	(0.03)	0.00
Other liabilities	2.29	0.00	2.29
Total liabilities	**4.26**	**(1.96)**	**2.30**
Excess of assets over liabilities	4.63	-	4.63
Adjustments	-	-	-
Eligible Own Funds	**4.63**	**-**	**4.63**
Capital Requirement (aMCR)	3.19	-	3.19
aMCR %	145%	0%	145%

- Basically, the drop of assets value and the increase of TPs generates a decrease on eligible own funds of -10.3%.
- But, the Own funds coverage of the aMCR is in line with the target, equal to 145% pre- and post-Transfer.

  - **AEL**

	As if YE2019 with COVID impact		
AEL (£' m)	Pre-Transfer	Transfer Impact	Post-Transfer
Assets:			
Cash	-	1.47	1.47
Investments	4.65	1.81	6.45
Ceded technical provisions	-	0.07	0.07
Other assets	-	0.17	0.17
Total assets	**4.65**	**3.51**	**8.16**
Liabilities:			
Gross tech provisions (excl risk margin)	-	3.37	3.37
Risk margin	-	0.05	0.05
Other liabilities	-	0.09	0.09
Total liabilities	**-**	**3.51**	**3.51**
Excess of assets over liabilities	4.65	-	4.65
Adjustments	-	-	-
Eligible Own Funds	**4.65**	**-**	**4.65**
Capital Requirement (aMCR)	3.19	-	3.19
aMCR %	146%	0%	146%

- Basically, AEL is minimally impacted because of:
  - the good quality of its assets (in cash).
  - And the forecasted impact on TPs are not changing the level of capital requirement (which remains at the aMCR).
- the Own funds coverage of the aMCR stays above the target of 120%, at 146% pre- and post-Transfer.

In conclusion, the capitalisation of ALL, LGL and AEL, pre and post-Transfer is strong, all ratios are above 100% and above their individual target buffers. This conclusion has been supported by reverse stress testing work carried out by the firm which looks at pandemic risk, market risk, counterparty risk and health risk scenarios.

YE2019 with COVID -19 Impact								
ALL	Pre-Transfer	Post-Transfer	**LGL**	Pre-Transfer	Post-Transfer	**AEL**	Pre-Transfer	Post-Transfer
MCR %	229%	229%	MCR %	145%	145%	MCR %	146%	146%
Target %	150%	150%	Target %	145%	145%	Target %	120%	120%

The roll forward of capital position of ALL, LGL and AEL to Q32020, on before and after Transfer basis can be found in the tables below. This roll-forward to Q32020 on a run-off basis is consistent with the business strategy (see section 13) and includes the impact of COVID-19 (with a Q32020 view, same as YE2019 at 5% impact).

Q32020 With COVID-19 Impact								
ALL	Pre-Transfer	Post-Transfer	**LGL**	Pre-Transfer	Post-Transfer	**AEL**	Pre-Transfer	Post-Transfer
MCR %	220%	220%	MCR %	145%	145%	MCR %	146%	146%
Target %	150%	150%	Target %	145%	145%	Target %	120%	120%

On a roll-forward Q32020 basis and allowing for the impact of COVID-19, the Solvency ratios are all above 100% and above their individual targets. The Transferring and non-Transferring policyholders benefit from strong capitalisation pre- and post-Transfer. It is worth to mention that Solvency ratio of AEL stays very beyond its target defines by the capital management policy overtime.

Among the four main Assurant business categories, Assurant life insurance business is relatively and significantly small compared to its general insurance business.

As a reminder the Life insurance is made of Creditor and Other including Mortgage protection, personal finance loans protection, unemployment, accident, health and life. The “Creditor and Other similar” product line is primarily in run off and there is no plan to underwrite any new customers business since after 2018.

So, LGL and ALL are in run-off (see projections below), meaning while no new customer business is being written, the existing monthly premium business and single premium business that are not expired are still provided for and administered by LGL and ALL. Note that some policies have an automatic renewal clause which cannot be changed by ALL or LGL and these policies renew as long as the customer does not state otherwise.
AEL’s initial primary mission is for delivering the effective run-off for the EU clients in accordance with all prevailing requirement and customer expectations, i.e. continuing pay monthly cover products and existing single premium covers for the EU business of LGL and ALL.

Assurant Life Limited (ALL)

ALL is authorised by the Prudential Regulation Authority (the "PRA") and regulated by the Financial Conduct Authority (the "FCA") and the PRA to effect and carry on Long-Term Business in the United Kingdom in classes Life, Annuity and Permanent health.

ALL has made freedom of services notifications into the following 28 EEA Member States (and Gibraltar): Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden. It also passports from the UK into Germany, Italy and Spain on a freedom of establishment (branch) basis.

ALL's in-force insurance business covers mortgage protection insurance and creditor insurance. The risks covered are income protection, life and critical illness (permanent disability) and so the profitability of the business is affected by mortality, morbidity, exposure and the associated expenses. ALL has been closed to new business since 2015. Most business was written on a single premium basis, but there is a small amount of regular premium business. Policies were distributed through different financial services companies including banks, credit unions and finance brokers alongside the mortgage and other loan products they offered.

The business had initial terms of five years or more (as the shorter-term business was written by AGIL, along with all income protection business in Italy). For the most part the policies are non-cancellable by the insurers.

The table below gives the number of policies remaining in-force at the end of 2019, based on policy terms where there is still premium being earned. It can be seen that post 2019, no UK policy is in force and all of the policies remaining in force are EU policies, hence they are moving to AEL and ALL will remain empty on the day of the Transfer as no new business is not immediately planned.

Assurant Life Limited Country	Number of in-force policies as at YE 2019
Italy	4782
Germany	745
Ireland	100
Spain	2
TOTAL	**5,629**

It is worth noting that AGIL and ALL policies are understood to be separate and that there are not believed to be any combined policies (ie there are not believed to be any customers holding policies in both AGIL and ALL). Following completion of the proposed Transfer, Assurant would most likely look to deauthorise ALL. ALL is an absolute floor MCR firm in terms of capital required.

London General Life Insurance Company Limited (LGL)

LGL is authorised by the PRA and regulated by the FCA and the PRA to carry on Long-Term Business in the United Kingdom in Life, Annuity and Permanent Health.

LGL has made freedom of services notifications into the following 15 EEA Member States: Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain and Sweden. It also passports from the UK into Belgium, France, Germany, Ireland, Italy, the Netherlands, Poland and Spain on a freedom of establishment (branch) basis.

LGL's in-force insurance business covers creditor insurance. Policies underwritten by LGL were distributed on its behalf through regulated financial service providers, including banks, credit unions and financial brokers. The table below gives the number of policies remaining in-force at the end of year 2019, where there is still premium being earned. We note however that claims can still arise from expired policies or policies not earning premiums anymore.

It can be seen that post 2019, no UK policy is earning premium, all of the policies remaining in force and earning premium are EU policies.

However, there is a small group of UK policies into LGL fully reinsured, with their policy term still running. These UK policies relate to legacy Disability Income (the majority of the portfolio, around 88%) and Critical Illness policies. As of May 2019, those policies are described as:

- Critical Illness Policies expire once policyholder reaches 75. The final policyholder to reach 75 will be on 30/03/2048.
- The Disability Income Plus Plan also expires when they reach 65. The final policyholder to reach 65 will be on 05/07/2042.

These policies (currently 85 policies) will still remain in LGL in the UK after the Transfer takes effect. LGL will continue to manage this business following the Transfer (see section 12.1 on the risk profile).

London General Life Country	Number of in-force policies as at YE 2019
Belgium	5783
Netherlands	4810
TOTAL	**10,593**

From June 2018, no new life business has been and will be written under LGL (except for contractual renewals on certain existing contracts). All other contracts are in the process of being terminated progressively. The contractual renewals noted includes certain life business underwritten in the Netherlands and Belgium where local regulation means that these policies cannot be cancelled by LGL. The maximum policy term of the EU27 policies currently in the books of LGL is generally 10 years which means that all of LGL's business to be transferred to AEL should be fully run-off by June 2028 at the latest. LGL is an absolute floor MCR firm in terms of capital required.

It is worth noting that LGL contains 3,862 policies in Netherlands and Belgium which are combined with corresponding policies in LGL's sister company London General Insurance ("LGI"). These are policies where a single customer can hold a combined policy with both LGL and LGI covering respectively life/long term and non-life insurance benefits.

Assurant Europe Life Insurance NV ("AEL")

AEL is the new Life and Health insurance company incorporated in the Netherlands and authorisation by the DNB this 9 June 2020. As a reminder, it is a wholly owned subsidiary of TWG Europe Limited, an insurance holding company incorporated in England and Wales.

AEL will have the rights to write business in multiple European countries and intends to passport the permissions from the Netherlands into Belgium, Germany, Ireland, Italy and Spain in order to service the transferred insurance business on a Freedom Of Services (FOS) basis in each of those jurisdictions if in line with Assurant Group strategy.

AEL's preference is to write business through its head office in the Netherlands and in the other territories on a FOS basis in order to facilitate the most expeditious solution to the issues posed by the UK's departure from the EU.

Note however that the current plan is for AEL not to write any new business in the foreseeable future but to run-off the existing business originated from EU countries and underwritten by ALL and LGL.

It is anticipated that AEL will be an absolute floor MCR firm in terms of capital required.

The_technical provisions (excluding risk margin) on Solvency II basis are summarised below for the transferors entities ALL and LGL, and transferee entity AEL. These are presented as if YE2019 pre and post-Transfer and also allowing for the effect COVID-19on the portfolios.

	As if YE 2019, Without COVID-19						With COVID-19
	GROSS of RI				NET of RI		GROSS YE2019
	Split by country		Total Pre-Transfer	Post-Transfer	Total Pre-Transfer	Post-Transfer	As if YE 2019 Post-Transfer
In £' 000s	UK	EU					
ALL TPs BEST ESTIMATE excl RM							
Claims Reserves	-	523.0	523.0	-	495.5	-	-
Premiums Reserves	-	848.4	848.4	-	809.4	-	-
LGL TPs BEST ESTIMATE excl RM							
Claims Reserves	8.5	717.8	726.3	8.5	717.8	-	8.9
Premiums Reserves	85.5	1,038.4	1,123.9	-	1,123.9	-	-
AEL TPs BEST ESTIMATE excl RM							

Claims Reserves	-	-	-	1,240.8	-	1,213.3	1,302.9
Premiums Reserves	-	-	-	1,972.3	-	1,933.3	2,070.9

The EU portfolios to be transferred represents the entirety of ALL and 99% of LGL portfolios before the transfer, from a Net technical provision point of view. Only the fully reinsured UK live policies remain in LGL.

Note however that LGL is slightly bigger than ALL in terms of technical provisions. After the Transfer, AEL will be significantly bigger than either of ALL or LGL currently and the portfolio dynamics of AEL will be a blend of the two portfolios.

I have no reason to believe that either the Solvency II technical provisions lie outside a range of reasonable best estimates. In addition, I have concluded that, whilst I consider that elements of the reserving may err on the side of caution, I do not consider the best estimate reserves for the transferring portfolios and the transferee portfolio to lie outside the range of plausible outcomes.

Generally, AGL (ALL) and TWGE (LGL) do not rely upon reinsurance as a key insurance risk management tool for the life insurance entities but as part of the overall commercial structure of the relationship, certain client relationships use reinsurance as a key part of the commercial arrangement. Where appropriate AEL plans to adopt similar structures. ALL and LGL do not have a reinsurance cover in addition to the client specific reinsurance arrangements described below. AEL is intended to keep the same approach.

Reinsurance in respect of individual client’s schemes can arise in various ways. Generally, these use captive insurers of the relevant clients or existing client relationships with professional reinsurers to secure risk and profit participation. As part of the commercial negotiations with a client, it is sometimes agreed that ALL or LGL transfers (or “cedes”) a certain proportion of the underwriting risk to the client’s preferred captive or external insurer by way of reinsurance. Alternatively, there may be elements of the product offering for which ALL or LGL has limited underwriting experience or appetite in such situations, ALL or LGL will seek to utilise reinsurance arrangement to manage the risk and share the underwriting returns with the client.

As described above LGL has UK contracts reinsured which are not transferred to AEL. There is no reinsurance with the European clients.

ALL has specific reinsurance in place for three clients: essentially Quota share treaties.

The client specific reinsurance contracts will be transferred (where applicable) when the policies move from ALL to AEL.

Assets will be transferred to AEL with the liabilities in the Scheme with the aim of not making profit from the Scheme and maintaining a strong capital position (target Capital Requirement cover of not less than 120%). At this stage, the total monetary value of the assets to be transferred to AEL is forecasted to be £7.1m on Q32020 (considering COVID-19 impact). The view is for ALL the Transfer should be of cash; and for LGL, it will be likely cash.

It is worth to mention that the assets policy management of the group maintains an asset and liability management whereby the duration of assets and the duration of liabilities are matched by currency, and this will be taken into consideration when moving assets and liabilities during the implementation of the transfer. The investment strategy of ALL and LGL pre- and post-Transfer will be broadly the same and it is likely that the same asset managers will be in charge of AEL's portfolio in the Netherlands. And, the likely investment assets for AEL will be in Dutch bonds. After the Transfer, there will remain residual trading assets and liabilities and between LGL, ALL and AEL and these are covered by indemnity under the Scheme between the companies (where needed).

ALL and LGL regulatory capital is calculated using the Solvency II Standard Formula framework. ALL and LGL businesses are a mixture of short-term to long-term creditor and mortgage protection risks linked to health and life risks. There are in run-off. The Standard Formula is deemed appropriate for calculating the regulatory capital. As a result of their size, both ALL and LGL set their capital requirements at the Solvency II absolute Minimum Capital Requirement (aMCR) of £3.2m as at YE2019 (Euros 3.7m) for life insurance companies.

LGL and ALL capital is managed on the basis of the regulatory capital requirement set at aMCR plus an appropriate risk appetite buffer, 50% for ALL and 45% for LGL.

AEL capital management will follow the same approach, i.e. it will be based on the Standard Formula framework and set to the absolute MCR (aMCR), £3.2m as at YE2019 (Euros 3.7m), for the regulatory capital. Indeed, the liabilities transferred into AEL are smaller than ALL + LGL which generates the diversification benefit effect to stay at the aMCR, always in line with the risk profile. In addition, the risk appetite target buffer is planned to be set initially at 20% on top of the aMCR.

The reason that this buffer is set at a lower level than for ALL and LGL is that the buffer level for the latter two UK companies has not been adjusted in line with their risk profile in the past few years, whilst their risk profile would have allowed this. At the point of establishment of AEL the buffer level was reconsidered over the projected period regarding that:

- the business written is in run off;
- the investment strategy is based on government bonds matching the technical provisions duration;
- counterparty default risk is going to decrease.

ALL, LGL and AEL management of capital pre- and post-Transfer is consistent and AEL is intending to submit the aMCR as its capital requirements to the Dutch regulator, in line with AEL's Capital Management Policy.

YE 2019

For the "as-if" Transfer YE 2019 with the impact of COVID-19, the capital position is as follows:

£' m	Pre-Transfer (as if YE2019)			Post-Transfer (as at YE2019 + Transfer impact)		
with COVID Impact	ALL	LGL	AEL	ALL	LGL	AEL
Eligible Own Funds	7.31	4.63	4.65	7.31	4.63	4.65
Regulatory aMCR	3.19	3.19	3.19	3.19	3.19	3.19

aMCR%	229%	145%	146%	229%	145%	146%
Risk Appetite buffer target	150%	145%	120%	150%	145%	120%
Surplus (over the target buffer)	2.53	0.01	0.82	2.53	0.01	0.82

It can be seen from the table above that all legal entities involved in the Transfer are well capitalised and remain strongly capitalised after the Transfer. Own Funds are not proposed to move with the Transfer and remain in ALL and LGL, which retain their strong capitalisation pre- and post-Transfer.
There has been capital injection in AEL of £4.6m (Euros 5.4m) before the Transfer[4] so that the Capital Requirement coverage stays 146% AEL post-Transfer, despite any exchange rate effect and COVID-19Impact. This capital position is above the minimum target of 120%.

The reason that this buffer of 20% is set at a lower level than for ALL and LGL is that the buffer level for the latter two UK companies has been explained in the section above 9.1.

The aMCR of £3.2m as at YE2019 as capital requirement post-Transfer is still relevant and consistent with the risk profile of AEL as the breakdown of the SCR as if the Transfer is made at YE2019 stays much lower (£1.2m < £3.2m as

at YE2019):

£'000s	AEL post-Transfer	ALL pre-Transfer	LGL pre-Transfer
BSCR Components: Standalone			
Intangible	-	0	0
Non-Life	0	0	0
Health	19	19	1
Life	421	246	194
Market	534	579	1,226
Counterparty	719	675	61
TOTAL	1,693	1,519	1,482
Operational Risk	25	25	10
SCR	1,230	1,128	1,316

Roll forward to Q32020

At Q32020, the Capital Requirement (aMCR), risk appetite buffer and economic view of capital are as follows:

£' m	Pre-transfer (as at Q32020)			Post-Transfer (as at Q32020 + impact of Transfer)		
with COVID Impact	ALL	LGL	AEL	ALL	LGL	AEL
Eligible Own Funds	7.24	4.76	4.79	7.24	4.76	4.79
Regulatory aMCR	3.29	3.29	3.29	3.29	3.29	3.29
aMCR%	220%	145%	146%	220%	145%	146%
Risk Appetite buffer target	150%	145%	120%	150%	145%	120%
Surplus (over the target buffer)	2.31	0.00	0.85	2.31	0.00	0.85

[4] In the "as-if" Transfer scenario, the initial cash injection of Euros 5.4m Euro made before the Transfer to AEL are assumed to take place the same day, on 31 December 2019. However, in the actual Transfer process, the initial cash injection of Euros 5.4m has been made during the submission to the DNB for authorization of AEL, the 20 May 2020.

Each entity is well capitalised and remains strongly capitalised after the Transfer. Own Funds are not proposed to move with the Transfer and remain in ALL and LGL, which retain their strong capitalisation pre- and post-Transfer. The capital injection in AEL of £4.8m (Euro 5.4m) before the Transfer keeps AEL solvency ratio in line with the target Capital Requirement coverage of 120% post-Transfer.

The proposed Transfer will move the euro liabilities and assets of ALL and LGL to AEL, leaving the GBP liabilities and assets in LGL and ALL.

Post-Transfer, the risk of FX movement will be lesser on the balance sheet of ALL and LGL compared to the pre-Transfer FX risk exposure at ALL and LGL when liabilities and assets in GBP and Euro were held. AEL being a subsidiary of a UK group, TWGE, there will still be an FX impact in doing the consolidated group reporting at TWGE level.

The transferred assets are expected to balance with transferred liabilities, thus forming a neutral transfer.

- **Policyholders Tax**

There should be no changes to policyholder taxation. The Insurance Policy Tax is due and payable based on where the risk is located. Post-Transfer, each Assurant's entity is still going to pay tax regarding the location of the risk.

- **Corporation Tax**

The AEL Scheme follows "One bucket approach" whereby all the book transfers in November as part of the Part VII.

All of the assets and liabilities would Transfer at the same time of the Transfer of liabilities. There is no goodwill associated with customer relationships/future business as the companies are on run-off (no future business). The impact of the Transfer is nil.

Any potential net gain arising would be taxable in the UK and other branch territories. However, Assurant may have the opportunity to apply for EU Mergers reliefs in various countries (because a whole business is transferring as opposed to just part of it) by structuring as a Transfer of a business in exchange for the issue of shares, which would result in the gains not being taxable.

Group level

TWGE insurance risk is expected to increase following regulatory approval of the new insurers and when new European business is written within the new insurers. AGL insurance risk will decrease on the other hand, as business will be transferred to AEL (TWGE). The EU Life insurance business of AGL will now be accounted for AEL and then TWGE. On the life insurance side, European clients which were formerly underwritten by the AGL group (ALL) will be underwritten within the TWGE group in future (AEL), which will change the risk profile.

Legal entity level

	Pre-Transfer		Post-Transfer		
	ALL	LGL	ALL	LGL	AEL
Risk profile	UK and European clients, short term to long term risks related to creditor and mortgage protection insurance.	UK and European clients, short term to long term risks related to creditor protection insurance.	Only risks associated with residual limited trading liabilities	UK clients, short term to long term risks related to creditor protection insurance.	European clients, short term to long term risks related to creditor and mortgage protection insurance.

Risk category level just post-Transfer

The following table comments on the qualitative features of risk management for the 3 companies. It is worth noting that although these comments reflect the risk profile, the solvency capital requirement computation as specified by the Solvency II delegated acts does not typically require increased risk-based capital due to diversification – that is the purpose of the aMCR.

Hence although AEL arguably has greater insurance risk (for example) than LGL or ALL, it does not necessarily have a much higher SCR.

	ALL	LGL	AEL
Insurance risk	Insurance risk will be largely eliminated as ALL will have no live insurance liabilities and only have exposure to any unforeseen residual liabilities and trading liabilities. Overall, the risk is likely to decrease to approximately nil.	Insurance risk will reduce significantly due to volume/exposure reduction, LGL policies originated from European countries will move out. However, there will be less geographical diversification which will slightly increase the risk. Overall, the risk is likely to decrease.	Compared to individual ALL and LGL, Insurance risk of AEL will be higher relative to the UK platforms as the volume/exposure in terms of policies will be higher. ALL and LGL policies originated from European countries will move in. However, there will be greater geographical and lines of business diversification which will considerably reduce the risk. Overall, the risk is likely to be higher for AEL than ALL or LGL post-Transfer.
Market risk	Market risk will reduce due to volume/exposure reduction of assets backing the liabilities of ALL. Currency risk will reduce as euro assets will no longer be in the portfolio. Concentration risk might increase. Overall, Market risk to decrease very significantly.	Market risk will reduce due to volume/exposure reduction of assets backing the liabilities of LGL. Currency risk will reduce as euro assets will no longer be in the portfolio. Concentration risk might increase. Overall, Market risk is likely to decrease.	Compared to individual ALL and LGL, Market risk of AEL will be lower as the assets will be mainly composed of cash. Currency risk will not be significant as most assets will be in euro. Concentration risk might decrease. Overall, the risk is likely to be lower for AEL than ALL and LGL post-Transfer.
Credit risk	Credit risk will reduce due to counterparties/exposure reduction of (insurance liability related) debtors of ALL. As many European clients/policies move out, that will reduce the premium debtors and reinsurance recoveries debtors. However, that will reduce the	Credit risk will reduce due to counterparties/exposure reduction of (insurance liability related) debtors of LGL. As many European clients/policies move out, that will reduce the premium debtors and reinsurance recoveries debtors. However, that will reduce the counterparties diversification benefit	Compared to individual ALL and LGL, Credit risk of AEL will be higher as the counterparties/exposure will be higher. As European clients and policies are transferred in, premium debtors and reinsurance recoveries debtors will increase. However, there will be

Overall, it is expected that the risk profile of the Assurant Group from the top (Europe and UK entities combined) will not change, as the business just moves between entities of the group, nothing goes out of the group and nothing comes as a result of the Transfer.

However, the risk profiles of the two reporting groups of Assurant, namely AGL and TWGE will change. TWGE risk will globally increase while that of AGL will reduce as a result of the Transfer. At legal entity level, the aggregate risk will decrease for LGL and ALL while it becomes significant for the new entity AEL, whose risk will be higher than that of ALL and LGL individually. At risk category level, insurance risk, market risk, credit risk and operational risk will all decrease for ALL and LGL as a result of the Transfer in absolute terms – however the reinsurance counterparty risk for LGL will be driven by the 100% reinsurance of 85 policies in the UK after the Transfer (this will be the only business remaining in LGL). AEL as a new entity, will have all risks except Market, higher than the corresponding ALL and LGL individual risks categories. Thus, the aggregate risk considering the diversification benefit for AEL will be in the same range as ALL and LGL post-Transfer.

Although the risk profile at legal entity and risk category levels will change for LGL, ALL and AEL, the risk management for those legal entities follow similar frameworks and there are risk controls and mitigation in place. Additional cash will be injected into AEL at outset, as management targets a Capital Requirement cover ratio of not less than 120% for AEL post-Transfer, which provides a strong financial backing of the business for the three legal entities involved in the Transfer. The 120% reflects the considered view of the AEL Management Board (MB) and reflects the run-off nature of the business, AEL's intention to invest its solvency cover in Dutch Government bonds and reflects that the higher buffers held in the UK are viewed as overly prudent by the Dutch MB. In conclusion, post-Transfer, no policyholder group will be in a less favourable financial strength situation compared to pre-Transfer position.

ALL and LGL have clearly identified the transferring policies, assets, liabilities and the possibility of a delay in policies transferring if there is any delay in the non-life scheme. The financial strength of the transferors and transferee entities is not adversely impacted by the Scheme as cash injection is planned so that the solvability of all entities involved remains strong. Moreover, after the Brexit transition period, to avoid having to mass cancel in-force business, the Scheme will need to have been implemented. Hence the act of carrying out the Scheme is positive from a policyholder protection standpoint as it is the only way identified at that stage that guarantees that AGL and TWGE can continue to service the run-off business in the EU27 after 31 December 2020.

After the Transfer, the transferring policyholders will have a policy with AEL rather than ALL or LGL.

There is no other change in the terms of the existing policies being transferred from insurance liability point of view. However, the business relations contracts (B2B contracts) might be adapted, depending on the legal framework of transferability. This does not impact the terms and conditions of policyholders. See Other considerations section of the report, section 16.

The administration and servicing of ALL policies is outsourced to various internal intermediary service companies within AGL while the administration and servicing of LGL policies is outsourced to The Warranty Group Services Limited (“TWGS”), a subsidiary of TWGE.

ALL and LGL manage all of theirs servicing relationships in accordance with the European Operations Outsource Oversight Framework, which applies across AEG. This framework sets out the roles and responsibilities in relation to the outsourcing of services, the controls in place to monitor outsource providers and the governance structure surrounding the management of outsourcing.

In addition, AEG maintains a number of group-wide policies covering customer-facing services in order to ensure consistent customer service and fair treatment of customers across AEG. These policies cover aspects such as product governance, complaints handling, claims management and treating customers fairly.

Following the implementation of the proposed Scheme, AEL would be responsible for the administration and servicing of Transferred Policies. The policy and claims administration of AEL will be handled by Assurant Europe

Services (AES) BV, a services provider company similar to the existing arrangements through TWG Services limited (TWGS) to service the existing policies of LGL. AEL will make use of the same internal intermediary service providers as ALL for its administration and servicing of the ALL transferring policies.

As is the case for ALL and LGL, AEL is part of AEG and therefore AEL’s approach to administration and servicing will

be consistent with the approach used across AEG. In particular, AEL will manage all of its servicing relationships in accordance with the European Operations Outsource Oversight Framework, which applies across AEG. TWGS will continue to do so for the UK policies after the Transfer for LGL.

It is therefore not anticipated that there will be material changes in global Assurant expense levels or any change in quality of service of policy and claims administration as a result of the Scheme that will create an adverse impact to the policyholders being transferred or remaining policies within LGL. Notwithstanding the change of service provider, the same resources and staff will be used to provide the service before and after the Transfer as the service providers remain within the same corporate group.

There are four strands to the communication strategy relating to the Transfer:

(1) notify transferring policyholders and other affected parties (by email or by post);

(2) publish formal notices in newspapers/gazettes in the relevant territories;

(3) seek a waiver from the notification requirements for non-transferring policyholders or where direct policyholder notification is impractical; and

(4) seek a waiver from newspaper/gazette notices in EU territories other than those relating to the transferring policies.

In assessing the effectiveness of the strategy, heightened product awareness will play a key role, especially for products such as Creditor books where there can be late settlements.

However, it might not be possible to reach out to every and each policyholder due to various factors such as change of address and non-responding contact details. Therefore, a proportionate and reasonable approach is expected to be taken, including seeking for a waiver from the requirement to notify policyholders whose policies are not transferring and policyholders of expired policies.

For such policyholders, reliance will be placed upon the notices to be published in the national publication in each relevant territory and notice to the relevant clients and intermediaries through whom the policies were sold.

In assessing the impact of such notifications heightened product awareness may play a key role, especially for products such as Creditor books where there can be late notification of claims. Basically, the aim is to notify all policyholders within the reserves, and we note that this might trigger an awakening of dormant claims. However, the claims liability estimation is such that the best estimate liability has already included these late reporting claims and no additional provision is needed. The review of the reserving for the purpose of the Transfer has not detected any material deviation from best practice in the current reserving and roll-forward assumptions; therefore, the reserves are deemed strong.

There is no foreseen change in policyholder benefits after the Transfer as all policy terms and conditions and administration arrangements will remain fundamentally the same.

Application of policy terms and conditions and exercise of appropriate management discretion in dealing with claims is not anticipated to change as all parties remain part of the same Assurant Europe Group and apply consistent corporate policies (such as Product Governance and Treating Customer Fairly).

However, there is a difference in policyholder protection in relation to insurer insolvency arising from the Transfer. There is no equivalent to the UK Financial Services Compensation Scheme in the Netherlands to protect policyholders of Dutch insurers. Thus, nominally policyholders will lose an element of contingent financial protection through the Transfer because of Brexit impact not a commercial gain. The loss of FSCS is a consequence of the Transferors having to implement the Transfer to be able to lawfully carry on providing with the insurance coverage.

In the case of the transferring creditor business of LGL and ALL, this is understood to consist of policies written in conjunction with policies of London General Insurance (LGI) and Assurant General Insurance Life Limited (AGIL). A creditor policy of LGL and LGI consists of single document referring separately to LGL and LGI. Likewise, a creditor policy of AGIL and ALL consists of single document referring separately to AGIL and ALL. With this in mind, in order to be effective in respect of the creditor business, a Transfer will need to be made for both the Non-Life (AGIL/LGI to AEI) and Life (ALL/LGL to AEL) schemes concurrently and hence both schemes will need to proceed in order for this Transfer to be fully effective.

Based on the planned capital and solvency management of AEL (which includes a letter of support at the date of the transfer from the parent company of AEL) this is not deemed to be a material issue. Hence in my opinion I do not consider that there to be a material adverse effect on the transferring policyholders in relation to security as a result of the Scheme.

Post-Transfer, the policyholders of AEL will benefit from the same contractual services as they did under ALL or LGL. The process of novation of the service contracts (SLAs) is well underway and there is no indication of any change in the terms of services. Assurant Europe Services (AES) is a new entity set up in the Netherlands to service the European policies and clients, like The Warranty Group Services (TWGS) that services the UK and Switzerland policies from the UK. Both services companies are part of the Assurant Group of companies and follow the same processes and culture of customer service. Therefore, the Transfer will have no significant impact on the treatment of customers.

Post-Transfer, the policyholders of AEL will continue to benefit from the European laws, especially the GDPR and other consumer protection laws. The non-transferred policyholders (remaining in the UK) will be protected by (European) GDPR until 31 December 2020 and after that date, depending on the deals in place post Brexit, the UK policyholders will still be protected by GDPR, in the same format and content as the other European countries, or the equivalent UK law.

There is uncertainty with regards to cross border data Transfer in the event of a no deal Brexit, post 31 December 2020; however, subject to High Court approval, the Transfer will be completed well before the Brexit deadline. Post-Transfer, the two new legal entities AEI and AEL will be part of a UK Group TWGE, and the issue of cross border data Transfer will impact TWGE.

As referred to above in section 12.6 , there is a difference in policyholder protection in relation to insurer insolvency arising from the Transfer. There is no equivalent to the UK Financial Services Compensation Scheme in the Netherlands to protect policyholders of Dutch insurers. Thus, nominally transferred policyholders will lose an element of contingent financial protection through the Transfer as a result of Brexit impact.

But, based on the planned capital and solvency management of AEL and ongoing parental support this is not deemed to be a material issue and it is an inevitable consequence of the need to implement the proposed Transfer as a result of Brexit.

The strategy for AEL is aligned to that of the Assurant Europe Group as a whole and is based on a European purpose to create and deliver solutions that increase customer loyalty and value to clients and customers. The strategy sets growth targets in terms of the number of customers and the products that will be focused on in order to achieve the expected business growth.

Assurant Europe Group is forecasting growth in earnings and profit in the near future by continuing to grow its client relationships in both insurance and insurance service business and winning new clients across Europe by executing a strategy of developing capability in product areas. AEL's business plan is aligned to these forecasts to contribute to performance at a group level with no new life business; the business is in run-off.

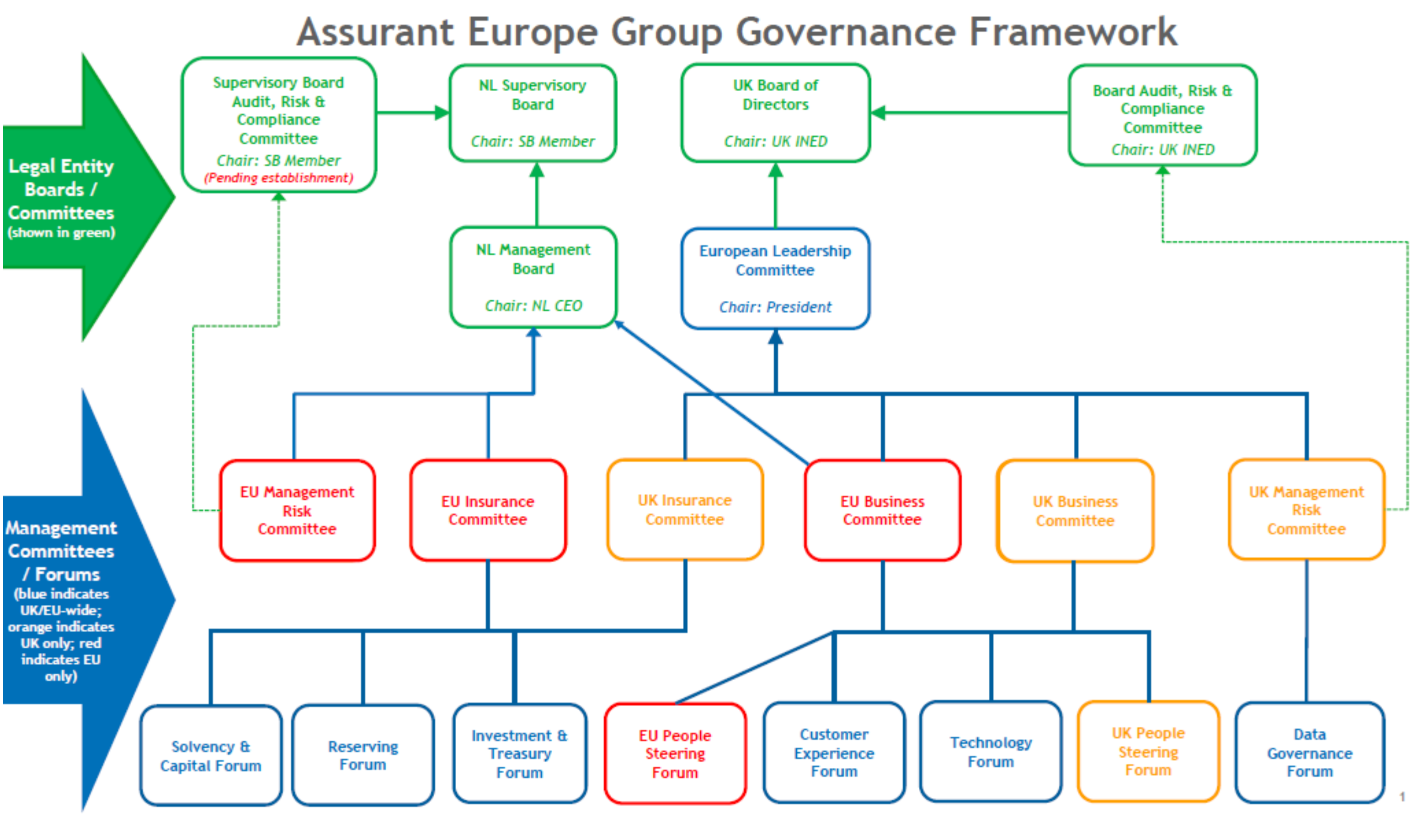
The creditor and furniture product lines have been placed into run-off which has the impact of de-risking the business with the movement into shorter-tail products. The strategy of other territories is similarly to grow the Connected Living Device and Extended Service Contracts (ESC or extended warranty) products for AEI. For AEL, the immediate plan is to run-off the existing policies.

The three-year financial plan of Assurant Europe Group is founded on supporting the European strategy above concentrating on mobile protection products and extended service contracts whilst continuing to run-off creditor and furniture products.

The strategy of Assurant Europe Group will not change as a result of the Transfer which is itself a key part of delivering this strategy.

It follows that, in my opinion, the Transfer will not have any material adverse effect on the transferring policyholders in relation to the business strategy they are exposed to in the new legal entity AEL, AEL will continue to run-off the existing policies.

The governance structure of Assurant Europe Group (collective name of UK and Europe entities) applies to the existing entities and the new entities AEI and AEL. Both AEI and AEL have their own Management and Supervisory Boards which operate independently of the UK insurance company boards, however the resources to support the governance of each of the insurers are largely shared across the group. The chart below shows the governance of Assurant Europe Group and shows how the oversight of UK and EU entities interact and the various supporting technical and operational committees. The Transferors and AEL have adopted a similar governance structure, subject to appropriate segregation of the Netherlands companies to reflect Dutch governance requirements.



In the above table the UK Board of Directors is the highest governance body for ALL and LGL. Each company has a separate Board with a common set of directors. Reporting into this Board is a UK Board Audit Risk and Compliance Committee which has a chairperson(referred to a Chair above) and is supported by the company secretary.

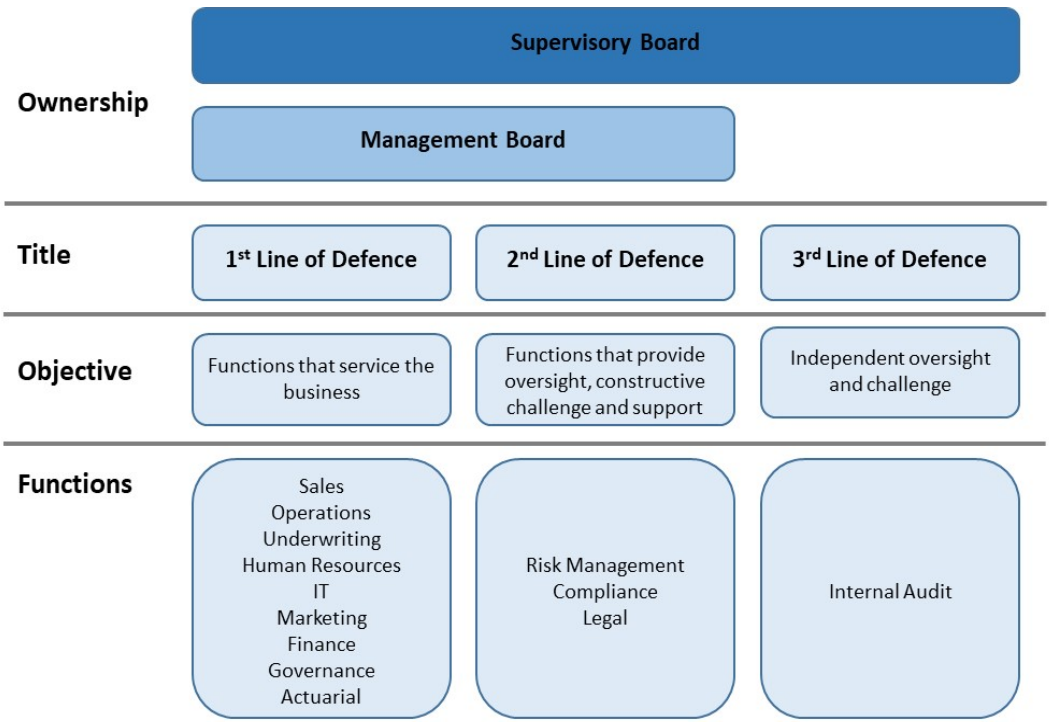
AEL has a 2 tied Board consisting of an upper tier Netherlands ("NL") Supervisory Board and a lower tier NL Management Board. Below these Boards, various Committees and Forums carry out the governance functions of the companies. The NL Management Board has a Chairperson, who in turn has a deputy. These are referred to as "Chair" and "Deputy Chair" respectively in the below.

Below is the list of committees with their chairs, deputy chairs (or deputies in the table heading) and secretaries.

Governance Chairs, Deputies & Secretaries

Board/Committee/Forum	Chair	Deputy Chair	Secretary
UK Board of Directors	Colin Kersley	None appointed	Company Secretariat
UK Board Audit, Risk & Compliance Committee	Stuart Purdy	None appointed	Company Secretariat
NL Supervisory Board	Fred Gertsen	Tamara Monzon	Company Secretariat
NL SB Audit, Risk & Compliance Committee	Tamara Monzon	None appointed	Company Secretariat
NL Management Board	Ingo Soesman	Andy Schaut	Company Secretariat (via Citco NL)
European Leadership Committee	Christian Formby	Claude Sarfo	Company Secretariat (via KPMG UK)
UK Business Committee	Rich Green	Colin Graham	Stephanie Howman
UK Insurance Committee	Glyn Davies	Claude Sarfo	Paige Lewis
UK Management Risk Committee	Michael Schofield	Richard Weddell	TBC
UK People Steering Forum	Michael Carter	Julie Lane	Helen Kennedy
EU Business Committee	Marco Prada	Pascal Briodin	Fabienne Marque
EU Insurance Committee	Ingo Soesman	Reinier Tienkamp	Zoe Lubbers
EU Management Risk Committee	Reinier Tienkamp	Ingo Soesman	Tim van der Heijden
EU People Steering Forum	Michael Carter	TBC	Helen Kennedy
Technology Forum	Mark Davies	Nobin Rashid	TBC
Customer Experience Forum	Ross Carson	Sharon Cartner	Hannah Goodwin
Solvency & Capital Forum	Claude Sarfo	William Diffey	Tim Machin
Reserving Forum	William Diffey	Claude Sarfo	Rajeev Sharma
Investment & Treasury Forum	Claude Sarfo	Tim Machin	Tim Machin
Data Governance Forum	William Diffey	Richard Weddell	Eve Burke/TBC

Assurant Europe's governance is based around a traditional "three lines of defence" model illustrated below:



- The First Line of Defence - all personnel have responsibilities to identify, mitigate and control the risks which form part of their processes and procedures.
- The Second Line of Defence - Risk Management, Compliance and Legal functions provide support to those in the first line of defence by providing:
  - governance and oversight of risk management;
  - overseeing awareness and application of corporate policies and controls, and legal and regulatory requirements;
  - challenge and validation to the effectiveness of the controls applied by first line of defence; and
  - reporting to and updating senior management and the Management and Supervisory Boards.

- The Third Line of Defence - Audit is structured to function independently of the management of TWG Europe to provide to the Supervisory Board the independent validation of the effectiveness of controls. Internal Audit will also make recommendations to improve the effectiveness of risk management controls and governance processes.

The governance structure of the transferee (AEL) is similar to the governance structure of Transferors (ALL and LGL). In fact, it is the same overall governance framework of Assurant Europe Group that covers ALL, LGL and AEL.

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

ALL and LGL already have compliance functions as part of existing TWGE and AGL groups. The new entity AEL will also have a Compliance Function that will operate within the context of AEL's broader risk management framework and will be responsible for oversight and monitoring of compliance risk management and related control systems. It will support the AEL Management Board in managing compliance risks and embedding a culture of integrity in the organization.

The Scheme will Transfer two broad categories of contracts:

- the insurance policy contracts;
- and non-insurance business to business (B2B) contracts which support transferring the insurance business.

EU and UK Laws, specifically Article 39 of the Solvency II Directive, provide for mutual recognition throughout the EEA of the Transfer of a portfolio of insurance contracts. However, the transferability and procedures for the Transfer of B2B contracts that are governed by non-UK law are not always clear. Assurant has sought legal advice to clarify the appropriate mechanisms to effect a full legal Transfer of these B2B contracts.

Whilst the question in not actuarial in nature, the matter is pertinent for the following reasons:

- Part VII FSMA provides that any person who considers that they would be adversely affected by the Scheme is entitled to be heard by the Court. Therefore, should any of the B2B partner object to the Scheme, the matter may be referred to the Court and can have an impact on the decision to authorise the Transfer. This could be an impediment to the whole Scheme or to a component of the Scheme including the effective date of the Transfer.

- some of these B2B contracts are material to the ongoing business of AEL where they structure the distribution of AEL's insurance such as the commercial relationship agreements with clients. This factor is despite the AEL business being for run off.

The legal advice provided to Assurant confirms that in some relevant EEA states the Transfer of B2B contracts which are governed by non-UK law may require counterparty consent. This will require individual contractual changes and a case by case contract novation approach is being formulated.

There is a small number of B2B contracts compared to non-life to be transferred individually, which has risks in terms of timelines and effectiveness before the Transfer. There could also be a risk that the counterparties may have a reluctance to cooperate or have a conflicting commercial agenda although it has not been noticed yet.

The risks involved are being clarified and an action plan is being formulated to minimise the risks to the timeliness and effectiveness of the Transfer and the ongoing business of AEL. An update will be provided in the supplementary report.

Assurant Europe Group endeavours to operate on a consolidated and resource effective basis where possible across its European operations. Corporate and technical services are provided at a group level where practicable through the group's UK service companies. These UK companies will cease to hold EEA passported authorisations as a result of Brexit. Therefore, the regulatory implications of supporting elements of the EEA business of AEL on this basis after the Brexit transition period have been considered and reviewed.

Guidance has been received from the Compliance function and external legal advisers. The legal advice received confirms that there are restrictions, depending on the type of services provided. These restrictions prevent a non-EEA authorised entity effecting and carrying out contracts of insurance for an EEA insurer. However, these activities can be distinguished from general administrative and support functions that may be carried on by the UK companies for the EEA insurer, as these would not form part of the effecting or carrying out of regulated activities. Thus, the services provided to AEL by other companies of Assurant Europe Group will be split accordingly:

- regulated insurance services will be provided by service companies of the group with EU authorisations, including AES in the Netherlands;
- other administration and support services (non-regulated) will continue to be provided by the relevant group companies based in the UK.

- The non-analytical assessment of the Scheme is based on business, regulatory and general economic views, some of which are facts, and some are based on our understanding and perceptions. However, we have used various expertise, internal and external to support us, thus reducing the risk of making the wrong assumptions.
- The analytical assessment of the Scheme has been data driven and based on factual financial results of YE2019. However, some assumptions have been made in order to perform the analysis and these assumptions have some inherent limitations. We note some of the key limitations of the analytical assessment as follows, in a non-exhaustive list:
  - The actual Transfer will take place on 2 November 2020 while the financial analysis of the Scheme has been done on a "as-if" basis as if YE2019. Some valuations were initially done as at Q32020 and their values as if YE2019 were estimated by making some judgment.
  - The impact of COVID-19 has been assessed based on what we know about the disease up to mid-year 2020, this might not be enough to fully capture the true impact of the disease. As more information becomes available with time, more detailed analysis can be performed to refine the impact of COVID-19.
  - We have done an assessment of the capital position of the Transfer as at Q32020 by taking the planned business of 2020 into account, including our perception of the evolution of the impact of COVID-19, Fx rates to Q32020. This forecast is based on our expectation of how business will evolve. The actual evolution of the business might be different.

The valuation of the proposed Transfer has been based on an Effective Date of 2 November 2020, with the date itself subject to court approval.

This work was done by experienced members of the Actuarial Function and underwent various levels of peer reviews, internally and with a separate seconded actuarial team providing independent peer review to the Actuarial Function and this contributes to the mitigation of the limitations.

The key limitations mentioned above are not an exhaustive list, and they are part of the types of regular and well understood limitations inherent to an actuarial analysis of the nature of a Part VII Transfer. These limitations do not constitute individually or in aggregate an impediment to the assessment of the Scheme and to the conclusions reached in this report.

In my opinion as the Chief Actuary, taking into account the likely impact of the Scheme on the solvency position of ALL and LGL pre and post-Transfer, and the solvency position of AEL post-Transfer set out in sections 4 to 12 as well as other considerations set out throughout this report, I confirm that I have considered the various issues affecting the policyholders.

I am satisfied that the implementation of the Scheme has no material adverse effects on:

- The security of the benefits and the reasonable expectations of policyholders for the transferred policies.
- The risk profile and the financial solidity of ALL, LGL and AEL Post-Transfer (ALL will have no policyholders once the Transfer is implemented).
- The risk profile of the remaining policies within LGL after the transfer which are reinsured at 100% to a third party.

AEL will have no policyholders prior to the Transfer taking effect and does not intend to write any new business in the future. It will run-off the policies that are proposed to be transferred to it under the Scheme. In particular, I believe that the Scheme will at least maintain the same level of quality of the insurance coverage and the service whether transferring or for any residual non-transferring policies if there is a delay in part of the scheme becoming effective. In particular, I believe that the Scheme will at least maintain the security of benefits of all ALL and LGL policyholders, whether transferring or non-transferring (LGL) and ensure that they continue to be treated fairly.

- **AEI**: Assurant Europe Insurance N.V., the proposed non-life transferee established in Netherlands
- **AGIL**: Assurant General Insurance Limited, one of the non-life transferors' companies within the group (Assurant INC)
- **LGI**: London General Insurance Company Limited, one of the non-life transferors' companies within the group (Assurant INC)
- **AEL**: Assurant Europe Life Insurance N.V., the proposed non-life transferee established in Netherlands
- **ALL**: Assurant Life Limited, one of the life transferors' companies within the group (Assurant INC)
- **LGL**: London General Life Company Limited, one of the life transferors' companies within the group (Assurant INC)
- **TAS**: Technical Actuarial Standards are UK norms to promote high quality actuarial practice and the integrity, competence and transparency of the actuarial profession, to the benefit of all those who rely on actuarial advice.
- **FRC**: Financial Reporting Council is responsible to set and Maintain the TAS, and oversight the regulation of actuaries by the Faculty of Actuaries (IFoA)
- **FCA**: The Financial Conduct Authority is the conduct regulator for 59,000 financial services firms and financial markets in the UK and the prudential supervisor for 49,000 firms, setting specific standards for 19,000 firms.
- **PRA**: The Prudential Regulation Authority is the prudential regulator in UK of around 1,500 banks, building societies, credit unions, insurers and major investment firms. As a prudential regulator, it has a general objective to promote the safety and soundness of the firms it regulates.
- **FSCS**: Set-up by parliament and funded by the financial services industry in UK, FSCS is a completely independent and free service which protects customers funds when financial firms fail.

- **DNB**: De Nederlandsche Bank is the independent central bank, supervisory authority and resolution authority of Netherlands committed to a stable financial system: stable prices, solid financial institutions and properly functioning payment transfers.
- **Solvency II**: It is the regulatory framework applied to all EU insurance and reinsurance companies with gross premium income exceeding €5 million or gross technical provisions in excess of €25 million. It became operative from 1 January 2016.
  The key objectives of Solvency II are to increase the level of harmonisation of solvency regulation across Europe, to protect policyholders, to introduce Europe-wide capital requirements that are more sensitive (than the previous minimum Solvency I requirements) to the levels of risk being undertaken, and to provide appropriate incentives for good risk management.
- **MCR**: Minimum Capital Requirement is the capital requirement instituted by Solvency II. The MCR has a floor of 25% and a cap of 45% of the SCR, and There is an absolute minimum capital requirement (**aMCR**) of €3.7m for life insurance companies (this floor is different for reinsurers and non-life insurers). The MCR is the ultimate point of supervisory intervention, below which the company would lose its authorisation.
- **TP**: Technical Provisions represent the amount that an insurer requires to fulfil its insurance obligations and settle all expected commitments to policyholders and other beneficiaries arising over the lifetime of the insurer's portfolio of insurance contracts.