

TRANSFERRING TO REASSURE

Scheme Guide

This guide explains the proposed transfer of the traditional insurance-based savings, pensions, life and with profits business of Legal & General to ReAssure, and what it means for you.

IMPORTANT UPDATE

CHANGES TO SCHEME GUIDE INFORMATION – JULY 2020

1. The proposed **Transfer Date** printed in the Scheme Guide should be ignored. The expected **Transfer Date** of **Legal & General's** traditional insurance-based savings, pensions, life and with profits policies to **ReAssure** is now Monday 7 September 2020.
Due to the fast-developing global Coronavirus (COVID-19) pandemic, **Legal & General, ReAssure** and the **High Court** agreed to adjourn the sanction hearing and defer the proposed transfer until the situation had stabilised. We have continued to engage with the **High Court**, the **Regulators** and the **Independent Expert** and all parties have agreed that the sanction hearing at the **High Court** should recommence on Thursday 13 August 2020. The sanction hearing at the Royal Court of Jersey has been rescheduled for Wednesday 26 August 2020. The sanction hearing at the Royal Court of Guernsey took place in March 2020 but the decision was reserved pending the ruling of the High Court. The Guernsey Court will only reconvene if it considers it necessary to do so.
2. Definition of **ReAssure**: **ReAssure** is currently part of the Swiss Re group of companies. However, on 6 December 2019 Swiss Re announced a proposal to sell its subsidiary ReAssure Group plc to Phoenix Group Holdings plc. More details on this can be found at reassure.co.uk
3. Due to the proposed sale of **ReAssure** to Phoenix Group the Initial Public Offering (IPO), as referenced in **PARTS B1.19** and **E7** of the Scheme Guide is currently on hold. The **Independent Expert** has provided a Supplementary Report in which he comments on the agreement to sell **ReAssure**, both firms operational readiness to transfer the business at this time and his analysis of both firms latest financial information. This report, together with Supplementary Reports from the Legal & General With Profits Actuary and the Chief Actuary, and the updated Scheme Document are available to view or download from legalandgeneral.com/policytransfer
4. New Supplementary Reports from the **Independent Expert**, the Legal & General With Profits Actuary and the Chief Actuary, and a new Scheme Document will be submitted to the **High Court** prior to the sanction hearing in August 2020. These will provide updated information on the status of the proposed transfer now and will also be available from legalandgeneral.com/policytransfer
5. The correct address of the **High Court** is: **High Court** of Justice, 7 Rolls Buildings, Fetter Lane London EC4A 1NL.

We recommend that you visit our dedicated policy transfer webpage for all the latest information under 'Important updates' at legalandgeneral.com/policytransfer



DEFINITIONS

Throughout this guide, you will notice words that are highlighted in **bold**.

These words are explained overleaf.

You can keep the Definitions open for easy reference while you read this Scheme Guide.

DEFINITIONS

Throughout this guide, you will notice key words that are in **bold**. We explain these words below to make the guide easier to follow.

Guernsey Scheme means the insurance business transfer scheme through which we propose to transfer from **Legal & General** to **ReAssure** all transferring policies issued by **Legal & General** to persons resident in the Bailiwick of Guernsey and the assets and liabilities attributable to those policies to the extent required by Guernsey law.

Hearing means the hearing at the **High Court** to approve the **Scheme**, which we expect to be held on 17 October 2019.

High Court means the High Court of Justice of England and Wales.

Independent Expert means Oliver Gillespie of Milliman. Oliver is a senior principal in Milliman's life and financial services practice in London. He has significant experience in the UK life insurance industry, and has acted as independent expert on a large number of projects involving insurance business transfers.

Jersey Scheme means the insurance business transfer scheme through which we propose to transfer from **Legal & General** to **ReAssure** all the transferring business conducted in or from within Jersey by **Legal & General**, including policies comprised within such business and the assets and liabilities attributable to those policies to the extent required by Jersey law.

Legal & General means Legal and General Assurance Society Limited, and any other Legal & General group company as applicable.

LG With Profits Fund or **LGWPF** means the separate with profits fund that **ReAssure** will maintain following the transfer of the business of the **With Profits Fund** to **ReAssure**.

ReAssure means ReAssure Limited and any Swiss Re group company, as applicable.

Regulators mean the **PRA** and the **FCA**, the two financial regulatory bodies responsible for the regulation of life insurance business carried on in the UK. The **PRA** is the Prudential Regulation Authority and the **FCA** is the Financial Conduct Authority.

Scheme means the legal document to be approved by the **High Court** which sets out how the transferring business will transfer to **Transfer Date**.

Transfer Date means the date on which the **Scheme** is to take effect, which we expect to be 4 November 2019.

With Profits Fund means the **Legal & General** With Profits Fund. A with profits fund is a pot of assets, contributed to by holders of with profits policies in the form of contributions or premiums, the profits of which each holder of a with profits policy is entitled to share.

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PART A GENERAL QUESTIONS AND ANSWERS

A1. Introduction

A1.1 What is happening?

Legal & General is proposing to transfer its traditional insurance-based savings, pensions, life and with profits business to **ReAssure**. If you have been written to then according to our records you have, or have an interest in, one or more of the policies being transferred to **ReAssure**.

If approved by the **High Court**, the transfer will take place on the **Transfer Date**. We expect this to be 4 November 2019. More detail on the process for the proposed transfer can be found in **PART A2** of this guide.

A1.2 Why is Legal & General doing this?

Since 2015, **Legal & General's** traditional insurance-based savings, pensions, life and with profits policies have been largely closed to new customers. At the same time, **Legal & General** has shifted its focus to growing its business in other areas, such as creating new annuity and insurance contracts, and offering well-designed, good quality investment options for its growing workplace savings community.

A1.3 Who is ReAssure and why did Legal & General choose them?

After a considered process, **Legal & General** has chosen **ReAssure** to take this business forward. **ReAssure** was incorporated in 1963 and is a specialist in acquiring and administering closed books of business from other providers. By welcoming customers from companies such as HSBC, Alico and Guardian Financial Services, **ReAssure** has grown to become one of the UK's major life and pensions consolidators. This experience means it's well-placed to provide an excellent customer service to transferring policyholders.

ReAssure has over 2.2 million customers and looks after investments of over £39 billion on behalf of its customers. **ReAssure** employs over 2,000 staff in locations across the UK. You can find out more about **ReAssure** and its history by visiting reassure.co.uk/about-us

A1.4 What information is provided in this guide?

In this guide you will find important information about the proposed **Scheme** and how your interests as a policyholder may be affected by it. You will also find details on how to raise any concerns you may have and how you can object to the **Scheme**.

Please take time to read this guide carefully as it is important that you understand how the **Scheme** may affect you and the policy.

All references to dates in this guide and related materials are to the dates on which we currently anticipate these events to happen. If there is a change to any date, we will update the 'Important Updates' section of the **Legal & General** website and the **ReAssure** website at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer

A2. More detail about the process we are following

A2.1 What is the process for transferring your policy?

The transfer of your policy will be completed under Part VII of the Financial Services and Markets Act 2000. This legislation enables insurance policies to be moved between insurers. The transfer is known as an insurance business transfer scheme or the **Scheme**.

In order for the **Scheme** to go ahead, it must be approved by the **High Court**. **Legal & General** and **ReAssure** have applied to the **High Court** for permission to transfer your policy. Formal notice of the application to the **High Court** can be found in **PART F**.

The **Hearing** to consider the transfer proposals will take place at the **High Court**. We expect this to be held on 17 October 2019. The **Hearing** will be at the High Court of Justice, 7 Rolls Buildings, Fetter Lane, London EC5A 1NL.

If the **High Court** approves the **Scheme**, the terms of the **Scheme** will be binding with effect from 4 November 2019. More information about the **Transfer Date** can be found in **PART A2.7**.

A2.2 Are you allowed to vote on the proposed transfer?

Under the legal process that we are following, policyholders do not have the right to vote on the proposed transfer. However, you do have the right to raise any concerns or object to the **Scheme** and the **High Court** will consider any concerns or objections made. You can find details on how to do this in **PART A4.2** below.

A2.3 Can you opt out of the proposed transfer?

The legal process we are following does not allow individual policyholders to be given the option to opt out of the proposed transfer. However, the legal process we are following is designed to ensure that any changes we are proposing are not unfair in terms of either the security of your policy benefits or the value of the benefits you can expect to receive in the future.

A2.4 How will your interests as a policyholder be protected?

The **High Court** will only give permission for the **Scheme** to proceed if it is satisfied that all the necessary legal requirements have been met and if the proposed changes are appropriate to both **Legal & General** and **ReAssure** policyholders.

The **Independent Expert**, whose appointment has been approved by the **PRA** in consultation with the **FCA**, has written a report on how the proposals are likely to affect policyholders. This report provides detailed independent and impartial consideration of the implications of the proposals for the fair treatment of policyholders. This is based on a thorough scrutiny of the proposals and the businesses of **Legal & General** and **ReAssure**. The report will help the **High Court** to reach its decision and will also be reviewed by the **Regulators** when they consider the **Scheme**. You can find a summary of this report in **PART E** of this guide and the full report is available online at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer. In summary, the **Independent Expert** concludes "I am satisfied that the transfer would not have a material adverse effect on: the security of the benefits of the policies of **Legal & General** and **ReAssure**; the reasonable expectations of the policyholders of **Legal & General** and **ReAssure** in respect of their benefits; or the standards of administration, service, management and governance that apply to the **Legal & General** and **ReAssure** policies. I am also satisfied that the transfer is equitable to all classes and generations of **Legal & General** and **ReAssure** policyholders."

In addition, the Chief Actuary and, for holders of with profits policies, the With Profits Actuary of **Legal & General** have written reports on how the proposals are likely to affect policyholders and whether, as a result of the proposals, the interests of policyholders will be impacted.

The With Profits Actuary has provided us with a summary of her opinion which is: "I have considered the information supplied to me in relation to the transfer which includes the **With Profits Fund**. Based on this information in my view the proposed transfer of the **With Profits Fund** to **ReAssure** is unlikely to result in material detriment to the benefit expectations, benefit security or the fair treatment of with profits policyholders."

These reports will be reviewed by the **High Court** and the **Regulators** when they consider the **Scheme**. You can find the full reports at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer

A2.5 Will these reports be updated between now and the Hearing?

The reports of the **Independent Expert** and the other actuaries mentioned in **PART A2.4** above are based upon the material supplied to them by **Legal & General** and **ReAssure**, including financial balance sheets and other information, as at 31 December 2018. Since the proposed **Transfer Date** for the **Scheme** is 4 November 2019, updated supplementary reports will be prepared to reflect any material changes, including the financial balance sheets and other information as at 30 June 2019 that would affect the conclusions in the original reports.

The supplementary reports will be made available at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer at least two weeks before the **Hearing**. If the supplementary reports contain information that you will need more time to reflect on, **Legal & General** and **ReAssure** will consider whether it is appropriate to publish the supplementary reports earlier than two weeks before the **Hearing**.

A2.6 What will happen at the Hearing?

The **High Court** will review the evidence presented to it and consider whether it is appropriate to allow the **Scheme** to proceed. Time will be allocated to hear any objections or concerns put forward by affected policyholders or any other persons who believe they would be adversely affected by the proposals. See **PART A4** below for more on this.

A2.7 When will the Scheme take place?

If the **High Court** approves the **Scheme**, the transfer of your policy will take place on the **Transfer Date**, which we expect to be 4 November 2019. After the **Hearing**, **ReAssure** will write to all transferring policyholders with full details of how to contact them and any other relevant information about the transfer of their policy.

Legal & General and **ReAssure** can agree to defer the **Transfer Date** until after 4 November 2019. In that case, the **Scheme** should take effect no later than 4 February 2020 otherwise **Legal & General** and **ReAssure** would need to obtain approval from the **High Court** to extend the **Transfer Date**. Any change to the **Transfer Date** and other updates will be announced on the **Legal & General** website and the **ReAssure** website at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer For accounting and financial reporting purposes, we expect the **Scheme** to be treated as effective between **Legal & General** and **ReAssure** from 1 November 2019. However, this will not affect policyholders and their rights under their policies.

A2.8 What happens if the High Court does not approve the Scheme?

If the **High Court** does not approve the **Scheme**, your policy will remain with **Legal & General** and we will write to you again with further information at that time.

A2.9 How will you find out if the High Court has or has not approved the Scheme?

If the **High Court** approves or does not approve the **Scheme**, we will make an announcement on the **Legal & General** website and the **ReAssure** website at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer

A2.10 How will Brexit affect the Scheme?

The UK Government and the EU have agreed a further delay to Brexit. Whilst discussion continues between the UK and EU the actual outcome and effective date remains uncertain. **Legal & General** and **ReAssure** will continue to monitor Brexit carefully and our current view is this should have little effect on the timeline or the recognition of the **Scheme** as the transferring policies are governed by English Law and the **Scheme** is between two English companies.

Legal & General and **ReAssure** have considered how to react in the event the UK leaves the EU without a withdrawal agreement or transition period. There might be some practical differences between the two firms in how they approach such a scenario and comply with a changing regulatory landscape. However, both firms will continue to monitor the situation and will update their policyholders if necessary.

A2.11 You're a resident of Jersey or Guernsey. How will the proposed Scheme affect you?

We are also carrying out separate schemes to transfer policies which may have been taken out in Jersey or Guernsey or which have been issued to people resident in Jersey or Guernsey.

Similar to the **Scheme** in the UK, the **Jersey Scheme** and the **Guernsey Scheme** need the approval of the Royal Court of Jersey and the Royal Court of Guernsey, respectively. It is proposed that, provided the **Scheme** in the UK has become effective, the **Jersey Scheme** and the **Guernsey Scheme** will become effective on the same date as the **Scheme** in the UK.

See **PART G** of this guide for more information of the **Jersey Scheme** and the **Guernsey Scheme**.

A3. About the changes and what this means for you

A3.1 What changes will you see?

If the **Scheme** goes ahead, your policy will transfer to **ReAssure**. You will then become a policyholder of **ReAssure** and you will see the **ReAssure** brand on communications.

You should contact **ReAssure** after this date for any enquiries about your policy. **ReAssure** will send you a welcome letter shortly after the **Hearing** that will include their contact details if the **Scheme** has been approved. If you have a query about your policy:

- You'll be able to phone **ReAssure's** UK call centre, or write to them.
- You'll still be able to send emails as well, but **ReAssure** will respond by calling or writing back to you.
- Eligible customers will also be able to send and receive secure messages by registering for **ReAssure's** portal, called '*ReAssure Now*'. **ReAssure** will use a phased launch to introduce this service to customers.

ReAssure will be responsible for managing and making payments under your policy. Your contract number will not change and any payments you receive will not be affected as a result of the **Scheme**.

The **Scheme** is designed to have a minimal impact on you as a policyholder. You may, however, notice some changes in the way your policy is managed. These are outlined in **PARTS A3.2** and **A3.3** below.

A3.2 Will there be any changes to the terms and conditions of your policy?

Most of your terms and conditions will be entirely unaffected, but you may notice some changes in the way your policy is managed. These changes are set out in **PART B**.

In addition to those changes outlined in **PART B**, you may notice some other changes that are relevant to your particular contract as set out in **PART C**. The relevant section of **PART C** for you will be highlighted on the first page of your letter. If you are still not sure which sections are relevant to you, please call us on 0800 048 1026 (UK-Freephone) or +44 1273 374130 (if calling from overseas).

The changes outlined in **PART B** and **PART C**, which will take effect on the **Transfer Date** and are being made under your existing policy terms and conditions, include the ability for **Legal & General** to vary or change the terms and conditions of your policy. These changes are necessary to align the terms and conditions of your policy and the way it is administered with the existing practices and administration system of **ReAssure's** business.

The **Independent Expert** has considered the changes set out and concluded that the proposed changes will not have a material adverse effect on the transferring policies.

A3.3 Will your policy be invested in the same way?

Yes. Following the transfer your policy will remain invested in the same fund(s) or assets you have previously selected and the fund(s) or assets in which your policy is invested will continue to be managed by your current investment manager.

Also, on the **Transfer Date**, **ReAssure** will offer the same range of funds that have been available to you prior to the **Transfer Date** through your **Legal & General** policy, and with no change to your ability to switch funds.

A3.4 Will any of your other Legal & General policies be affected?

If you have more than one policy transferring to **ReAssure**, you may receive more than one letter and Scheme Guide. Please read all the documents you receive carefully as you may be affected differently depending on the contract you hold.

A3.5 Will ReAssure correspond with a policyholder who is under age 18 years (a minor)?

No. After the **Transfer Date**, **ReAssure** will correspond with the parent or guardian. This approach will continue until the policyholder who is a minor reaches age 18 years when ownership of the policy will pass to them.

A3.6 Will there be any impact on the service levels you receive during the transfer to ReAssure?

If the **Scheme** is approved, your policy will transfer to **ReAssure** on 4 November 2019. **ReAssure** will make sure all customers' information is carefully recorded and all policies are transferred to **ReAssure** as expected.

There may be a short term impact on service levels during and shortly after the transfer. For example, an annual statement may arrive a day or two later than normal, or a new instruction request may take a little longer to action. **ReAssure** expect any impact will be relatively minor and that service levels will be back to normal soon after the **Transfer Date**.

A4. What you should do next**A4.1 What do you need to do now?**

Please read this guide carefully and contact us if you have any questions, concerns or objections.

If you are satisfied with the proposals, you don't need to do anything (unless you pay premiums or contributions by standing order, in which case see **PART B1.6**).

You should keep this Scheme Guide and accompanying documents with your original policy documents, so that in the future you can refer to the changes that have been made to your policy.

A4.2 What can you do if you wish to object to the Scheme?

If you believe you may be adversely affected by the **Scheme**, you may put your objections, concerns or representations to the **High Court** in the following ways.

- You can write to us or email us at: Policy Transfer Team, Legal & General, PO Box No. 5458, City Park, The Drove, Hove, East Sussex BN52 9GL or email scheme.response@landg.com. Please be aware that email isn't a secure method of communication.
- You may also write to our solicitors at: Slaughter and May, One Bunhill Row, London EC1Y 8YY (Ref: RAC/MXC).
- We will share your objection and our reply to you with **ReAssure**, the **High Court**, the **Independent Expert** and the **Regulators** before the **Hearing**. If you do write to us, it would help if you could please quote your contract number and the reference details. This can be found on the front page of the letter in this pack.
- You can call us on 0800 048 1026 (UK-Freephone) or +44 1273 374130 (International calls). For international calls, call charges will vary. We will record and monitor calls. We will make a note of your objection or concern and share our reply to you with **ReAssure**, the **High Court**, the **Independent Expert** and the **Regulators** before the **Hearing**.
- You can come to the **Hearing** and present your objection or concern to the **High Court** in person. Alternatively, a representative can come to the **Hearing** at the **High Court** and present your objection or concern on your behalf. Your representative does not need legal training and could be a friend or relative.

If you intend to put your objections, concerns or representations to the **High Court** in any of the above ways, you can do so up until the date of the **Hearing**. We would ask that you contact us using the details above as soon as possible and preferably before 12.00 noon 4 October 2019 so that we make a note of your objections, concerns or representations, reply to you and share these with **ReAssure**, the **High Court**, the **Independent Expert** and the **Regulators** before the **Hearing**.

If you want to object or raise a concern at the **Hearing**, please outline your objection or concern in your letter so we can share this with the **High Court**, the **Independent Expert** and the **Regulators** before the **Hearing**. By informing us, we will also be able to let you know about any changes that may take place in relation to the **Hearing**, for example a change in the time or date. We may also be able to deal directly with any objections or concerns you have.

A4.3 What does “adversely affected” mean?

Any type of effect on policyholders may be considered by the **High Court**. This includes changes to expected benefits, the financial security of the companies involved or changes to the administration of the transferring policies. For any group of policyholders affected by the **Scheme**, there may be some changes for the better and some for the worse. If there are some changes for the worse, this does not necessarily mean that the **Scheme** is unfair or unreasonable, as they might be outweighed by other benefits, or they might be very small or unlikely, or they may only occur infrequently.

A4.4 If you can't find an answer to your question, where can you find out more?

If you have any questions about the proposed changes, the following documents relating to the **Scheme** are also available on the **Legal & General** website and the **ReAssure** website at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer

- The full **Scheme** document
- The main **Independent Expert's** Report
- Actuarial reports from the Chief Actuary and With Profits Actuary of **Legal & General**
- The **Jersey Scheme** and the **Guernsey Scheme** document
- The new Principles and Practices of Financial Management (PPFM) for the management of with profits business
- The new Portfolio Plus Self Invested Personal Pension or Portfolio Plus Pension (the SIPP) Member's Booklet

If you have any more questions, please call us on 0800 048 1026 (UK-Freephone) or +44 1273 374130 (International calls). For international calls, call charges will vary. We will record and monitor calls. You can call us from 9am to 5pm on Monday to Friday up until the day before the **Hearing**. This number is for enquiries about the **Scheme** only.

You may also write to us or email us at: Policy Transfer Team, Legal & General, PO Box No. 5458, City Park, The Drove, Hove, East Sussex BN52 9GL or scheme.response@landg.com Please be aware that email isn't a secure method of communication. You may also write to our solicitors at: Slaughter and May, One Bunhill Row, London EC1Y 8YY (Ref: RAC/MXC).

If you do write to us, it would help if you could please quote your contract number and the reference number, both of which can be found on the front page of your covering letter in this pack.

If you would like paper copies of these documents or if you need more help having read this guide, please either call, write to or email us using the details provided above.

If you have any general questions about your policy, please contact us on the normal customer number which you will find on previous letters that you have received from us.

A5. Further information for holders of policies that have multiple beneficiaries, powers of attorney, assignees or bankruptcies

We are trying to contact all affected policyholders and those with an interest in those policies to make them aware of the **Scheme**. This will not be possible in all instances and we need your help to make sure we let everyone associated with your policy know about the **Scheme**.

Below are some examples of where another person or party may have an interest in a policy:

A5.1 You are not the only beneficiary under your policy. What should you do?

If there is any other person with an interest in your policy, for example if you are a co-owner, please check they have received their documents. If this has not happened, please show a copy of this pack to them.

A5.2 Your pension funds are earmarked under divorce proceedings. What should you do?

If you are able to, please show a copy of this pack to the beneficiary of the earmarking order. As potentially affected parties, you are both entitled to object to, or raise concerns about, the **Scheme**.

A5.3 You have a power of attorney in respect of your policy. What should you do?

There will be no change. The power of attorney will be noted by **ReAssure** and will continue according to its terms. As potentially affected parties, both you and the policyholder are entitled to object to, or raise concerns about, the **Scheme**.

A5.4 What should you do if your policy has been assigned?

If you are able to, please show a copy of this pack to the policy assignee. As potentially affected parties, both you and the assignee are entitled to object to, or raise concerns about, the **Scheme**.

A5.5 What should you do if you are bankrupt or about to be declared bankrupt?

You should show this pack to the trustee in bankruptcy, receiver or administrative receiver.

PART B

FURTHER INFORMATION FOR POLICYHOLDERS AND INTERESTED PARTIES

B1. Changes affecting all policyholders and interested parties

B1.1 Will there be any changes to how charges are deducted?

The rate of any charges deducted from your policy will not increase as a result of the **Scheme**. The only change will be that currently **Legal & General** calculate some charges on a daily basis and deduct them from your policy on a monthly basis and, after the **Transfer Date**, **ReAssure** will calculate and deduct charges from your policy on a daily basis. The overall impact of this does not change the rate of the charge.

B1.2 Can you increase your pension contributions after your policy has transferred?

Yes. Where your terms and conditions allow, you'll either have the option to increase your pension contributions pay single contributions or make transfers into your existing pension policy or into a new pension policy with **ReAssure**. For holders of Stakeholder Pension policies, see **PART C6.5**.

B1.3 Will there be any charges for switching funds?

Legal & General's approach to charging for switches varies from contract to contract. From the **Transfer Date**, you'll be able to make 20 free fund switch instructions each policy year. If you make more than 20 switch instructions in a policy year, **ReAssure** may charge you £10 per switch instruction for each additional switch instruction you make in a policy year.

B1.4 Will the 'Lifestyle Profile' on your policy continue after the Scheme?

Yes. Your 'Lifestyle Profile' will continue on your policy. The switching process will continue after the **Transfer Date**, but for some policies it will happen on your birthday rather than on the anniversary date of your policy.

B1.5 Will the stakeholder charge cap be applied after the Scheme has been approved?

If this applies to your pension, **ReAssure** will continue to apply the stakeholder charge cap.

B1.6 Will there be any changes to premium or contribution payments including how and when you make payments?

Changes for premiums or contributions paid by Direct Debits

Most policyholders make premium and contribution payments by direct debit. If you have a direct debit which is collected monthly, quarterly, half-yearly or yearly, you don't need to do anything. **ReAssure** will continue to collect your payment on the same basis and you will notice the reference on your bank statement will now refer to **ReAssure**.

Changes for premiums or contributions paid by Standing Orders

If you pay by standing order, you will have to do one of the following:

- Switch to monthly, quarterly, half-yearly or yearly direct debit collections by contacting **ReAssure**, or
- If you wish to continue to pay by standing order, you will need to contact your bank to cancel your standing order with **Legal & General** and set up a new standing order payable to **ReAssure**.

The letter that **ReAssure** will send you if the **Scheme** is approved will include instructions on how to do this and will include their bank details for you to add to your new standing order.

Payment dates

ReAssure only collect payments on dates from the 1st to the 28th of any month. If your payment is currently collected on the 29th, 30th or 31st of a month, **ReAssure** will automatically switch collection to the 28th, though you may contact **ReAssure** if you would like to choose a different regular payment date.

If you currently pay your premiums or contributions in advance of their due date you can continue to do so, but **ReAssure** will apply premiums on the later of the due date or the date the money is received.

One-off premiums and contributions

Where your terms and conditions allow, you can still pay one-off premiums or contributions into your policy by cheque to **ReAssure**.

B1.7 Will there be any changes to your payment due date?

Some **Legal & General** policies collect your monthly premiums or contributions in arrears. For example, the premium paid in March is for the February premium or contribution. **ReAssure** will collect your premium or contribution in the month that it is due. So the March premium or contribution collection date will pay the March premium.

This means that some customers will miss a premium or contribution when **ReAssure** start collecting premiums or contributions following the **Transfer Date**. If this affects your policy, **ReAssure** will give more details in their welcome letter, which you'll receive shortly after the **Hearing**.

B1.8 Will there be any changes to the date your money is paid out?

ReAssure only make regular payments on dates from the 1st to the 28th of any month. If regular payments are currently made from your policy on the 29th, 30th or 31st of a month, **ReAssure** will automatically switch the payment date to the 28th. You may contact **ReAssure** if you would like to choose a different regular payment date.

B1.9 Will there be any changes to your tax office reference in connection with the payment of your annuity and/or pension benefits?

Yes. Your tax office reference is changing from **Legal & General's** tax office reference to **ReAssure's** tax office reference, as **ReAssure** will be responsible for paying your policy benefits after the **Transfer Date**. Your tax office reference is important because it indicates to HM Revenue and Customs (HMRC) who is paying your annuity/pension benefits. It will be shown on your end of year P60 which will be sent by **ReAssure**, if applicable.

B1.10 You have an unemployment cover policy. Will this be moving to ReAssure as part of the Scheme?

Your unemployment cover policy will stay with **Legal & General** and you'll continue to contact **Legal & General** with any queries about or changes to this policy. **ReAssure** and **Legal & General** will maintain the link between your policies, so your unemployment cover will still end if you cancel the policy transferring to **ReAssure**.

B1.11 Will there be any changes to how you receive your payments if you live overseas?

You should continue to receive your payments on the same days after the **Transfer Date**, subject to the changes outlined in **PART B1.8** above. Due to the process **ReAssure** uses to make overseas payments, in some cases you may receive an extra payment within the same tax year. If this affects you **ReAssure** will tell you in their welcome letter, which you'll receive shortly after the **Hearing**. In that letter you'll be offered the option of either:

- Continuing to receive your payments on their current dates, but potentially needing to pay extra tax, or
- Receiving your payments on a later date, which should keep your tax status the same.

The UK Government has recently said that, in the event of a no-deal Brexit, customers of UK firms living in the EU may lose access to payments made to their EU bank accounts. If this were to happen, it would happen regardless of the **Scheme**. Nevertheless, it is something our customers living in the EU should be mindful of.

B1.12 Are there any changes to how death claims are calculated?

Legal & General generally calculate the value of a death claim based on the date they have proof of death. This is normally when a death certificate is received. **ReAssure** will value any death claim based on one of the following:

- for savings, pensions and investment policies, it's the date they're told about the death (for cases where the amount paid out is based on the bid value of units), or
- for policies with guaranteed death cover, it's the date of death (for cases where the amount paid out is the death sum assured).

B1.13 When will you receive annual statements?

There may be a change to the date that you currently receive annual statements.

For holders of savings and life insurance policies, **ReAssure** expects to send your annual statement to you on the policy anniversary (see **PART B3.1** if applicable). For holders of pension policies, **ReAssure** expects to send your annual statement to you on your birthday, or six months before your birthday if you're 55 or older.

If you have a stakeholder pension policy, **ReAssure** will also send you an interim statement shortly after the **Transfer Date**. All your statements after this one will then be sent on your birthday or six months before your birthday each year.

B1.14 Will you still be able to use the Legal & General online account management facility?

You'll no longer be able to view details about your policy on the **Legal & General** website or online account management facility if applicable. If you use one of these services, **ReAssure** will get in touch to explain how to register for their portal, called '*ReAssure Now*'. If you have policies that are remaining with **Legal & General** then you will still be able to view these policies on **Legal & General's** online facilities if applicable.

B1.15 Your policy is protected by the Financial Services Compensation Scheme (FSCS). Will you still be protected?

Yes. The **Scheme** will not affect the protection of your policy benefits under the Financial Services Compensation Scheme. You can get further information from the FSCS on their website at [fscs.org.uk](https://www.fscs.org.uk) or telephone them on **0800 678 1100**.

B1.16 Will you be charged extra for the Scheme?

Legal & General and **ReAssure** will meet the costs and fees of carrying out the **Scheme**. You will not be asked to bear any of the costs and fees.

If the **Scheme** goes ahead the **LGWPF** will make a one-off payment of £50 million to the **ReAssure** non profit fund as a contribution to the costs of the migration of the business. In isolation, this payment is taken out of the assets in the **LGWPF** (for which a reserve is held) and so will reduce the assets in the **LGWPF**. But, analysis has been carried out that demonstrates that the overall expected economic benefit of the **Scheme** outweighs this contribution. The **Independent Expert** has considered the impact of this payment and provides his conclusions in Paragraph 8.112 of the Full **Independent Expert's** Report which is available from **Legal & General's** website at [legalandgeneral.com/policytransfer](https://www.legalandgeneral.com/policytransfer) and **ReAssure's** website at [reassure.co.uk/LGAS-transfer](https://www.reassure.co.uk/LGAS-transfer)

B1.17 Will you receive any compensation or wind-fall as a result of the Scheme?

No. There will be no cash payments or special policy bonuses under these proposals.

B1.18 What is happening to your personal data?

Your personal data is any information that identifies you, such as your name and address.

In order for **ReAssure** to be able to communicate with you, manage any payments under your policy and take any other appropriate actions required under your policy, it will be necessary for them to have access to your personal data.

Legal & General therefore need to transfer your personal data to **ReAssure**. **Legal & General** and **ReAssure** will ensure the transfer is in accordance with the requirements of the Data Protection Legislation. This includes ensuring your personal data is kept appropriately secure.

The transfer of data will happen before the date on which your policy transfers to **ReAssure**. This is necessary because, if the transfer of your personal data were to happen after this, neither **Legal & General** nor **ReAssure** could be sure that the data could transfer, be tested and be ready for when **ReAssure** takes on your policy and needs to take actions under your policy.

ReAssure will treat your personal data in accordance with the requirements of the Data Protection Legislation. Under the Data Protection Legislation, **ReAssure** is required to provide you with certain information about itself, how and for what purposes it will process your personal data and your rights in relation to your personal data. This information can be found in **ReAssure's** privacy policy which can be found at reassure.co.uk/lg-privacy-notice.pdf. It is important that you read this information.

If the **High Court** approves the **Scheme**, **ReAssure** will succeed to all rights, liabilities and obligations of **Legal & General** in respect of your personal data on the **Transfer Date**. **Legal & General** will continue to hold on to parts of your personal data, but only to the extent it is necessary to undertake its obligations in respect of financial and regulatory reporting, and all data will be held in line with our data retention policies and procedures. For details on how **Legal & General** use your personal information, please read the privacy policy on legalandgeneral.com/existing-customers/privacy

If the **Scheme** is not approved, **ReAssure** will only hold on to your personal data to the extent it is permitted in accordance with the requirements of the Data Protection Legislation, and **Legal & General** will continue to hold your personal data in order to continue to administer your policy.

Reference in this part to the "Data Protection Legislation" means the Data Protection Act 2018 and, where applicable, the Data Protection (Bailiwick of Guernsey) Law 2017 and the Data Protection (Jersey) Law 2018.

B1.19 ReAssure Group plc has announced that it intends to proceed with an Initial Public Offering (IPO). What impact will this have?

ReAssure is currently part of the Swiss Re group of companies, a leading wholesale provider of reinsurance, insurance and other insurance-based forms of risk transfer.

ReAssure Group plc announced that it intends to proceed with an initial public offering (IPO). However, it has subsequently been announced that the IPO process has been suspended. As such, it remains uncertain as to whether the IPO will proceed and, if it does, when that might happen. If the IPO goes ahead, it will mean that **ReAssure** will no longer be part of the Swiss Re Group. Instead, ReAssure Group plc will become an independent company, whose shares will be able to be bought and sold on a stock exchange.

The **Independent Expert** has considered the potential impact of an IPO of ReAssure Group plc in his report and concludes that:

- If the risk appetite (RA) statement applicable to the post-IPO company were to be at least as strong as the ReAssure IPO RA Statement there would not be a material adverse effect on the security of the benefits and reasonable benefit expectations of the transferring policies.
- There exist sufficient controls to ensure that there would not be a material adverse effect on the standards of administration, service, management and governance that apply to the transferring policies.

More details can be found in **PART E7** of this Scheme Guide (The Summary of the **Independent Expert's** Report).

B2. Changes affecting pension schemes with automatic enrolment

B2.1 For employers – How will the service change after the transfer?

There will be a few changes to how employers will administer their pension scheme after the transfer:

- Employers will have access to a Scheme Relationship Team who will be the key point of contact for all queries both before and after the transfer. This will replace their existing relationship support with **Legal & General**.

- Employers will be able to use the *ReAct* portal to administer their scheme, including adding new members and submitting contribution schedules (either individually or by using a bulk upload process). This will replace the *Manage Your Scheme* customer portal.
- The employer will need to issue pre-enrolment announcements and, if relevant, postponement letters to employees eligible for auto enrolment. **ReAssure** will provide templates to support this. **ReAssure** will issue the auto enrolment notification on the employers' behalf.
- Employers will be provided a link to an eligibility assessment tool on The Pension Regulator (TPR) website to use instead of **Legal & General's** Select eligibility assessment tool where applicable. You will have been notified of this if you currently use **Legal & General's** Select tool.
- When an employee is auto enrolled, the employer will pay the first contribution alongside all other relevant contributions for that scheme. If the employee chooses to opt-out, **ReAssure** will process a refund to the employer within 30 days of receiving the Opt-out notice.

B2.2 For members (employees) – What will change after the transfer?

There will be a few changes for employees who are members of a pension scheme with auto enrolment after the transfer:

- Members will need to either download an Opt-out Notice from **ReAssure's** website or call to request a paper copy to be sent to them if they wish to opt-out. The Opt-out Notice can then be emailed or posted to **ReAssure**. This is in place of **Legal & General's** Choice portal.
- Members will be able to use **ReAssure's** customer portal once their auto enrolment pension scheme has been set up to access information about their pension. This will replace **Legal & General's** *Manage Your Account* customer portal.
- Members will also have access to **ReAssure's** Retirement Planning Toolkit, which will include a tool to help them assess their risk appetite.
- Members will be able to request fund switches through **ReAssure's** customer portal, by phone, by completing a paper form, or by completing an online form which can be downloaded from **ReAssure's** website.

B3. Specific changes for With Profits Distribution Bond policyholders

B3.1 Will there be any changes to annual statements?

If you're currently invested in a combination of the **With Profits Fund** and the Distribution Fund, then **ReAssure** will in future manage your investment as two separate policy entities.

This means:

- You will receive separate annual statements for the With Profits Fund element and the Distribution Fund element of your policy; and
- If you are currently receiving regular income payments from your investment based on, either the '*natural income option*' or '*rising income option*', then you will in future receive separate income payments into your bank account from each policy element of your investment. This is the income payment from the **With Profits Fund** element and the income payment from the Distribution Fund element. Please note, you will continue to receive the same overall total amount of regular income payments you currently receive at either monthly, or half yearly intervals.

PART C

FURTHER INFORMATION ABOUT PARTICULAR CONTRACTS

This part of the guide sets out what the **Scheme** means for holders of particular contracts. You should only read the part that is relevant to you, as advised in our covering letter to you under the heading 'What should you do now?'.

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PART C1 FOR POLICIES INVESTED IN THE WITH PROFITS FUND

C1.1 What will happen to the With Profits Fund?

A new fund, called the LG With Profits Fund (**LGWPF**), will be set up within **ReAssure** to take on the transferring with profits business. **ReAssure** will publish a new Principles and Practices of Financial Management (PPFM) for the **LGWPF** which will give a detailed description of their approach to managing with profits.

The **LGWPF** will be set up as a separate and distinct with profits fund in **ReAssure**, alongside the other existing **ReAssure** with profits funds.

There will be no changes to the investment strategy for the fund as a result of the **Scheme**, which will continue to be managed in line with the PPFM. However, there are some key changes to the PPFM and these are outlined in **PART C1.10**.

C1.2 How will ReAssure calculate future bonus rates?

ReAssure will use a similar process as that used by **Legal & General** to determine the bonus rates for your policy. Investment returns, less any tax applicable, will be the most important factor in deciding how much bonus is paid. These depend on the mix of assets your policy is invested in and how these assets have performed.

ReAssure will also consider other factors including:

- Historic investment returns experienced over the period of your investment.
- Bonuses already declared.
- Their view of future investment conditions.
- When you started your policy.
- The effects of smoothing.
- The type of with profits policy you have and the terms of your policy, including the type and extent of any guarantees.
- The costs of running the policy that are incurred by the fund.
- Money built up in the **With Profits Fund** that is over and above what they'd expect to need for future obligations such as tax, expenses and future bonuses to policyholders.
- Any other adjustments, for example to cover an increase in the cost of guarantees and options.

C1.3 Will there be any changes to the types of bonuses that are allocated to your policy?

No. You will continue to receive the same types of bonuses as you do today.

C1.4 Will the bonus declaration be at the same time of year?

Yes. **ReAssure** will announce their bonus rates in February.

C1.5 Will annual bonuses added to your policy cover the same time period?

Yes. **Legal & General** calculate annual bonus rates to cover the period 1 January to 31 December and add any annual bonus to your policy based on its value on 31 December.

ReAssure will calculate annual bonus rates to cover the same period of 1 January to 31 December. However, these will be added to your policy in February or March following the bonus declaration, based on its value at that time.

Interim bonuses will be paid if you take money out of the **LGWPF** to cover the period for which an annual bonus rate has not yet been declared, and for the period where annual bonuses have not yet been added.

C1.6 Will you continue to receive contractual additions?

If you currently receive contractual additions such as contractual annual interest or contractual minimum addition, you'll continue to receive these.

C1.7 Will there be any changes to the way interim bonus is paid on part surrenders and regular withdrawals?

Yes. For some With Profits Bond customers **Legal & General** do not pay interim bonus on part surrenders or regular withdrawals. **ReAssure** will pay interim bonus on any money taken from your bond. You should be aware that if the annual bonus rate that is declared at the following bonus declaration is less than the interim bonus rate used to calculate your payment, you may see a small reduction in the value of your bond following the bonus declaration.

C1.8 Are there any changes in the way that the final or terminal bonus is calculated?

Yes. For some contracts **Legal & General** calculate the final bonus on a daily basis. **ReAssure** will calculate the final bonus for all policies on a monthly basis.

C1.9 Will there be any change to when you receive your bonus notice?

Yes. **Legal & General** generally send your bonus notice each year between March and July. **ReAssure** will include your bonus information in your annual statement. Your annual statement will be issued on your policy anniversary if you have a life contract and on your birthday if you have a pension contract (or six months before your birthday if you're age 55 or older). For some customers this will mean a delay in receiving your bonus information. Once bonus rates have been announced, you will be able to find further information at reassure.co.uk/fund-centre

If you're currently receiving an income that is related to bonus rates, **ReAssure** will send you a separate letter each year to confirm the new interim bonus rates and if this will affect your income.

C1.10 Are there any changes to the Principles and Practices of Financial Management (PPFM)?

The Principles and Practices of Financial Management (the PPFM) are written to help holders of with profits policies understand the way **Legal & General** manage its with profits business.

The current version was published on 5 October 2018 and is available on our website at legalandgeneral.com/existing-customers/with-profits-support/guides-and-factsheets/

ReAssure will publish a new PPFM which will be structured in the same way as the PPFMs for **ReAssure's** other with profits funds. This means the Principles and Practices that affect an aspect of the management of the **ReAssure** with profits funds are now grouped together. The changes have been reviewed by the With Profits Actuary and the **Independent Expert** for consistency with the existing **Legal & General** PPFM and the key changes have been noted below.

The updated version will apply from the **Transfer Date**, which we expect to be 4 November 2019. The proposed PPFM is available on the **ReAssure** website at reassure.co.uk/LGAS-transfer and the **Legal & General** website at legalandgeneral.com/policytransfer

Summary of the key changes

ReAssure have produced a set of principles on how they will manage the **LGWPF** after the **Transfer Date**. These are detailed in the new PPFM and under the regulations **ReAssure** is obliged to update you of any changes to these principles.

The new PPFM also includes the changes introduced by the **Scheme**, including the ability to merge the fund with another with-profits fund, or to convert the fund to non-profits once the value of assets in the fund has fallen below a certain level. Such a conversion or merger would require approval from the **ReAssure** Board of Directors, consultation with the Fairness Committee, certification by an independent actuary (unless the fund is below a maximum threshold in the case of transfers of non-profit business) and consultation with our **Regulators** before either of them can take place.

The new PPFM includes changes to reflect the fact that the administration charges and expenses that can be charged to the **LGWPF** in the future are determined on a basis defined in the **Scheme**. This will set a future per policy expense for each type of policy and as a result increase certainty over future charges to the **LGWPF**. See the **Summary of the Terms of the Scheme** in **PART D** for more detail.

PART C2

FOR POLICIES INVESTED IN UNIT LINKED FUNDS

C2.1 What is happening to the unit linked funds?

The Legal & General Unit Linked Life and Pension Funds will transfer to the equivalent **ReAssure** version of the funds. The fund name will change to be prefixed by the letters LG in front of the fund name. For example the Legal & General Distribution Fund will become the LG Distribution Fund. On the **Transfer Date** you will hold the same number of units at the same unit price and therefore the value will be the same in the **ReAssure** version of the fund as it was on the last day in the **Legal & General** fund.

C2.2 Will the investment objectives of the new ReAssure version of the fund be the same as your old one?

Yes. The investment objectives of the **ReAssure** fund will be the same as the **Legal & General** version of the fund. **ReAssure** has the same right to vary this in the future as **Legal & General** currently has.

C2.3 Will your charges for managing the funds increase?

No. There will be no change to the rate of your fund charge after the **Transfer Date**, although the timing of when the charge is taken may change. Currently **Legal & General** calculate some fund charges on a daily basis and deduct them from your fund on a monthly or daily basis. After the **Transfer Date**, **ReAssure** will calculate and deduct all fund charges on a daily basis.

C2.4 Will ReAssure be able to change the fund(s) in future?

Yes. **ReAssure** will have the right to make the same changes to funds as **Legal & General** has within the terms and conditions of your contract (for example, closing or merging funds). If a fund closes that you are invested in **ReAssure** will write to you to explain that once the fund closes they will move your investment to a similar fund to the one you were invested in.

C2.5 Will ReAssure inform you of any future changes in the same way that Legal & General does?

Yes. **ReAssure** will update you of any changes to your fund or policy in line with the terms and conditions of your policy and the current regulations.

C2.6 Will your funds be priced on the same basis as they are now?

Yes. There is no change to the pricing basis of the funds, and they will remain as described in your current policy documentation at the **Transfer Date**.

C2.7 Will the funds still be valued at the same time?

No. Your funds are currently valued at 12 noon (unless you are invested in the **Legal & General** North American Fund which is valued at 3pm). After the **Transfer Date**, **ReAssure** will value your funds at close of business each working day.

C2.8 Are there any changes to the timing of transactions?

Yes. **Legal & General** apply different approaches for different contract types and funds, these are usually defined in relevant product literature.

ReAssure will value transactions using a standardised approach as follows:

- For switch requests only involving internal funds, the date one day after all information required to process the switch is received.
- For switch requests involving external funds, the date two days after all information required to process the switch is received.
- For all other transactions (except death claims), the date all information required to process the transaction is received.

PART C3

FOR HOLDERS OF FLEXIBLE MORTGAGE ISA POLICIES (FMISA)

C3.1 What is happening to your Flexible Mortgage ISA (FMISA) policy?

Your Flexible Mortgage ISA policy is made up of two key elements: a life insurance policy and an ISA. The life insurance provides life cover and in some cases critical illness cover. The ISA provides the investment element of the policy. Both elements are currently provided and administered by **Legal & General**. The life insurance is provided by **Legal & General** and the ISA element is provided by **Legal & General** (Unit Trust Managers) Limited (LGUTM).

If the proposals are approved, **ReAssure** will replace **Legal & General** in the provision and the administration of the life insurance element of the policy. The ISA element will continue to be provided and administered by LGUTM, but **ReAssure** will be your main point of contact for enquiries in connection with the FMISA.

C3.2 How will this affect your policy?

Your FMISA policy benefits will remain the same. You will have the same amount of life cover and the ISA will continue to invest in the same fund(s) that you have selected prior to the **Transfer Date**.

C3.3 Will your payments continue in the same way?

Your payments will continue under the same direct debit mandate. You do not need to do anything. If your payment is due on the 29th, 30th or 31st of the month, the date **ReAssure** collects your payment will change. Further details can be found in **PART B1.6**.

Currently, regular contributions paid into the ISA are invested in your ISA Fund(s) on a Thursday of each week. Following the **Transfer Date**, your money will be invested in your ISA Fund(s) on the working day following its receipt.

C3.4 Will your charges remain the same?

Yes. Your charges will remain the same.

C3.5 Will you remain invested in the same fund?

Yes. You will remain invested in the same fund as you have selected prior to the **Transfer Date**.

C3.6 Will there be any changes to your statements?

Yes. You will receive an annual statement from **ReAssure** for your FMISA policy. Separately, you will receive an annual statement each February showing the value of your ISA Fund(s) from LGUTM.

If you also hold a Flexible Mortgage Plan (FMP) you will also receive a separate annual statement for that policy from **ReAssure**.

PART C4 FOR HOLDERS OF UNIT LINKED PROTECTION POLICIES

This part of the guide sets out what the **Scheme** means for holders of Unit Linked Whole of Life, Term Assurance, Critical Illness Cover, Terminal Illness Cover and Income Protection Plan policies that are transferring to **ReAssure**.

C4.1 How will the transfer affect your policy?

ReAssure will provide the benefits for your policy in the same way that **Legal & General** does now.

The level of cover you have at the **Transfer Date** will be the same and any value in your policy will be transferred to **ReAssure** and continue to be invested by them in the same fund.

C4.2 Will your premium amount change?

No. Your premium amount will not change as a result of the **Scheme**.

C4.3 Will your premium payments continue in the same way?

Your payments will continue under the same direct debit mandate. You do not need to do anything. If your payment is due on the 29th, 30th or 31st of the month, the date **ReAssure** collect your payment will change. This is detailed in **PART B1.6** of this guide.

C4.4 Will the charge deducted for your cover remain the same?

The charge for the cover provided by your **ReAssure** policy will be broadly equivalent to that charged by **Legal & General**.

C4.5 Will there be any changes to the way your performance reviews are carried out?

Yes. If your policy is still having performance reviews there are some minor changes to the review process.

ReAssure will continue to carry out your regular performance reviews every five years on a broadly equivalent basis to how your reviews with **Legal & General** are carried out.

Legal & General currently send you notification of a review of your policy three months in advance of your performance review taking effect. After the **Transfer Date**, **ReAssure** will notify you one month before the review takes effect. **ReAssure** will provide you with your options and confirm when you need to make a decision by. If an additional premium is required as a result of a **ReAssure** review, you will be offered a suitable additional **ReAssure** policy along with their full terms and conditions applicable at that time.

C4.6 Will there be a change to the timing of the indexation review?

Yes. If you have a policy with an indexation option your policy will continue to have indexation reviews. Your policy currently increases annually, every three years or every five years, depending on the type of cover you have. After the **Transfer Date**, indexation reviews will occur annually for all policy types.

C4.7 Are there any changes to how death claims are calculated?

Legal & General generally calculate the value of death claims based on the date they have received proof of death. This is normally when a death certificate is received for the life assured. After the **Transfer Date**, **ReAssure** will value any death claim based on the date of notification of death of the life assured.

PART C5

FOR MEMBERS OF PORTFOLIO PLUS SELF INVESTED PERSONAL PENSION AND PORTFOLIO PLUS PENSION (THE SIPP)

C5.1 What is happening to your Portfolio Plus Self Invested Personal Pension or Portfolio Plus Pension?

There will be a change to the trustee and the administrator of the SIPP

- The current trustee, **Legal & General** (Portfolio Management Services) Nominees Limited that is responsible for holding all the investments and money of the SIPP, will be replaced by G Trustees Limited, part of the **ReAssure** group of companies.
- As a result of the change of trustee, ownership of the insured funds and self-invested assets (if any) will transfer from **Legal & General** (Portfolio Management Services) Nominees Limited to G Trustees Limited. The trustee arrangements maintain a structure used to protect the assets of the SIPP.
- The administrator, who is responsible for administering the SIPP, will change from **Legal & General** (Portfolio Management Services) Limited to **ReAssure** UK Services Limited (RUKSL), part of the **ReAssure** group of companies.

A new **ReAssure** Members' Booklet and Terms Sheet (together, the SIPP Terms and Conditions) is available to review at legalandgeneral.com/policytransfer and Reassure.co.uk/LGAS-transfer. This Booklet will become valid on the **Transfer Date**. In the meantime, there are some changes you should be aware of below.

C5.2 Will there be any change to the people you contact?

From the **Transfer Date**, you will contact **ReAssure**. Further details will be included in the welcome letter that **ReAssure** will send you after the **Scheme** is approved.

C5.3 How will you know how the SIPP is performing?

You'll receive an annual statement each year to provide an update on the SIPP. If you register for **ReAssure's** portal, called 'ReAssure Now', you'll also be able to access your policy information online for both self-investments and insured funds. **ReAssure** will use a phased launch to introduce this service to customers.

C5.4 Are any changes being made to the charges for the SIPP?

In addition to the general changes to the SIPP outlined in this part of the Scheme Guide, the new SIPP Terms and Conditions include a change to the way a 'platform charge' can be collected. This is particularly relevant if you currently invest the SIPP via the AEGON (previously Cofunds) platform. The new SIPP Terms and Conditions will allow the platform charge to be taken directly from the SIPP when you use a platform. Currently, this will only apply to you if you have signed up to the AEGON Terms and Conditions and if you hold self-investments on the AEGON platform. If you elect to use the AEGON platform at a later date and sign up to the AEGON Terms and Conditions, then this change will take effect from then.

If you have already signed up to the AEGON Terms and Conditions, this is not a new charge as it is a charge you already committed to pay as part of signing up to the AEGON Platform.

This change introduces the facility to pay for the platform charge through the SIPP. Paying the charge from within your pension arrangement can be a more tax-efficient way of covering the costs of investing through a platform. You will still have the option to elect to pay this charge from outside the SIPP if you wish, that is either directly to AEGON or through other contracts you have on the AEGON platform. You also have the option of cancelling your platform account with AEGON and moving your investments elsewhere.

Example – To illustrate the level of this charge we have provided an example. The current maximum platform charge by AEGON is 0.29% per year of the value of your investment on the platform. This is deducted monthly. So, assuming an investment value of £100,000 throughout the year on the AEGON platform, the charge would be approximately £24.17 per month.

Please note that this change in the way these charges are collected is distinct and not related to the transfer of your policy but, given that it was due to occur in the same period, it was considered helpful to communicate the changes together and implement them at the same time (that is, on the **Transfer Date**).

C5.5 Are there any changes if you or your adviser use the AEGON platform for trading in self-investments?

No. Your adviser will continue to be able to make trades on your behalf if they're currently able to do so. If you use the AEGON platform to trade yourself this should also continue to be available.

C5.6 You currently take an income from the SIPP. Will there be any changes?

Yes. If you're currently taking an income from the SIPP, you'll continue to be able to do this. However, if you have a member's SIPP bank account, you'll only need this if you have money in self-investments. If you only have money in insured funds and you're taking an income from these funds, **ReAssure** will make payments to you directly and there will be no need for you to have a SIPP member's bank account. The welcome letter that **ReAssure** will send you will include more information about this.

In addition, you'll also be able to access your policy online by registering for the **ReAssure** portal, called '*ReAssure Now*'. **ReAssure** will use a phased launch to introduce this service to customers. **Legal & General** do not currently offer an equivalent service for customers receiving an income from their SIPP.

There are also some changes to the income limits which are outlined below. These are all improvements to the choice you will have and will not impact the current level of income you are taking.

C5.7 Are there any other changes you need to be aware of?

If you aren't currently taking an income from the SIPP, but decide to do so after the **Transfer Date**, you won't be charged a set-up fee if the SIPP investment only invests in insured funds (unit linked funds).

If you're currently making contributions into the SIPP and want to continue to do so after your selected retirement date, you'll be able to do this by contacting **ReAssure** at the appropriate time.

Currently, if you want to add another pension into the SIPP, the pension you're adding must have a minimum value. After the **Transfer Date**, the minimum value requirement will be reduced. Please refer to the new SIPP Terms and Conditions for details.

If you want to, and are eligible to, take income drawdown from the SIPP, you'll now be able to take up to four (previously two) one-off withdrawals each policy year (a policy year will run from one birthday to the next). The minimum withdrawal amount will be reduced. Please refer to the new SIPP Terms and Conditions for details.

PART C6 FOR MEMBERS OF THE STAKEHOLDER PENSION SCHEME

C6.1 Introduction

You are currently a member of the **Legal & General** Stakeholder Pension Scheme. This pension scheme operates under stakeholder pension regulations set out by the Government. Your rights and benefits within the pension scheme are held within an individual stakeholder pension policy in your name which is also provided by **Legal & General**.

C6.2 What is happening to your Stakeholder Pension Policy?

Our intention is to request that the **High Court** transfer your existing individual stakeholder pension policy to the **ReAssure** Number Two Stakeholder Pension Scheme on the **Transfer Date**. This means you will become a member of the **ReAssure** Number Two Stakeholder Pension Scheme, which is a UK registered stakeholder pension scheme and is governed by the same stakeholder pension regulations as the **Legal & General** Stakeholder Pension Scheme.

From the **Transfer Date**, **ReAssure** will be fully responsible for the management and operation of the **ReAssure** Number Two Stakeholder Pension Scheme, and the administration of your individual stakeholder pension policy.

C6.3 Can you still benefit from tax relief on pension contributions you pay in after the proposed transfer?

When you originally applied for your individual stakeholder pension policy you completed a Pension Tax Relief at Source Declaration (PTRAS Declaration). This declaration confirmed your eligibility to receive basic rate tax relief on your pension contributions and has allowed **Legal & General** to claim basic rate tax relief on the contributions you make to your pension. Subject to approval from the **High Court**, we intend to transfer your PTRAS Declaration from **Legal & General** to **ReAssure**. This is to enable **ReAssure** to claim basic rate tax relief on the contributions you make *after* the transfer.

Please note: HM Revenue & Customs (HMRC) require that policyholders continue to ensure they remain eligible for this valuable benefit over the term of their policy if their circumstances change in respect of tax relief.

C6.4 Can you increase your regular contributions or pay additional single contributions into your stakeholder pension policy?

Yes. If you choose to increase your pension contributions after the **Transfer Date** it may be necessary for you to complete a new PTRAS Declaration so that **ReAssure** can continue to claim tax relief on your contributions.

C6.5 Can you restart your contributions if your stakeholder pension policy is "paid up" (not receiving regular contributions)?

Yes. You can restart your pension contributions at any time. If you restart contributions after the **Transfer Date**, **ReAssure** will send you a new direct debit mandate and a new PTRAS Declaration for completion to allow them to claim basic rate tax relief on any future contributions you make.

C6.6 Will you have to complete a new death benefit nomination form?

No. Your existing death benefit nomination(s) will still be valid after your stakeholder pension policy is transferred to **ReAssure**. If you would like to update this please contact **ReAssure** after the **Transfer Date**.

C6.7 What does the Independent Expert say?

The **Independent Expert** has reviewed the proposals for transferring your individual stakeholder pension policy to the **ReAssure** Number Two Stakeholder Pension Scheme on the **Transfer Date**. He concludes that: "I am satisfied that if the **Scheme** were to be implemented, the transferring stakeholder pension policyholders' policies and existing PTRAS declarations would be transferred to the scheme administrator of the **ReAssure** Stakeholder Pension Scheme. I am therefore satisfied that the **Scheme** would not have a material adverse effect on the transferring stakeholder pension policies."

PART C7

FOR TRUSTEES OF PENSION SCHEMES

C7.1 How will the transfer impact you as a Trustee?

There will be little change to the service you receive. **ReAssure** will provide you with:

- Access to either a dedicated relationship manager or a named team of administrators who will respond to any queries you have within a set timeframe.
- Annual statements for the policies in your pension scheme.
- If applicable, bonus information will be included within your annual statements and will also be available on **ReAssure's** website at reassure.co.uk
- If your pension scheme goes into arrears **ReAssure** will send a letter to let you know, so you can take the appropriate action.
- **ReAssure** will automatically provide you with a pension scheme report every quarter – you will no longer have to request this.
- Pension schemes where contributions are currently being paid will be given the opportunity to register for the **ReAssure** 'Re Act' portal so they can self-administer their pension scheme.
- If an individual's benefits are assigned back to a member, **ReAssure** will then deal with the member directly – and offer appropriate retirement options.

C7.2 Will there be any changes to members' retirement options?

No. Please see below confirmation of what happens for members around their 'Selected Retirement Date':

- The member's retirement date will be set to the maximum age allowed by the terms and conditions, and you'll continue to receive annual statements for the member until they take a retirement option.
- Members will receive a 'Wake-up' pack approximately seven months before their Selected Retirement Date. This will confirm all the options that **ReAssure** offer.
- When a member chooses a retirement option, you may have to get in touch with **ReAssure** to confirm this (depending on the chosen option).
- Contribution payments will automatically stop at the Selected Retirement Date, but you will be able to start these again if the terms and conditions allow this.
- The policy will continue to be invested in line with the terms and conditions.
- If the member chooses not to take a retirement option, the options will automatically be deferred to age 75 (or 85 if this is in your pension scheme rules).

C7.3 When will ReAssure contact you with details of their service?

After the **Scheme** has been approved, **ReAssure** will provide you with full details of their service in a welcome pack.

PART D

SUMMARY OF THE TERMS OF THE SCHEME

D1. Introduction

The following is a summary of the main points of the **Scheme**. The full **Scheme** is accessible from the **Legal & General** website and the **ReAssure** website at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer or by calling the Policy Transfer Helpline referenced in **PART A4** of this guide.

D2. Transfer of the Transferring Business from Legal & General to ReAssure

Transferred Business

At the **Transfer Date**, **Legal & General** will transfer its traditional insurance-based savings, pensions, life and with profits business (the "Transferred Business") to **ReAssure**. The Transferred Business comprises certain with profits, non-participating retail savings and retail pensions, unit linked protection and self-invested pensions and some group pension scheme businesses of **Legal & General**. These businesses comprise the insurance policies, as well as the associated assets and liabilities.

It is intended that from the **Transfer Date**, all the rights and obligations arising from the Transferred Business will transfer to **ReAssure** from **Legal & General**. This means that **ReAssure** will be responsible for paying all benefits and meeting all other obligations which were previously **Legal & General's** in relation to the Transferred Business.

The transfer of certain parts of the Transferred Business, such as the transfer of the SIPP business, is more complex than others and therefore needs to be set out in more detail in the **Scheme**. These are set out in **PART E** of the **Scheme**, which more particularly describes those specific transfers.

Exceptions

Despite the intention mentioned above, there may be a small number of policies which fall outside the **Scheme**. These would be either policies that **Legal & General** and **ReAssure** agree should not transfer (the "Excluded Policies") or policies that cannot transfer for a particular reason (the "Residual Policies"). We do not expect that there will be any "Excluded Policies" or "Residual Policies".

Transferred Contracts

Certain **Legal & General** contracts (including reinsurance contracts) that relate to the Transferred Business will also transfer. This transfer may be of all or part of a given contract. The main effect of this transfer will be that **ReAssure** will replace **Legal & General** as a party to the transferring contract, with the result that **ReAssure** will assume the rights and obligations **Legal & General** has in connection with those contracts.

Proceedings and litigation

Any proceedings or litigation by or against **Legal & General** which are ongoing as of the **Transfer Date** and that are connected with the Transferred Business shall be continued by or against **ReAssure**. Future proceedings in respect of the Transferred Business should be commenced against **ReAssure** rather than **Legal & General**. **ReAssure** will be entitled to all defence, claims, counterclaims and rights to set-off that would have been available to **Legal & General**. Any judgment, settlement, order or award under current or past proceedings obtained by or against **Legal & General** in relation to the Transferred Business shall be enforceable by or against **ReAssure** in place of **Legal & General**.

D3. Allocation Structure

ReAssure will establish the **LGWPF** as a stand-alone fund. The assets and liabilities (including the relevant policies) that are currently allocated to the transferring **With Profits Fund** will be allocated to the **LGWPF**. All other transferred assets and liabilities will be allocated to the **ReAssure** non-profit fund.

Linked funds

Each linked asset and associated liability forming part of the Transferred Business comprised in each linked fund will be allocated to a new corresponding linked fund established by **ReAssure**.

ReAssure will be entitled to the rights, benefits and powers, and will be subject to the duties and liabilities, that applied to **Legal & General** in relation to the corresponding linked fund. **ReAssure** will, subject to certain conditions, be able to close or amalgamate any new linked funds (or any part or parts thereof), to divide or wind up any new linked funds, or to modify or enlarge the investment objectives of any new linked funds.

Re-allocation of policies and merger of funds

Subject to certain conditions (including the terms of the relevant policy, applicable law and regulation, notification of the **Regulators** and so on), **ReAssure** may:

- (A) Re-allocate any non-participating with profits policy, or any part of any participating with profits policy that becomes a non-participating with profits policy, from the **LGWPF** to the **ReAssure** non-profit fund;
- (B) Merge the **LGWPF** into another with profits fund of **ReAssure** if the aggregate market value of the assets in the **LGWPF** has fallen below £400 million;
- (C) Merge other with profits funds of **ReAssure** into the **LGWPF**;
- (D) Merge the **LGWPF** into the non-profit fund of **ReAssure** if the aggregate market value of the assets in the **LGWPF** has fallen below:
 - (i) £80 million; or
 - (ii) £400 million, provided additional conditions are met (including instructing an independent actuary to provide their advice on the merger),
 (together, the "Future Fund Changes").

If necessary to give effect to the Future Fund Changes, and subject to the same conditions above, **ReAssure** may amend the **Scheme** provided the amendments are equitable to policyholders and in accordance with applicable law and regulation. The threshold figures mentioned above will be increased each calendar year in accordance with the UK Retail Price Index.

With profits expenses

ReAssure will be the administrator of the **LGWPF** and will be able to charge the **LGWPF** for the provision of its services to the fund. The expenses that **ReAssure** may charge will be fixed by reference to agreed expense charges (increased each calendar year from 2018 in accordance with the UK Retail Price Index plus 0.5%). Subject to the changes permitted under the Future Fund Changes, these fixed expenses will continue until the date on which the last policy remaining in the **LGWPF** runs off, matures, lapses or is surrendered.

D4. Transfer Date

The **Transfer Date** of the **Scheme** will be on 4 November 2019. For accounting and financial reporting purposes, the **Scheme** will be treated as effective between **Legal & General** and **ReAssure** from 1 November 2019. However, this will not affect policyholders or their rights against **Legal & General** and **ReAssure**.

Legal & General and **ReAssure** may agree to delay the **Transfer Date** until 4 February 2020. If **Legal & General** and **ReAssure** wish to delay the **Transfer Date** beyond this date, they must go back to the **High Court** for consent and comply with various other conditions (including notifying the **Regulators**).

If the **Scheme** has not become effective before 4 May 2020, the provisions of the **Scheme** will lapse.

D5. Variations to the Scheme

ReAssure may apply to the **High Court** for consent to amend the terms of the **Scheme**, provided that the **Regulators** have been given prior and reasonable notice and the application to the **High Court** is accompanied by a report containing a certificate from an independent actuary to the effect that the proposed amendment will not materially adversely affect the interests of policyholders.

Legal & General will need to give consent to any amendment to the terms of the **Scheme** if **Legal & General** can show that the amendment will have an adverse financial impact on **Legal & General**.

PART E

THE SUMMARY REPORT OF THE INDEPENDENT EXPERT

JULY 2019

PREPARED BY: OLIVER GILLESPIE, FIA

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PART E

THE SUMMARY REPORT OF THE INDEPENDENT EXPERT

E1. The companies involved in the transfer

- E1.1** Legal & General Assurance Society Limited (“LGAS”) is a proprietary composite insurance company that was founded in 1836. LGAS is the principal operating subsidiary for the Legal & General Group (the “L&G Group”) and is one of the largest providers of insurance products in the UK.
- E1.2** LGAS currently has approximately £143 billion of assets under management (as at 31 December 2018).
- E1.3** On 31 May 2019, the L&G Group announced that it had sold its general insurance business to Allianz and that the transaction was expected to complete in the second half of 2019 subject to regulatory approvals.
- E1.4** ReAssure is a proprietary insurance company that is part of the Swiss Re Group. Since February 2018, the Japanese insurance group MS&AD Insurance Group (“MS&AD”) has owned a minority stake in ReAssure and, in February 2019, this increased from 15% to 25%.
- E1.5** ReAssure’s business is based on the acquisition of the closed blocks of in-force life insurance business of other life insurance companies either through reinsurance agreements or by means of legal transfers of business and this has led to ReAssure undertaking a large number of transfers of business since its first acquisitions in 1983.
- E1.6** ReAssure currently has approximately £39 billion of assets under management (as at 31 December 2018).

E2. The proposed transfer

Introduction

- E2.1** On 6 December 2017, the L&G Group announced that it intended to sell part of its long-term insurance business to ReAssure in order to allow it to focus on growth in other areas such as writing and acquiring blocks of annuities and investment management.
- E2.2** It is this block of business that is proposed to be transferred from LGAS to ReAssure under the proposed transfer that is the reason for this report.

The transferring business

- E2.3** The transferring business consists of approximately 1 million policies and assets of approximately £28 billion (as at 31 December 2018). This business includes the ‘Mature Savings’ block of business and smaller volumes of other long-term insurance business of LGAS and has been largely closed to new business and in run-off since 2015.
- E2.4** The transferring business consists of with-profits business, unit-linked business and non-profit business. These are all types of long-term insurance products that are common across the UK industry and I explain these in more detail in Section 3 of my main report. A summary of the transferring business is provided in Section 5 of my main report.
- E2.5** If the transfer were to go ahead then the assets and liabilities associated with the transferring business would be transferred from LGAS to ReAssure. The proposed date of transfer is currently set to be 4 November 2019.

E3. My considerations with respect to the proposed transfer

- E3.1** My key considerations in respect of each group of policyholders affected by the proposed transfer are whether the proposed transfer would have an effect on the following:

- **The security of benefits under the policies.**

The security of benefits for the transferring business is derived from the financial strength of the firm itself which depends on the assets held to back the policies, any assets held in excess of this, and any external support provided by the parent of the firm.

The level of assets held by a firm in relation to a particular block of business is determined by the appropriate regulatory regime and any extra assets required as typically set out in that firm's risk appetite statement (the "RA Statement") as a multiple of the level of assets required by the appropriate regulatory regime. The RA Statement will typically include details of the required governance around the RA Statement including the required response to a breach and how the RA Statement might be changed.

- **The profile of risks to which the policies are exposed.**
- **The reasonable expectations of the policyholders in respect of their benefits.**
- **The standards of administration, service, management and governance applied to each group of policies.**

E3.2 In this report I have considered the effects of the proposed transfer on the following groups of policies:

- The transferring LGAS policies in Section 8 and Section 9 of my main report;
- The existing ReAssure policies in Section 10 of my main report; and
- The non-transferring LGAS policies in Section 11 of my main report.

E3.3 I summarise these sections below.

E4. The effect of the transfer on the transferring LGAS policies

E4.1 I analyse the effects of the proposed Transfer on the transferring LGAS policyholders in Section 8 and 9 of my main report.

The effect of the transfer on the security of the benefits of the transferring policies

E4.2 If the proposed transfer were to proceed, the security of benefits under the transferring policies would be derived from ReAssure rather than from LGAS as currently.

E4.3 As the analysis in Section 8 of my main report shows, I am satisfied that this reliance on the financial strength of ReAssure, its risk appetite statement and its group support would not have a material adverse effect on the security of the benefits of the transferring LGAS policies.

The effect of the transfer on the profile of risks to which the transferring policies are exposed

E4.4 If the transfer were to go ahead, the transferring policies would become policies of ReAssure and be directly exposed to the risk profile of a different company that has written different business, through different distribution channels, to policyholders with different demographic profiles.

E4.5 Whilst the transfer would result in a change to the risk exposures of the transferring policies, the transfer would have no effect on the regulatory regime to which the business would be subject as both firms are subject to the same Solvency II regime and to regulation by the PRA and FCA, and the Solvency Capital Requirement ("SCR") calculated in accordance with the Solvency II regime will continue to reflect the risk exposures of ReAssure which will, after the transfer, include the transferring LGAS business.

E4.6 Therefore, I am satisfied that, this would not have a material adverse effect on the security of the benefits of the transferring policies.

The effect of the transfer on the reasonable expectations of the transferring policyholders in respect of their benefits

E4.7 The transferring business consists of with-profits, unit-linked, and non-profit business and in Section 8 of my main report I consider the effects of the proposed transfer on the policyholders' reasonable expectations in respect of their benefits on each of these types of product separately.

E4.8 The intention from ReAssure is that, after the transfer, the transferring business would be managed in materially the same way as it would have been had the transfer not happened and the business remained in LGAS.

E4.9 That said, ReAssure is a different company to LGAS and has different management and governance structures and therefore, one would expect there to be some changes for the transferring policies after the transfer and I cover the proposed changes in Section 8 of my main report.

E4.10 I am satisfied that the transfer would not have a material adverse effect on the reasonable expectations of the transferring policyholders.

The effect of the transfer on the standards of administration and servicing applied to the transferring LGAS policies

E4.11 If the proposed transfer were to go ahead, ReAssure would take over the administration of the majority of the transferring business. The IT systems used to administer and service the transferring business would not transfer across to ReAssure and a plan has been put in place to migrate the policy data from the current LGAS administration systems to the ReAssure administration systems.

E4.12 If this migration plan were to be completed by the Legal Effective Date then I am satisfied that there would not be a material adverse effect on the standards of the administration and servicing applied to the transferring LGAS policies.

E4.13 However, at the time of writing this report, ReAssure and LGAS have identified some areas of material concern with the migration plan that are being monitored closely by the ReAssure Board and the LGAS Board.

E4.14 Both firms have provided assurance that these areas of concern are being addressed, that the migration plan has been revised, and that they are confident that the migration can be successfully delivered in time for the Legal Effective Date. It is expected that some additional manual processes will be in place for a period after the Legal Effective Date while building and testing of systems is completed.

E4.15 It is the responsibility of the ReAssure Board and the LGAS Board to ensure that this migration is implemented successfully and without any material detriment to either transferring policyholders or existing ReAssure policyholders and I will rely on the ReAssure Board and the LGAS Board to ensure that this is the case. In particular I will rely on the Boards of the firms to ensure that the migration project is given the appropriate priority, that the required planning is carried out, and that the required resources are secured, such that the status of the migration project is quickly improved to an acceptable level.

E4.16 Although uncertainty is not unexpected at this stage, in migration projects of this complexity, the High Court will not sanction the Scheme until it is satisfied that there would not be a material adverse effect on policyholders. The firms have established readiness checkpoints to monitor and resolve these uncertainties and these will need to be passed before a decision is made by the ReAssure and LGAS Boards to seek an Order from the High Court to implement the Scheme.

E4.17 I will report on the progress with the migration plan in my Supplementary Report for the Sanctions Hearing.

The effect of the transfer on the management and governance applied to the transferring LGAS policies

E4.18 A number of changes have recently been made to the governance framework within ReAssure in order to maintain the current level of governance of the transferring business within LGAS.

E4.19 I have reviewed the ReAssure governance framework and I am satisfied that the level of oversight, including independent oversight, provided by the proposed framework is such that the proposed transfer would not have a material adverse impact on the standards of governance applied to the transferring business.

Conclusion in respect of the transferring LGAS policies

E4.20 I am satisfied that the proposed transfer would not have a material adverse effect on:

- The security of the benefits of the transferring policies of LGAS;
- The reasonable expectations of the transferring policyholders of LGAS in respect of their benefits; or

- The standards of administration, service, management and governance that apply to the transferring LGAS policies.

E4.21 As noted above there are some areas of material concern regarding the migration plan that are being monitored closely by the ReAssure Board and the LGAS Board. The transfer will not be able to proceed until a decision is made by the ReAssure and LGAS Boards to seek an Order from the High Court to implement the Scheme and the High Court is satisfied that the implementation of the Scheme would not have a material adverse effect on policyholders.

E4.22 I will provide an update on these in my Supplementary Report.

E5. The effect of the transfer on the existing ReAssure policies

E5.1 I analyse the effects of the proposed transfer on the existing ReAssure policyholders in Section 10 of my main report.

The effect of the transfer on the security of the benefits of the existing ReAssure policies

E5.2 If the proposed transfer were to proceed, the security of benefits under the existing ReAssure policies would continue to be derived from ReAssure, but a large amount of business would be transferred into ReAssure from LGAS.

E5.3 As the analysis in Section 10 of my main report shows, I am satisfied that the transfer would not have a material adverse effect on the security of the benefits of the existing ReAssure policies.

The effect of the transfer on the profile of risks to which the existing ReAssure policies are exposed

E5.4 I am satisfied that, although the transfer would cause a change to the profile of risks to which the existing ReAssure policies are exposed, this would not have a material adverse effect on the security of the benefits of the existing ReAssure policies.

The effect of the transfer on the reasonable expectations of the existing ReAssure policies in respect of their benefits

E5.5 If the transfer goes ahead there would be no change to:

- The terms and conditions of the existing ReAssure policies;
- The methodology used to calculate the amounts that are used to pay policyholders for claims and surrenders under with-profits, unit-linked and non-profit existing ReAssure policies;
- The charges that apply to the existing ReAssure policies;
- The exercise of discretion by ReAssure in respect of the management of the with-profits and unit-linked business; or
- The rights of the existing with-profits policyholders of ReAssure to any future distributions from the inherited estates.

E5.6 I am satisfied that the transfer would not have a material adverse effect on the reasonable expectations of the existing ReAssure policyholders in respect of their benefits.

The effect of the transfer on the standards of administration and servicing applied to the existing ReAssure policies

E5.7 As a result of the transfer, ReAssure would take over the administration of the majority of the transferring business.

E5.8 The IT systems used to administer and service the transferring business would not transfer across to ReAssure and a plan has been put in place to migrate the policy data from the current LGAS administration systems to the ReAssure administration systems.

E5.9 As noted above, there are some areas of material concern regarding the migration plan that are being monitored closely by the ReAssure Board and the LGAS Board.

E5.10 It is the responsibility of the Boards to ensure that this migration is implemented successfully and without any material detrimental impact to either transferring policyholders or existing ReAssure policyholders and I will rely on the ReAssure Board and the LGAS Board to ensure that this is the case.

E5.11 I will report on the progress with the migration plan in my Supplementary Report for the Sanctions Hearing.

The effect of the transfer on the management and governance of the existing ReAssure policies

E5.12 I am satisfied that the implementation of the proposed Scheme would not have a material adverse effect on the principles and practices used in the management of the existing business of ReAssure, the governance of the with-profits policies in the WLWPF, the NMWPF and the GAWPF, or the governance of the other ReAssure policies.

E5.13 I am therefore satisfied that the implementation of the transfer would not have a material adverse effect on the standards of management and governance that apply to the existing ReAssure policies.

Conclusion for the existing ReAssure policies

E5.14 I am satisfied that the transfer would not have a material adverse effect on:

- The security of the benefits of the existing ReAssure policies;
- The reasonable expectations of the existing ReAssure policyholders in respect of their benefits; or
- The standards of administration, service, management and governance that apply to the existing ReAssure policies.

E5.15 As noted above there are some areas of material concern regarding the migration plan that are being monitored closely by the ReAssure Board and the LGAS Board. The transfer will not be able to proceed until a decision is made by the ReAssure and LGAS Boards to seek an Order from the High Court to implement the Scheme and the High Court is satisfied that the implementation of the Scheme would not have a material adverse effect on policyholders.

E5.16 I will provide an update on these in my Supplementary Report.

E6. The effect of the transfer on the non-transferring LGAS policies

E6.1 I analyse the effects of the proposed transfer on the non-transferring LGAS policyholders in Section 11 of my main report.

The effect of the transfer on the security of the benefits of the non-transferring LGAS policies

E6.2 Currently, the non-transferring LGAS policies derive their security of benefits from being part of LGAS and this is derived from the financial strength available to provide security for the benefits of the non-transferring policies under the LGAS RA Statement and the external support available from the L&G Group. This would not change as a result of the implementation of the transfer and therefore if the transfer were to go ahead I am satisfied that there would not be a material adverse effect on the security of the benefits of the non-transferring LGAS policies.

The effect of the transfer on the profile of risks to which the non-transferring LGAS policies are exposed

E6.3 I am satisfied that, although the transfer would cause a change to the profile of risks to which the non-transferring LGAS policies are exposed, this would not have a material adverse effect on the security of the benefits of the non-transferring LGAS business.

The effect of the transfer on the reasonable expectations of the non-transferring LGAS policyholders in respect of their benefits

E6.4 If the transfer were to go ahead, there would be no change to the terms and conditions, the methodology used to determine claim and surrender benefits, the charges that apply, or the exercise of discretion in respect of the management of the unit-linked funds for the non-transferring LGAS policies.

E6.5 I am satisfied that the transfer would not have a material adverse effect on the reasonable expectations of the non-transferring LGAS policyholders in respect of their benefits.

The effect of the transfer on the standards of administration, servicing, management and governance applied to the non-transferring LGAS policies

- E6.6** If the transfer were to go ahead there would be no change to the administration and servicing, the asset management arrangements, or the governance and management of the non-transferring LGAS policies.
- E6.7** I am satisfied that the transfer would not have a material adverse effect on the standards of administration, servicing, management and governance that apply to the non-transferring LGAS policies.

Conclusion for the non-transferring LGAS policies

- E6.8** I am satisfied that the transfer would not have a material adverse effect on:
- The security of the benefits of the non-transferring LGAS policies;
 - The reasonable expectations of the non-transferring LGAS policyholders in respect of their benefits; or
 - The standards of administration, service, management and governance that apply to the non-transferring LGAS policies.

E7. The ReAssure Group plc Initial Public Offering (IPO)

- E7.1** On 3 August 2018, the Swiss Re Group announced that it was exploring the possibility of an IPO of shares in the ReAssure Group in 2019.
- E7.2** In anticipation of a potential IPO, a new public parent company (“ReAssure Group plc” or “RGP”) has been set up, of which ReAssure is now a subsidiary.
- E7.3** On 14 June 2019, RGP confirmed its intention to proceed with the IPO but, on 11 July 2019, subsequent to date on which my main report was issued, it was announced that the IPO process had been suspended. As such it remains uncertain as to whether the IPO will proceed and, if it does, when that might happen.
- E7.4** A change of ownership resulting from the IPO could potentially lead to changes to the availability of parental capital support for ReAssure and to the management and governance of the insurance business within ReAssure. It is not expected that the ReAssure IPO would lead to any changes to the administration or servicing of the insurance business within ReAssure.
- E7.5** In terms of the different groups of policies considered in Sections 8, 9, 10 and 11 of my main report, it is only the transferring LGAS policies that would be affected by the IPO as a result of the transfer. I analyse the effects of the ReAssure IPO in Section 12 of my main report and, in summary, I am satisfied that:
- If the risk appetite statement applicable to the post-IPO company were to be at least as strong as the ReAssure IPO RA Statement there would not be a material adverse effect on the security of the benefits and reasonable benefit expectations of the transferring policies.
 - There exist sufficient controls to ensure that there would not be a material adverse effect on the standards of administration, service, management and governance that apply to the transferring policies.
- E7.6** I analyse the effects of the ReAssure IPO, if it were to proceed, in Section 12 of my main report.

E8. My considerations in respect of the fair treatment of customers

- E8.1** I analyse the effects of the transfer on the fair treatment of customers in Section 13 of my main report.

The approach to communications with policyholders

- E8.2** LGAS will send a mailing pack to the LGAS transferring policyholders (subject to dispensations).
- E8.3** Due to the size of the transferring business compared to the existing business of ReAssure, ReAssure will send a letter (the “Part VII Letter”) to the existing ReAssure policyholders to make them aware of the transfer (subject to dispensations).

E8.4 LGAS and ReAssure intend to seek waivers from the regulatory requirements to send a written notice to certain groups of policyholders as set out in Section 12 of my main report and I am satisfied that the applications for waivers are reasonable.

The costs of the transfer

E8.5 The costs of the transfer will be split between the shareholder funds of LGAS and ReAssure.

E8.6 An expense deal will be implemented for the LGWPF, which will provide with-profits policyholders with certainty in respect of future expenses levied to the fund. In return the fund will make a £50 million contribution to the cost of migration. I am satisfied that when considered together the expense deal and the £50 million contribution will not have a material adverse effect on the reasonable expectations of the with-profits policyholders in the LGWPF in respect of their benefits. This is covered in Sections 7 and 8 of my main report.

E8.7 I am satisfied that this allocation of the costs of the transfer is reasonable.

E9. My conclusions

E9.1 I confirm that I have considered the issues affecting the policyholders of LGAS and ReAssure separately, as set out in Sections 8 to 14 of my main report and that I do not consider further subdivisions (other than those in this report) to be necessary.

E9.2 I am satisfied that the transfer would not have a material adverse effect on:

- The security of the benefits of the policies of LGAS and ReAssure;
- The reasonable expectations of the policyholders of LGAS and ReAssure in respect of their benefits; or
- The standards of administration, service, management and governance that apply to the LGAS and ReAssure policies.

E9.3 I am satisfied that the transfer is equitable to all classes and generations of LGAS and ReAssure policyholders.

E9.4 As noted above there are some areas of material concern regarding the migration plan that are being monitored closely by the ReAssure Board and the LGAS Board. The transfer will not be able to proceed until a decision is made by the ReAssure and LGAS Boards to seek an Order from the High Court to implement the Scheme and the High Court is satisfied that the implementation of the Scheme would not have a material adverse effect on policyholders.

E9.5 I will provide an update on these in my Supplementary Report.

PART F

FORMAL NOTICE OF THE SCHEME

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
No. CR-2018-007713
COMPANIES COURT (Ch D)

IN THE MATTER OF LEGAL AND GENERAL ASSURANCE SOCIETY LIMITED
AND
IN THE MATTER OF REASSURE LIMITED
AND
IN THE MATTER OF PART VII OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

NOTICE IS HEREBY GIVEN that, on 11 July 2019, an application was presented to the High Court of Justice of England and Wales (the "**Court**") by Legal and General Assurance Society Limited (the "**Transferor**") (incorporated in England and Wales and with its registered office at One Coleman Street, London EC2R 5AA, United Kingdom) and ReAssure Limited (the "**Transferee**") (incorporated in England and Wales and with its registered office at Windsor House, Ironmasters Way, Telford Centre, Shropshire TF3 4NB, United Kingdom) for:

- (A) an order of the Court, under section 111 of Part VII of the Financial Services and Markets Act 2000 ("**FSMA**"), sanctioning an insurance business transfer scheme (the "**Scheme**") providing for the transfer of the traditional insurance-based savings, pensions, life and with profits business (the "**Transferred Business**"; as more particularly described in the **Scheme**) of the Transferor to the Transferee; and
- (B) such order as the Court thinks fit under section 112(1) of FSMA.

Copies of a report on the terms of the **Scheme** prepared by an independent expert in accordance with section 109 of FSMA, a summary of that report and a statement setting out the terms of the **Scheme** are available, free of charge. Policyholders of the Transferee can obtain those copies at reassure.co.uk/LGAS-transfer or by contacting the Transferee using the Transferee's contact details, as set out below. Any other person, including policyholders of the Transferor, seeking such copies can obtain them at legalandgeneral.com/policytransfer or by contacting the Transferor using the Transferor's contact details, as set out below. Any further news about the Scheme will be posted at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer

The application for sanction of the **Scheme** is currently scheduled to be heard on 17 October 2019 at the Business and Property Courts of England and Wales, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL. Any change to the hearing date will be published at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer

The **Transfer Date** of the **Scheme** is currently expected to be 4 November 2019. The Transferor and the Transferee can agree to defer the **Transfer Date** until after 4 November 2019, provided it is no later than 4 February 2020. Any changes to this date will be communicated at legalandgeneral.com/policytransfer and reassure.co.uk/LGAS-transfer

Any person who alleges that he or she may be adversely affected by the carrying out of the **Scheme** has a right to attend the hearing and express their views either in person or by a representative.

Any person who alleges that he or she may be adversely affected by the **Scheme** but does not intend to attend the hearing may make representations about the **Scheme** by telephone, by email or in writing to the Transferor, or by telephone or in writing to the Transferee. Representations can also be made to the respective solicitors of the Transferor and the Transferee, each named below, using the contact details set out below.

Any person who intends to appear at the hearing or make representations by telephone, by email or in writing to the Transferor or the Transferee is requested (but is not obliged) to notify his or her objections as soon as possible and preferably by 12.00 Noon on 4 October 2019. Policyholders of the Transferee who wish to be heard or make representations should contact the Transferee or the Transferee's solicitors, Herbert Smith Freehills. All other persons, including policyholders of the Transferor, who wish to be heard or make representations should contact the Transferor or the Transferor's solicitors, Slaughter and May.

If the **Scheme** is sanctioned by the **High Court**, it will result in the transfer of the Transferred Business from the Transferor to the Transferee, notwithstanding that a person would otherwise be entitled to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified, in respect thereof. Any such interest or right will only be enforceable to the extent the Order of the Court makes provision to that effect.

Dated _____

Transferee contact information:

Telephone number: 0808 164 7501 (or, if resident outside the United Kingdom, on +44 195 252 4695). The Transferee's phone lines are open from 9am to 5.30pm on Monday to Friday (excluding bank holidays).

Postal address: Transfer Response Handling Team, ReAssure Limited, Windsor House, Telford Centre, Telford, Shropshire TF3 4NB.

Transferor contact information:

Telephone number: 0800 048 1026 (UK-Freephone) (or, if resident outside the United Kingdom, on +44 1273 374130). The Transferor's phone lines are open from 9am to 5pm on Monday to Friday.

Postal address: Policy Transfer Team, Legal & General, PO Box No. 5458, City Park, The Droveway, Hove, East Sussex BN52 9GL

Email: scheme.response@landg.com

Solicitors for the Transferee:

Herbert Smith Freehills LLP, Exchange House, Exchange Square, London EC2A 2EG, United Kingdom. Ref: GCM 2067 / GJM 17236.

Solicitors for the Transferor:

Slaughter and May, One Bunhill Row, London EC1Y 8YY, United Kingdom. Ref: RAC/LKXH.

PART G

JERSEY AND GUERNSEY SCHEMES

Legal & General has a small number of policies that form part of the business carried on in or from within Jersey, or which were issued to people resident in Guernsey. We will transfer these policies separately under a **Jersey Scheme** and a **Guernsey Scheme** respectively. These schemes will be presented to the Royal Court of Jersey and the Royal Court of Guernsey (respectively). We are liaising with the Jersey Financial Services Commission and the Guernsey Financial Services Commission.

Both the **Jersey Scheme** and the **Guernsey Scheme** transfer the policies to which they relate on substantially the same terms as the **Scheme**. The Summary of the Terms of the **Scheme** in **PART D** of this Scheme Guide and the Summary of the **Independent Expert's** Report in **PART E** apply equally to the **Jersey** and **Guernsey Schemes**. In terms of the **Jersey** and **Guernsey Schemes**, where we refer to the approval of the **High Court**, you should read this as approved by the Royal Court of Jersey or the Royal Court of Guernsey, as appropriate.

The court hearings for the approval of the **Jersey Scheme** and the **Guernsey Scheme** are expected to take place as follows.

- **Jersey Scheme** – at 9.00am on 22 October 2019 at the Royal Court of Jersey, The Royal Court House, Royal Square, St Helier JE1 1JG.
- **Guernsey Scheme** – at 9.30am on 25 October 2019 at the Royal Court of Guernsey, The Royal Court House, St Peter Port GY1 2NZ.

If you believe you would be adversely affected by one of these **Schemes**, you may put your objections to the Royal Court of Jersey or the Royal Court of Guernsey in the following ways.

- You can write to us at the address given in **PART A4** of this guide. We will share your objection and our reply to you with **ReAssure**, the **High Court**, the Royal Court of Jersey or the Royal Court of Guernsey (as applicable), the **Independent Expert** and the relevant supervisory organisation. If you do write to **Legal & General**, it would help if you could please quote your contract number and the reference details noted on the front page of the covering letter in this pack.
- You can call us on 0800 048 1026 (UK-Freephone) or +44 1273 374130 (International calls). For international calls, call charges will vary. We will record and monitor calls. We will make a note of your objection or concern and share our reply to you with **ReAssure**, the **High Court**, the Royal Court of Jersey or the Royal Court of Guernsey (as applicable), the **Independent Expert** and the relevant supervisory organisation.
- You can come to the hearing and present your objection to the relevant court in person. Alternatively, a representative can come to the hearing at the relevant court and present your objection on your behalf.

If you intend to put your objections, concerns or representations to the relevant court in any of the above ways, we would ask that you contact us using the details above as soon as possible and preferably before 12.00 noon 11 October 2019 to let us know. By informing us, we will be able to let you know about any changes that may take place to the relevant hearing, for example a change in the time or date. We may also be able to deal directly with any concerns you have.

If the Royal Court of Jersey or the Royal Court of Guernsey approves the **Jersey Scheme** or **Guernsey Scheme** respectively, the transfers will take place on the **Transfer Date** or a later date if the relevant courts order this.

You can see or obtain copies of these **Schemes** and the **Independent Expert's** Report. They are available from the **Legal & General** website at legalandgeneral.com/policytransfer or by calling us on 0800 048 1026 (UK-Freephone) or +44 1273 374130 if you are calling from overseas.

The **Jersey and Guernsey Schemes**, the **Independent Expert's** report and the relevant applications to be made to the Royal Court of Jersey and the Royal Court of Guernsey are also available for inspection or collection during office hours from our local counsel as shown below.

- **Jersey Scheme** – at the office of Mourant Ozannes, 22 Grenville Street, St Helier, Jersey JE4 8PX.
- **Guernsey Scheme** – at the office of Mourant Ozannes, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 4HP.

Please ask our local counsel to allow you to inspect or collect copies of the documents, which are available at no charge.

Legal & General Assurance Society Limited

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ReAssure Limited

Registered in England No. 754167. Registered Office: Windsor House, Telford Centre, Telford, Shropshire TF3 4NB
Tel: 0800 073 1777. Fax: 0870 709 1111. Email: customers@reassure.co.uk
www.reassure.co.uk

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Q0058737 July 2019

