

**IN THE ROYAL COURT OF GUERNSEY**

**IN THE MATTER OF  
LEGAL AND GENERAL ASSURANCE SOCIETY LIMITED**

**- and -**

**REASSURE LIMITED**

**AN APPLICATION PURSUANT TO SECTION 44 OF  
THE INSURANCE BUSINESS (BAILIWICK OF GUERNSEY) LAW, 2002**

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**GUERNSEY SCHEME**

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## 1. INTERPRETATION

### Definitions

1.1 In this scheme (the **Guernsey Scheme**), unless inconsistent with the subject or context, the following expressions bear the meanings respectively set opposite them, and other words and expressions used as defined terms in this Guernsey Scheme shall bear the meanings given to them in the UK Scheme:

**Guernsey Business** means the:

- (a) the Guernsey With-Profits Business;
- (b) the Guernsey NP Annuity Business;
- (c) the Guernsey NP Retail Savings Business;
- (d) the Guernsey NP Retail Pensions Business; and
- (e) the Guernsey Unit Linked Protection Business.

**Guernsey Business Information and Records** means all Business Information and Business Records relating to or attributable to the Guernsey Transferred Business, Guernsey Transferred Business Assets, Guernsey Transferred Business Liabilities, Guernsey Residual Assets and Guernsey Residual Liabilities.

**Guernsey Economic Effective Date** has the meaning given to it in clause 4.1 (a).

**Guernsey Effective Date** means either the Guernsey Economic Effective Date or the Guernsey Legal Effective Date, as the context requires in light of those dates' respective purposes pursuant to this Guernsey Scheme (as stated in clause 4.1).

**Guernsey FMISA** means the product that was sold by the Transferor Group that:

- (a) includes a Guernsey Policy; and
- (b) is known as the "Flexible Mortgage ISA Plan".

**Guernsey FMISA Insurance Element** means, for each Guernsey FMISA purchased by a Guernsey Transferred Policyholder, the parts of the product that relate to the insurance cover provided under the Guernsey Policy.

**Guernsey FMISA ISA Element** means, for each Guernsey FMISA, the parts of the product that relate to the individual savings account provided to the Guernsey Transferred Policyholder.

**Guernsey FMISA Mixed Liability** means any Liability that is associated with a Guernsey FMISA and that:

- a) partly relates to the Guernsey FMISA Insurance Element; and
- b) partly relates to the Guernsey FMISA ISA Element.

**GFSC** means the Guernsey Financial services Commission.

**Guernsey Law** means the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended);

**Guernsey Legal Effective Date** has the meaning given to it in clause 4.1 (b).

**Guernsey NP Annuity Asset** means any Guernsey NP Annuity Policy, including the rights and benefits (subject to the burden) of the Transferor of, under or by virtue of the Guernsey NP Annuity Policy (including contractual, tortious and statutory rights).

**Guernsey NP Annuity Business** means the business carried on by the Transferor comprising the Administration of the Guernsey NP Annuity Policies at any time.

**Guernsey NP Annuity Policy** means any NP Annuity Policy which is a Guernsey Policy.

**Guernsey NP Retail Pensions Asset** means any Guernsey NP Retail Pensions Policy, including the rights and benefits (subject to the burden) of the Transferor or Nominees of, under or by virtue of any Guernsey NP Retail Pensions Policy (including contractual, tortious and statutory rights).

**Guernsey NP Retail Pensions Business** means the business carried on by the Transferor comprising the Administration of the Guernsey NP Retail Pensions Policies at any time.

**Guernsey NP Retail Pensions Policy** means any NP Retail Pensions Policy which is a Guernsey Policy.

**Guernsey NP Retail Savings Asset** means any Guernsey NP Retail Savings Policy, including the rights and benefits (subject to the burden) of the Transferor or Nominees of, under or by virtue of any Guernsey NP Retail Savings Policy (including contractual, tortious and statutory rights).

**Guernsey NP Retail Savings Business** means the business carried on by the Transferor comprising the Administration of any Guernsey NP Retail Savings Policy at any time.

**Guernsey NP Retail Savings Policy** means any NP Retail Savings Policy which is a Guernsey Policy.

**Guernsey Order** means an order of the Royal Court sanctioning this Guernsey Scheme.

**Guernsey Policy** means any Policy issued by the Transferor to a Guernsey Transferred Policyholder issued to a resident in the Bailiwick of Guernsey at the time of issue under which any liability remains unsatisfied at the Guernsey Effective Date.

**Guernsey Residual Asset** means:

- (a) any Guernsey Residual Policy and the rights, benefits and powers of the Transferor (or any rights, benefits and powers granted to any member of the Transferor Group) under or by virtue of any Guernsey Residual Policy;
- (b) any property of the Transferor or any member of the Transferor Group attributable to the Guernsey Residual Policies or the Guernsey Transferred Business (including any right, benefit or power of the Transferor or any member of the Transferor Group under any Guernsey Residual Policy or any Guernsey Transferred Policy) where the Transferor and Transferee agree prior to the Guernsey Effective Date that its transfer should be delayed; and

- (c) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, earned or received from time to time after the Guernsey Effective Date but prior to any relevant Guernsey Subsequent Transfer Date in respect of any such property referred to in clauses a) or b) of this definition,

but excluding any Excluded Asset.

**Guernsey Residual Liability** means any Liability of the Transferor Group arising from or in connection with the Guernsey Business or the Guernsey Policies if:

- (a) such Liability is attributable to or connected with a Guernsey Residual Asset and arises at any time before the Guernsey Subsequent Transfer Date applicable to that Guernsey Residual Asset;
- (b) in respect of such Liability, the Royal Court has declined to order the transfer to the Transferee pursuant to section 44 of the Guernsey Law at the Guernsey Legal Effective Date;
- (c) the Transferor and the Transferee agree prior to the Guernsey Legal Effective Date that the transfer of such Liability should be delayed; or
- (d) such Liability cannot be transferred to or vested in the Transferee for any other reason on the Guernsey Legal Effective Date,

but excluding any Excluded Liability.

**Guernsey Residual Policy** means any Guernsey Policy, excluding any Excluded Policy, comprised in the Guernsey Business:

- (a) which is not capable of being transferred pursuant to section 44 of the Guernsey Law at the Guernsey Legal Effective Date;
- (b) in respect of which the Court has declined to order the transfer to the Transferee under section 44 of the Guernsey Law at the Guernsey Legal Effective Date, including where further steps need to be taken following the Guernsey Order before such Guernsey Policy can be transferred and the Transferor and the Transferee agree that such further steps should be taken;
- (c) which is a Sanctioned Policy (unless and until there is no longer a positive match in respect of such Guernsey Policy, at which point the Guernsey Policy shall transfer pursuant to clause 7.2 of the UK Scheme as incorporated into this Guernsey Scheme),

and any further Guernsey Policy issued by the Transferor pursuant to the exercise of any right or option under a Guernsey Residual Policy, but excluding any Guernsey Policy that is, or that becomes, a Guernsey Transferred Policy pursuant to clause 7.2 of the UK Scheme as incorporated by reference into this Guernsey Scheme.

**Guernsey Scheme** means this Guernsey scheme of transfer of long-term insurance business.

**Guernsey Subsequent Transfer Date** means in relation to any Guernsey Residual Asset or Guernsey Residual Liability, the date (and each date) after the Guernsey Legal Effective Date on which such Guernsey Residual Asset or Guernsey Residual Liability as the case may be is or is to be transferred to the Transferee, namely:

- (a) in respect of any Guernsey Residual Asset falling within clause a) of the definition of Guernsey Residual Asset and of any Guernsey Residual Liability which is attributable

to or connected with that Guernsey Residual Asset or which falls within clauses b), d) or, where the relevant Guernsey Residual Asset has not transferred for reasons other than an agreement between the Transferor and the Transferee, a) of the definition of Guernsey Residual Liability, the date on which any impediment to its transfer shall have been removed or overcome;

- (b) in respect of any Guernsey Residual Asset falling within clause b) of the definition of Guernsey Residual Asset and of any Guernsey Residual Liability which is attributable to or connected with that Guernsey Residual Asset or which falls within clause c) or, where the relevant Guernsey Residual Asset has not transferred due to an agreement between the Transferor and the Transferee, a) of the definition of Guernsey Residual Liability, the date on which the Transferor (whether in its own capacity or for and on behalf of any member of the Transferor Group) and the Transferee (whether in its own capacity or for and on behalf of any member of the Transferor Group) agree the transfer should take effect; and
- (c) in respect of any Guernsey Residual Asset falling within clause c) of the definition of Guernsey Residual Asset and of any Guernsey Residual Liability which is attributable to or connected with that Guernsey Residual Asset, the date on which such Guernsey Residual Asset is received or earned by the Transferor or any member of the Transferor Group.

**Guernsey Transferred Business** means the whole of the Guernsey Business as of the Guernsey Effective Date, save to the extent that such Guernsey Business relates solely to Excluded Policies and excluding (subject to clause 7.2 of the UK Scheme as incorporated into this Guernsey Scheme) any Guernsey Residual Assets and Guernsey Residual Liabilities and any Guernsey Policy that has run off, lapsed, matured (including due to the death of the life insured), or been surrendered or sold, prior to the Guernsey Effective Date.

**Guernsey Transferred Business Asset** means each:

- (a) Guernsey With-Profits Asset;
- (b) Guernsey NP Annuity Asset;
- (c) Guernsey NP Retail Savings Asset;
- (d) Guernsey NP Retail Pensions Asset;
- (e) Guernsey Unit Linked Protection Asset;

each as at the Guernsey Effective Date and, in each case, excluding any Excluded Policy and (subject to clause 7.2 of the UK Scheme as incorporated into this Guernsey Scheme) any Guernsey Residual Asset.

**Guernsey Transferred Liabilities** means any Liability of any member of the Transferor Group arising from or in connection with the Guernsey Business or the Guernsey Policies (or any policies which would have been included within the Guernsey Policies but for having run off, lapsed, matured (including due to the death of the life insured), or been surrendered or sold, prior to the Guernsey Effective Date, including any and all Liabilities arising as a result of any act or omission of any Appointed Representative or Intermediary, in each case whether arising from facts, events or circumstances occurring before, on or after the Guernsey Effective Date, including Liabilities in respect of Mis-selling (other than Annuity Mis-selling Liabilities) that are novated or otherwise transferred on the Guernsey Effective Date to the relevant member of the Transferee Group in accordance with this Guernsey Scheme, but excluding any Excluded Liability and (subject to clause 7.2 of the

UK Scheme as incorporated by reference into this Guernsey Scheme) any Guernsey Residual Liability.

**Guernsey Transferred Policy** means any Guernsey Policy written by the Transferor which is comprised in the Guernsey Transferred Business, together with any proposals for insurance received by or on behalf of the Transferor before the Guernsey Legal Effective Date which has not become a Guernsey Policy in force by the Guernsey Legal Effective Date but which subsequently becomes a Guernsey Policy, but excluding any Excluded Policy and (subject to clause 7.2 of the UK Scheme as incorporated into this Guernsey Scheme) the Guernsey Residual Policies.

**Guernsey Transferred Policyholder** means any person who is a "policyholder" as that term is defined under the Guernsey Law in respect of any Guernsey Transferred Policy.

**Guernsey Unit Linked Protection Assets** means the Guernsey Unit Linked Protection Policies, including the rights and benefits (subject to the burden) of the Transferor of, under or by virtue of the Guernsey Unit Linked Protection Policies (including contractual, tortious and statutory rights).

**Guernsey Unit Linked Protection Business** means the business carried on by the Transferor comprising the Administration of the Guernsey Unit Linked Protection Policies.

**Guernsey Unit Linked Protection Policies** means any Unit Linked Protection Policy which is a Guernsey Policy.

**Guernsey With-Profits Asset** means any Guernsey With-Profits Policy, including the rights and benefits (subject to the burden) of the Transferor of, under or by virtue of the Guernsey With-Profits Policies (including contractual, tortious and statutory rights).

**Guernsey With-Profits Business** means the business carried on by the Transferor in respect of the With-Profits Fund comprising the Administration of the Guernsey With-Profits Policies.

**Guernsey With-Profits Liability** means any Guernsey Transferred Liability insofar as it is allocated to the With-Profits Fund immediately prior to the Guernsey Effective Date (including, for the avoidance of doubt, Liabilities that relate to Guernsey Policies that are Non-Participating With-Profits Policies and Liabilities that relate to Guernsey Policies that are Participating With-Profits Policies).

**Guernsey With-Profits Policy** means any With-Profits Policy which is a Guernsey Policy.

**Royal Court** means the Royal Court of Guernsey.

**UK Scheme** means the insurance business transfer scheme pursuant to Part VII of the Financial Services and Markets Act 2000 for, inter alia, the transfer of certain long term insurance business of the Transferor to the Transferee, a copy of which is contained in the schedule attached as Schedule 1 to this Guernsey Scheme, as it may be varied or amended from time to time in accordance with its terms.

- 1.2 Other words and expressions used as defined terms in this Guernsey Scheme shall bear the meanings given to them in the UK Scheme.
- 1.3 Subject to clause 1.2 above and except where the context requires otherwise, words and expressions used in the Guernsey Law or in any regulations made under it shall have the same meanings in this Guernsey Scheme.

## **Headings**

- 1.4 Headings in this Guernsey Scheme are inserted for convenience only and shall not affect its construction.

## **References**

- 1.5 Any reference in this Guernsey Scheme to an enactment, statutory provision or regulation shall be deemed to include a reference to the enactment or statutory provision or those regulations as from time to time amended, consolidated, modified, replaced or re-enacted by any statute or statutory provision.
- 1.6 Any reference to the singular includes a reference to the plural and vice versa. Any reference to he, she or it includes the others.
- 1.7 Any reference to a time of day is a reference, unless otherwise expressly specified, to London time.
- 1.8 Any reference to this Guernsey Scheme shall include the Schedule hereto.
- 1.9 Where, in this Guernsey Scheme, it is stated that a certificate is required from an independent actuary, such certificate must be accompanied by a report that is based on the latest financial information that can reasonably be made available to the independent actuary at the time of the report.

## **2. INTRODUCTION**

- 2.1 The Transferor was incorporated on 1 April 1920 with its current name in England and Wales under the Companies Acts 1908 to 1917 as a private limited company. The registered number of the Transferor is 166055 and the registered office of the Transferor is at One Coleman Street, London EC2R 5AA.
- 2.2 The Transferee was incorporated in England and Wales on 20 March 1963 as Occidental Life Insurance Company Limited under the Companies Acts 1948 as a private limited company. The Transferee changed its name to its current name on 1 December 2011. The registered number of the Transferee is 754167 and the registered office of the Transferee is Windsor House, Ironmasters Way, Telford Centre, Telford Shropshire, TF3 4NB.
- 2.3 The Transferor is authorised by the Prudential Regulation Authority (**PRA**) with permission under Part 4A of FSMA to effect and carry out contracts of long-term insurance in the United Kingdom in classes I, II, III, IV, VI and VII falling within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) (the **RAO**).
- 2.4 The Transferee is authorised by the PRA with permission under Part 4A of FSMA to effect and carry out contracts of insurance within the United Kingdom in classes I, II, III, IV, VI and VII as set out in Part II of Schedule 1 to the RAO.
- 2.5 Neither of the Applicants is a licensed insurer in Guernsey but each is permitted as a recognised insurer (as defined in Schedule 5 of the Insurance Law) to conduct long term business in Guernsey.
- 2.6 It is proposed that, by Order of the Royal Court in accordance with section 44 of the Guernsey Law, the Guernsey Transferred Business shall be transferred to the Transferee on the Guernsey Effective Date on substantially the same terms as the terms of the UK Scheme governing the transfer of the Transferred Business to the Transferee on the basis that the Guernsey Transferred Business is part of the Transferred Business as defined in the UK Scheme.

2.7 Each of the Transferor and the Transferee have agreed to appear by Counsel at the hearing of the application to sanction this Guernsey Scheme and undertake to be bound thereby and to execute all such documents and to do all such acts and things as may be necessary or expedient to be executed or done by it for the purposes of giving effect to this Guernsey Scheme.

### 3. INCORPORATION OF THE UK SCHEME

3.1 Save as otherwise set out in this Guernsey Scheme, the terms of:

- (a) Part C (Transfer) (other than clauses 6, 11 and 12);
- (b) Clause 13 (Purpose of Allocation);
- (c) Clause 15 (Allocation of Policies);
- (d) Clause 16 (Allocation of Assets);
- (e) Clause 17 (Allocation of Liabilities);
- (f) Clause 18 (Linked Funds);
- (g) Clause 29 (FMISA);
- (h) Clause 35 (Costs and Expenses); and
- (i) Clause 38 (Successors and Assigns),

of the UK Scheme shall, subject to clause 3.2 below, be deemed to be part of this Guernsey Scheme as if reproduced herein *mutatis mutandis*. For this purpose, the following definitions of the UK Scheme in the left hand column of the table below (whether singular or plural) shall be read and construed in accordance with the Guernsey Scheme definition set out opposite that definition in the right hand column of the table below:

<b>UK Scheme definition</b>	<b>Guernsey Scheme definition</b>
Effective Date	Guernsey Effective Date
FMISA	Guernsey FMISA
FMISA Insurance Element	Guernsey FMISA Insurance Element
FMISA ISA Element	Guernsey FMISA ISA Element
FMISA Mixed Liability	Guernsey FMISA Mixed Liability
Legal Effective Date	Guernsey Legal Effective Date
NP Annuity Asset	Guernsey NP Annuity Asset
NP Annuity Policy	Guernsey NP Annuity Policy
NP Retail Pensions Asset	Guernsey NP Retail Pensions Asset
NP Retail Savings Asset	Guernsey NP Retail Savings Asset



Order	Guernsey Order
Policy	Guernsey Policy
Relevant Transferee	Transferee
Relevant Transferor	Transferor
Residual Asset	Guernsey Residual Asset
Residual Liability	Guernsey Residual Liability
Residual Policy	Guernsey Residual Policy
Scheme	Guernsey Scheme
Subsequent Transfer Date	Guernsey Subsequent Transfer Date
Transferred Business	Guernsey Transferred Business
Transferred Business Asset	Guernsey Transferred Business Asset
Transferred Liability	Guernsey Transferred Liability
Transferred Policy	Guernsey Transferred Policy
Transferred Policyholder	Guernsey Transferred Policyholder
Unit Linked Protection Asset	Guernsey Unit Linked Protection Asset
With-Profits Asset	Guernsey With-Profits Asset
With-Profits Liability	Guernsey With-Profits Liability
With-Profits Policy	Guernsey With-Profits Policy

3.2 In the UK Scheme deemed to be part of this Guernsey Scheme as if reproduced herein *mutatis mutandis*:

- (a) References to numbered clauses and to parts are to the numbered clauses and parts of the UK Scheme.
- (b) References to "Whole Transferred Contracts" and to "Split Transferred Contracts" are to be deleted in each case that they appear.
- (c) The words "clause 6 (Split Transferred Contracts), clause 24 (Property GP Interests), clause 26 (Divided Unit Interests and Property Dissolution Interests), clause 27 (SIPP)" and the words "clause 32 (Derivatives)" are to be deleted from clause 3.1 of the UK Scheme as so reproduced.
- (d) The words "in accordance with Part D" are to be deleted from clause 3.6 of the UK Scheme as so reproduced, and replaced with the words "in accordance with clauses 13, 15, 16, 17 and 18".
- (e) The words "(including any Whole Transferred Contract or any Contract that results in a Split Transferred Contract)" are to be deleted from the second and third lines of

clause 5.4 of the UK Scheme as so reproduced.

(f) Clause 29.2(B) shall be deleted.

3.3 Without prejudice to the generality of clause 3.4, it is acknowledged that clauses 19 to 23 of the UK Scheme shall apply in respect of the matters dealt with in those clauses.

3.4 This Guernsey Scheme is ancillary to the UK Scheme and has effect to transfer business carried on in respect of Transferred Policies issued to a resident of the Bailiwick of Guernsey and assets and liabilities relating to such business that would not otherwise transfer under the UK Scheme. Nothing in this Guernsey Scheme shall operate so as to prevent or conflict with any transfer provided for by the UK Scheme.

#### 4. GUERNSEY EFFECTIVE DATE

4.1 Subject to clauses 4.2 and 4.3, this Guernsey Scheme shall:

(a) for the purposes of any accounting requirements of each of the Transferee or the Transferor, be deemed to have become effective at 00.01 on the first calendar day of the month in which the Guernsey Legal Effective Date occurs, or such other date and time as the Transferee and Transferor, acting through their respective boards of directors, may (on or before the Guernsey Legal Effective Date) agree in writing (such date and time being the **Guernsey Economic Effective Date**); or

(b) for all other purposes of this Guernsey Scheme, take effect on such time and date as is specified in the Transfer Certificate (the time so specified being the **Guernsey Legal Effective Date**), such date and time not to be earlier than the last of the following three conditions being met:

(i) the Guernsey Order by the Royal Court sanctioning this Guernsey Scheme being made;

(ii) the UK Scheme in relation to the Transferred Business of the Transferor becoming effective in accordance with its terms; and

(iii) the first point in time at which the Transfer Certificate has been signed by both the Transferee and Transferor.

4.2 Subject to clause 4.3, the Transferor and the Transferee may agree that the Guernsey Legal Effective Date should be on or after the later of: (i) 7 December 2020; or (ii) the date that is three months after the Guernsey Order has been issued by the Royal Court. The Transferor and the Transferee must apply to the Royal Court for a further order, if they agree to delay the Guernsey Legal Effective Date until on or after such date. Any such application may specify any date on or after 7 December 2020 which, subject to the consent of the Royal Court, shall then become the Guernsey Legal Effective Date for the purposes of this Guernsey Scheme. This Guernsey Scheme shall then become effective on and with effect from the date so specified, provided that:

(a) the GFSC shall be notified and be provided with all relevant information and documentation reasonably available to the parties as soon as reasonably practicable, and in any case in advance, of any hearing of the Royal Court at which such application is considered, and the GFSC shall have the right to be heard at any such hearing;

(b) such application shall be accompanied by a certificate from an independent actuary to the effect that the proposed Guernsey Legal Effective Date will not materially adversely affect the Guernsey Transferred Policyholders of the Guernsey Transferred Policies or Guernsey Residual Policies or existing Policyholders of the Transferor or the Transferee and such certificate shall be published on the websites of the Transferor and the Transferee at least five days before the Royal Court hearing; and

- (c) a notice of the making of such order is published on the websites of the Transferor and the Transferee within five days of the making of such further order by the Royal Court.
- 4.3 If the transfer of the Guernsey Transferred Business has not become effective in accordance with the terms of this clause 4 on or before the later of (i) 8 March 2021; (ii) the date that is six months after the Guernsey Order has been issued by the Royal Court; or (iii) such later date, if any, that the Transferor and the Transferee may agree in accordance with the requirements of clause 4.2(a)-(c) above and the Royal Court may approve, the provisions of this Guernsey Scheme shall lapse to the extent that they relate to such transfer.
- 4.4 This Guernsey Scheme shall not become (or, where the context requires, be deemed to have become) effective on the Guernsey Effective Date unless on or prior thereto the Guernsey Order shall have been made.
- 4.5 The UK Scheme has the effect that:
- (a) if the transfer of any Guernsey Transferred Policies is sanctioned by the Royal Court pursuant to this Guernsey Scheme with effect from the Guernsey Effective Date, such policies shall be treated for all purposes of the UK Scheme as if they were Transferred Policies of the Transferor with effect from the Effective Date and, to the extent necessary to comply with Part VII of FSMA, shall also be transferred pursuant to the terms of the UK Scheme; and
  - (b) if the Royal Court does not sanction the transfer of any Guernsey Transferred Policies pursuant to this Guernsey Scheme, despite having the jurisdiction to do so, or if this Guernsey Scheme is sanctioned by the Royal Court but the transfer of any Guernsey Transferred Policies does not become effective by the Guernsey Legal Effective Date, then such policies shall, with effect from the Legal Effective Date, be deemed to be Residual Policies under the UK Scheme and shall be reinsured by the Transferee as Residual Policies as provided for under the terms of the UK Scheme. Such policies shall cease to be Residual Policies under the UK Scheme, and shall cease to be so reinsured to the Transferee, on the relevant Subsequent Transfer Date.

## **5. VARIATION OF THIS GUERNSEY SCHEME**

- 5.1 The Transferor and the Transferee may, as required, consent for and on behalf of the parties hereto and all other persons concerned (other than the GFSC) to any modification of or addition to this Guernsey Scheme or to any further condition or provision affecting the same which, prior to its sanction of this Guernsey Scheme, the Royal Court may approve or impose.
- 5.2 At any time after the sanction of this Guernsey Scheme by the Royal Court, the Transferee shall be at liberty to apply to the Royal Court for consent to amend the terms of this Guernsey Scheme (except the Schedule to this Guernsey Scheme, modifications or additions to which shall be governed by the terms of the UK Scheme), provided that in any such case:
- (a) each of the GFSC and the Transferor shall have been given such prior and reasonable notice of the application as has been agreed by the GFSC in advance with the Transferee and shall have the right to be heard at any hearing of the Royal Court at which such application is considered; and
  - (b) such application shall be accompanied by a certificate from an independent actuary to the effect that in his opinion the proposed amendment will not materially adversely affect the interests of Guernsey Transferred Policyholders or the Transferee's other Guernsey resident policyholders,

and provided that the Transferor's consent (not to be unreasonably withheld, delayed or conditioned) shall be required to the extent that it can reasonably evidence that the proposed amendment to the terms of this Guernsey Scheme will have an adverse financial impact on the Transferor, such evidence to be provided within 3 months of having received advance written notice from the Transferee of the intended terms of the proposed amendment to the terms of this Guernsey Scheme. For the avoidance of doubt, any changes to the terms of the proposed amendment after the giving of such notice shall not restart such 3-month period provided that:

(c) subject to clause 5.2(d) below, the Transferor shall have at least fourteen days' notice of the final form of the proposed amendment; or

(d) if the final form of the proposed amendment will have, or could reasonably be expected to have, an adverse financial impact on the Transferor that was not evident from the advance written notice originally provided by the Transferee pursuant to this clause 5.2, the Transferor shall have at least one month's notice of the final form of the proposed amendment.

5.3 During the 3-month period referred to in clause 5.2, the Transferee shall provide the Transferor with such further information or documentation in relation to the proposed amendment as the Transferor may reasonably require. A notice from the Transferee to the Transferor under clause 5.2 shall be delivered to One Coleman Street, London, EC2R 5AA (marked for the attention of the Transferor's Company Secretary), unless the Transferor has notified the Transferee's Company Secretary in writing that the Transferor's address for notice has changed.

5.4 Subject to clause 5.2, if consent of the Royal Court is granted, the Transferee may amend the terms of this Guernsey Scheme in accordance with such consent.

5.5 The consent of the Royal Court shall not be required in relation to minor and/or technical amendments to the terms of this Guernsey Scheme (including but not limited to amendments to correct manifest errors or changes required by law or regulation), provided that the GFSC has been notified of the same by the Transferee and has not objected thereto within 28 days of the acknowledgement of such notification by the GFSC.

5.6 The Scheme USB (as amended or replaced from time to time in accordance with the terms of the UK Scheme) is a definitive list of all Policies transferred pursuant to the UK Scheme, including the Guernsey Policies transferred pursuant to this Guernsey Scheme. The consent of the Royal Court shall not be required to amend or replace the Scheme USB in relation to corrections to the list of Policies (including Guernsey Policies) in the Scheme USB for errors, provided the Transferor and the Transferee formally agree that such a correction should be made to include a Policy in, or remove a Policy from, the Scheme USB and only policies within a valuation class listed in Schedule 1 to the UK Scheme may be included in the list of Policies in the Scheme USB.

5.7 The consent of the Royal Court shall not be required in relation to amendments to Schedule 3 to the UK Scheme that the Transferee can reasonably demonstrate are required as a result of any change in, or Change in Interpretation of, Applicable Law and Regulation.

## **6. EVIDENCE OF TRANSFER**

6.1 The production of a copy of the Guernsey Order with any modifications, amendments and/or additions made under clause 5, shall for all purposes be evidence of the transfer to, and vesting in, the Transferee:

(a) on and with effect from the Guernsey Effective Date, of the Guernsey Transferred Business, the Guernsey Transferred Business Assets, the Guernsey Transferred Liabilities and the Guernsey Transferred Policies; and

(b) with effect from each relevant Guernsey Subsequent Transfer Date, of the Guernsey Residual Assets, the Guernsey Residual Liabilities, and the Guernsey Residual Policies.

**7. GOVERNING LAW**

7.1 This Guernsey Scheme shall be governed by and construed in accordance with the laws of the Island of Guernsey.

**SCHEDULE**

**UK Scheme**