MILLIMAN CLIENT REPORT

Assurant, Inc.

Supplementary Report of the Independent Expert on the proposed transfer of life insurance business from Assurant Life Limited and London General Life Company Limited to Assurant Europe Life Assurance N.V.

Final Version

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1. INTRODUCTION

THE PROPOSED SCHEME

1.1 It is proposed that particular blocks of long term insurance business of Assurant Life Limited (“ALL”) and of London General Life Company Limited (“LGL”) be transferred to Assurant Europe Life Insurance N.V. (“AEL”) by an insurance business transfer scheme ("the Scheme"), as defined in Section 105 of the Financial Services and Markets Act 2000 ("FSMA").

1.2 There is a similar proposed Scheme to transfer the non-UK non-life insurance business based in the European Union (“EU”) from two UK non-life insurance subsidiaries of the Assurant Group to a newly established insurance subsidiary in the Netherlands. This proposed Scheme is the subject of a separate Part VII transfer for which the Independent Expert is Derek Newton, a Principal of Milliman LLP (“Milliman”), part of Milliman Inc. and is referred to as the “Assurant Non-Life Scheme”. The Assurant Non-Life Scheme, which is being run in parallel to the proposed Scheme, is due to be presented to the High Court of Justice of England and Wales (the “Court”) on the same date as the Scheme and is intended to take effect at the same time as the Scheme.

1.3 The transferring business consists of the mortgage protection insurance and creditor insurance serviced by ALL and creditor protection life insurance and permanent health insurance business covering unemployment, accident and death serviced by LGL. None of the products are actively being sold, and accordingly ALL and LGL are now only servicing the existing policies until their expiry.

1.4 I have been appointed by ALL, LGL and AEL to report, pursuant to Section 109 of FSMA, in the capacity of the Independent Expert, on the terms of the Scheme providing for this transfer from ALL and LGL to AEL.

1.5 I prepared a report dated 19 June 2020 (my “Main Report”) in which I considered the proposed Scheme for the Directions Hearing at the Court on 30 June 2020.

1.6 If approved by the Court, the Scheme will become operative on the Effective Date of 2 November 2020, at which point the Transferred Business will legally transfer from ALL and LGL to AEL.

1.7 The purpose of this report (the “Supplementary Report”) is to provide an updated assessment of the likely effects of the proposed Scheme ahead of the Sanction Hearing on 20 October 2020.

MY ROLE AS INDEPENDENT EXPERT

1.8 My appointment as Independent Expert was approved by the Prudential Regulation Authority (“PRA”) after consultation with the Financial Conduct Authority (“FCA”). My terms of reference have been reviewed by the FCA and the PRA.

1.9 My role as Independent Expert is set out in Section 3 of my Main Report and this Supplementary Report has been produced for the Court to assist in its deliberations in respect of the Scheme.

1.10 I have considered the terms of the Scheme only and have not considered whether any other scheme or schemes or alternative arrangement might provide a more efficient or effective outcome.

THE PURPOSE OF THIS SUPPLEMENTARY REPORT

1.11 In Section 10 of my Main Report I set out my conclusions as follows:

I am satisfied that the implementation of the Scheme would not have a material adverse effect on:

- The security of the benefits under the Transferred Policies or the Remaining Policies;
- The profile of risks to which the Transferred Policies or the Remaining Policies are exposed;
- The reasonable expectations of the Transferred Policyholders or the Remaining Policyholders in respect to their benefits; or

- The level and standards of administration and service that would apply to the Transferred Policies or the Remaining Policies.
- I am satisfied that the Scheme is equitable to all classes of ALL, LGL and AEL policyholders.

1.12 The purpose of this Supplementary Report is to provide an updated assessment of the likely effects of the proposed transfer ahead of the Sanction Hearing on 20 October 2020 and to consider whether the conclusions reached in my Main Report remain valid in light of the updated financial information received, any other relevant significant events subsequent to the date of the finalisation of my Main Report, and any policyholder feedback or queries in relation to the Scheme.

1.13 One of the most significant events that has continued to develop since my Main Report is the Coronavirus Disease 2019 ("COVID-19") pandemic. The ongoing effects of the COVID-19 pandemic are covered in Section 6 of this Supplementary Report.

1.14 This Supplementary Report should be read in conjunction with my Main Report. Defined terms used in my Main Report have the same meaning in this Supplementary Report and are set out in Appendix D.

1.15 The reliances and limitations set out in Section 1 of my Main Report apply equally to this Supplementary Report. In addition, reliance has been placed upon, but is not limited to, the information set out in Appendix C, as well as upon the information set out in Appendix K of my Main Report. My opinions depend on the accuracy and completeness of this data, information and the underlying calculations. I have discussed the information set out in Appendix C with ALL and LGL, and have considered how it has changed from similar information provided in support of my Main Report. Except where stated otherwise, I have not re-reviewed the methodology and assumptions used by ALL and LGL in their assessments of the liabilities and solvency capital of their respective firms, and I have not attempted to review in detail the calculations performed. I am unaware of any issue that might cause me to doubt the material accuracy of the information provided, but I give no warranty as to its accuracy. I accept no responsibility for errors or omissions arising in the preparation of the Supplementary Report, providing that this shall not absolve my liability arising from an opinion expressed recklessly or in bad faith. I note that ALL, LGL and AEL have confirmed to me, in the Letter of Representation that is shown in Appendix E of this Supplementary Report, that, to the best of their knowledge and belief, all data and information they have provided to me is accurate and complete.

1.16 Given the inherent uncertainty of the outcome of future events, it is not possible to be certain of the effect of the proposed Scheme on the affected policies and, in order to acknowledge this inherent uncertainty, the conclusions of the Independent Expert in relation to transfers of long-term insurance business are usually framed using a materiality threshold. The framework in which I undertake my consideration of the proposed Scheme in both this report and my Main Report is set out in Section 3 of my Main Report.

REGULATORY AND PROFESSIONAL GUIDANCE

1.17 The Supplementary Report has been prepared in accordance with the approach and expectations of the PRA, as set out in "The Prudential Regulation Authority's approach to insurance business transfers" dated April 2015, as well as Chapter 18 of the Supervision Manual contained in the FCA Handbook, and the FCA's Final Guidance "FG18/4: The FCA's approach to the review of Part VII insurance business transfers" dated May 2018.

1.18 I am required to comply with relevant professional standards and guidance maintained by the Financial Reporting Council and by the Institute and Faculty of Actuaries ("IFoA"), including TAS 100: Principles for Technical Actuarial Work and TAS 200: Insurance. In my opinion, this Supplementary Report complies with TAS 200: Insurance and is compliant with those elements of TAS 100: Principles for Technical Actuarial Work that are applicable to transformations. In complying with these requirements, I note that a number of the key documents listed in Appendix C have been prepared or reviewed by individuals who were subject to professional standards in undertaking their work, including, where appropriate, the TAS requirements.

1.19 In the context of the TAS, my Main Report and this Supplementary Report are component reports, which together form an aggregate report.

1.20 Actuarial Profession Standard X2, as issued by the Institute and Faculty of Actuaries, requires members to consider whether their work requires an independent peer review.

1.21 In my view, this Supplementary Report does require independent peer review and this has been carried out by a senior actuary in Milliman LLP who has not been part of my team working on this assignment.

2. THE CHANGES AND EVENTS SINCE MY MAIN REPORT THAT ARE RELEVANT TO THE SCHEME

THE UPDATED FINANCIAL INFORMATION AS AT 30 JUNE 2020 FOR ALL, LGL AND AEL

2.1 The conclusions in my Main Report were based on the financial information in respect of ALL, LGL and AEL as at 31 December 2019. I have received confirmation from ALL and LGL that there were no material differences between the financial information presented in my Main Report and the final audited figures as at 31 December 2019[1].

2.2 The updated financial results as at 30 June 2020 were finalised in August 2020 and I include this updated financial information in Appendices A and B of this report. The financial results as at 30 June 2020 have been checked and approved by the Chief Actuaries of ALL, LGL and AEL.

2.3 I have reconsidered the conclusions set out in my Main Report in light of this updated financial information in Sections 3 and 4 of this Supplementary Report.

UPDATED POLICY COUNTS AS AT 30 JUNE 2020 FOR ALL AND LGL

ALL's non-UK business (the ALL Transferred Business)

2.4 Since all of ALL's UK business has expired, ALL's business consists wholly of non-UK business which is split across two product lines: mortgage protection business and creditor business.

2.5 The table below shows the ALL non-UK business updated policy count as at 30 June 2020.

FIGURE 2.1 ALL'S NON-UK BUSINESS AS AT 30 JUNE 2020

COUNTRY	POLICY COUNT
Germany	220
Ireland	69
Italy	4,237
Spain	-
Total	**4,526**

Source: Legal Requirements – Policy Counts

2.6 All of ALL's non-UK business is due to expire by 2025.

LGL's UK business (the LGL Remaining Business)

2.7 LGL has a very small portfolio of in-force UK business. As at the time of writing there were approximately 85 UK policies within LGL, all of which were 100% reinsured to an external reinsurer. LGL's UK business is due to expire by 2048.

LGL's non-UK business (the LGL Transferred Business)

2.8 All of LGL's non-UK business is due to expire by 2028. The table below shows the LGL non-UK business policy count as at 30 June 2020. In my Main Report, I explained that the 22 Irish policies in force at the time did not form part of the LGL Transferred Business as these policies were expected to be fully run-off before the Effective Date. However, further analysis has shown that LGL now expects 8 policies to be in force at the Effective Date, and these will therefore form part of the LGL Transferred Business.

2.9 Please note that the "LGL EEA Creditor Policies" are the policies within the LGL Transferred Policies for which LGL has provided life insurance cover and LGI has provided non-life insurance cover.

[1] The AEL figures as at 31 December 2019 had not been audited, as AEL was not authorised at this time. Since writing my Main Report, a retrospective change was made to the estimated pre-transfer figures for AEL as at 31 December 2019 to reflect the decision that AEL would no longer incur any costs resulting from the implementation of the Scheme. Whilst this has resulted in a change to the estimated financial information for AEL as at 31 December 2019, it has not impacted the financial information as at 30 June 2020 and therefore does not impact any of my conclusions in this Supplementary Report.

FIGURE 2.2 LGL'S NON-UK BUSINESS AS AT 30 JUNE 2020

COUNTRY	POLICY COUNT
Belgium	4,416*
Ireland	12**
Netherlands	3,828***
Total	**8,256**

Source: Legal Requirements – Policy Counts

** This includes 2,699 LGL EEA Creditor Policies*

***This includes 12 LGL EEA Creditor Policies*

****This includes 161 LGL EEA Creditor Policies*

THE POLICYHOLDER COMMUNICATIONS

Court approvals

2.10 At the Directions Hearing on 30 June 2020, the Court:

- Granted LGL a waiver from the regulatory requirements to send a written notice to the policyholders that would not be transferred if the proposed Scheme were to be implemented.
- Granted ALL and LGL waivers from the regulatory requirement to send a written notice to the following parties:
  - Intermediaries and brokers;
  - Assignees;
  - Other potential claimants;
  - Trustees in bankruptcy, receivers and administrative receivers;
  - Joint policyholders (only one of the policyholders of a joint policy will be notified);
  - Deceased policyholders;
  - Expired policies with no known current claims exposure; and
  - Policyholders of ALL or LGL for whom no valid policyholder address is held on ALL or LGL's computerised database (known as "gone-aways" or "address unknowns").
- Granted ALL and LGL waivers from the regulatory requirements to publish a legal notice of the transfer in two national newspapers in each European Economic Area ("EEA") member state where there is a state of commitment at policy inception in respect of a Transferred Policyholder.
- Gave approval for ALL and LGL to contact the Transferred Policyholders based on their preferred method of communication, which may be via post or email, either directly or via a client acting on ALL or LGL's behalf.

The mailing pack

2.11 The mailing pack that was sent to Transferred Policyholders, either directly or via ALL and LGL's clients, provided information about the proposed Scheme to enable Transferred Policyholders to make representations to the Court if they feel they may be disadvantaged by the proposals. The mailing pack contained:

- A covering letter; and
- A summary of the transfer, which describes at a high level how the transfer affects the policyholder and provides answers to some key questions regarding the Scheme.

2.12 The mailing pack was tailored to ALL Transferred Policyholders and LGL Transferred Policyholders as required. For LGL EEA Creditor Policies who hold a policy with both LGL and LGI, a mailing pack was issued for each policy held.

2.13 In addition, further detail regarding the transfer was summarised in a policyholder booklet, which was made available online and was provided to policyholders via email or post upon request. The policyholder booklet contained:

- An introduction to the Scheme;
- Confirmation that there are not expected to be any changes to the management or administration of the Transferred Policies;
- Questions and answers explaining the impact of the Scheme;
- An overview of the legal process and the rights that policyholders have to object to the Scheme; and
- A copy of the legal notice.

2.14 The mailing pack and policyholder booklet were translated into the language in which the original policy terms and conditions were written.

2.15 The mailing pack and policyholder booklet also explained the sources from which policyholders can obtain further information about the Scheme, including online and using a telephone line directed to the same administration team that is responsible for the day to day administration of that policyholder's policy. These channels of communication will remain available to policyholders until at least the Effective Date.

2.16 This Supplementary Report will be:

- Made available on the ALL and LGL websites (www.assurant.co.uk and www.thewarrantygroup.eu).
- Provided directly to any persons who have:
  - Requested a copy;
  - Requested a copy of the Main Report; or
  - Objected or made an expression of dissatisfaction in relation to the proposed Scheme.

Further publication of the Scheme

2.17 The Scheme was also publicised in the following ways:

- On the ALL and LGL websites (www.assurant.co.uk and www.thewarrantygroup.eu).
- In the following publications in the UK:
  - The London Gazette;
  - The Edinburgh Gazette;
  - The Belfast Gazette;
  - The Daily Mail;
  - The UK edition of the Financial Times; and
  - The Times.
- In at least one national publication in each EEA member state of the commitment for any Transferred Policy;
- In the international edition of the Financial Times; and
- In a national publication in Austria, France, Hungary, Poland, Romania, Spain and Sweden.

Policyholder responses

2.18 In Section 7 of this Supplementary Report I provide further detail, including ALL and LGL's approach to dealing with general enquiries or any objections or expressions of dissatisfaction received from policyholders regarding the Scheme.

THE ONGOING EFFECTS OF COVID-19

2.19 At the time of writing the Main Report, COVID-19 had been declared a pandemic by the World Health Organisation, and the UK government had put in place a large number of restrictions in response to this outbreak. In my Main Report I considered my conclusions regarding the Scheme in light of the potential market risk, mortality risk and operational disruption arising due to COVID-19. In addition, in the Main Report I considered the expected impact of an extreme pandemic scenario on AEL's capital position as at 31 December 2019.

2.20 Since writing the Main Report, for many countries the rate of growth in COVID-19 had slowed and there had been a gradual easing of restrictions. However, there are indications that a 'second wave' of COVID-19 cases is currently underway in many countries including the UK, and increasing restrictions are beginning to be reintroduced. It is also widely acknowledged that the full economic effects of the initial COVID-19 outbreak are yet to be realised. As a result, the market risk, mortality risk and operational disruption posed by COVID-19 remains. I therefore consider the ongoing effects of COVID-19 on the Scheme in Section 6 of this Supplementary Report.

BREXIT DEVELOPMENTS

2.21 Following the UK Referendum on Continuing EU Membership in June 2016, the UK government started the process by which the UK would leave the EU (commonly referred to as "Brexit"). The UK Parliament finally ratified the Withdrawal Agreement Bill on 22 January 2020 and the UK's withdrawal from the EU took place late on 31 January 2020.

2.22 As was the case at the time of writing my Main Report, the UK is currently in a transition period that is expected to last until 31 December 2020. During this time, the existing trading relationships between the UK and the EU continue unaltered and the future relationship is being negotiated.

2.23 I note the following relevant developments in the Brexit negotiations which have taken place since writing my Main Report:

- An extension to the transition period beyond 11pm on Thursday 31 December 2020 is not currently expected.
- The PRA on 30 June 2020 published Consultation Paper 5/20 ("CP 5/20") which sets out the PRA's proposed approach to the publication of Solvency II technical information after the end of the transition period. CP 5/20 is relevant to all UK Solvency II firms and as such would be applicable to ALL and LGL but not AEL.
- Some of the relevant proposals included in CP 5/20 are as follows:
  - The PRA's published technical information would be based on the same technical methodologies utilised in producing The European Insurance and Occupational Pensions Authority's ("EIOPA") technical information as at the end of the transition period, with limited exceptions; and
  - The publication of technical information on the PRA website, and, where there is a deviation in the future from EIOPA's technical methodology, a PRA publication that describes this deviation.

2.24 The proposals in CP 5/20 indicate further that it is unlikely that there will be any material change to the UK solvency capital regime in the short to medium-term.

2.25 Overall, there continues to be considerable uncertainty as to whether UK insurance companies will continue to be able to use EEA Passport Rights[2] to write and service business into EEA member states via EEA Passport Rights after the transition period. It therefore remains the case that the proposed Scheme ensures that Assurant Europe Group ("AEG") is able to continue to service the business of ALL and LGL written under EEA Passport Rights regardless of the outcome of the Brexit negotiations.

[2] *The right under the EU Directives for UK regulated insurers to operate freely in other EEA member states.*

THE RECENT JUDGEMENT ON THE PRUDENTIAL ROTHESAY SCHEME

2.26 On 16 August 2019, the Court declined to sanction the transfer of a £12 billion portfolio of annuities from Prudential Assurance Company Limited ("Prudential") to Rothesay Life Limited ("Rothesay"). Prudential and Rothesay had sought to effect the transfer of the portfolio pursuant to Part VII of FSMA. Prudential and Rothesay are appealing the decision.

2.27 It is at the discretion of the Court as to whether or not to sanction a scheme that is put before it but, in my experience it is unusual for a Part VII transfer between life insurers to be declined by the Court, and so, in my Main Report, I considered the Scheme in the context of the Court's decision on the Prudential Rothesay transfer.

2.28 In Section 9 of my Main Report, I considered the key features that Mr Justice Snowden identified as weighing against the sanctioning of the Prudential Rothesay scheme and I concluded that the conclusions of my Main Report were unaffected by the judgment in the Prudential Rothesay scheme.

2.29 Since my Main Report was written, there have been no material developments in the Prudential Rothesay Scheme. The directions hearing for the appeal was on 18 June 2020 and the substantive hearing for the appeal is scheduled to begin on 27 October 2020.

2.30 There is therefore no reason to change the conclusions of my Main Report in respect of the Prudential Rothesay Scheme.

CORRESPONDENCE AND OBJECTIONS RECEIVED FROM THE PRA AND THE FCA

2.31 Following the publication of my Main Report I have been in correspondence with the PRA and the FCA.

2.32 The PRA prepared a report dated 25 June 2020 and concluded that it did not have any objections to the directions sought at the Directions Hearing on 30 June 2020 but that its assessment of the Scheme was ongoing. The PRA expects to file a report at the Sanction Hearing confirming its objection or non-objection to the proposed Scheme.

2.33 The FCA prepared a report dated 25 June 2020, in which it considered the proposed Scheme for the Directions Hearing on 30 June 2020. The FCA also concluded that it did not have any objections to the directions sought at the Directions Hearing on 30 June 2020 and that its assessment of the Scheme was ongoing. The FCA also expects to file a report at the Sanction Hearing confirming its objection or non-objection to the proposed Scheme.

JUDGEMENT ON FCA TEST CASE ON BUSINESS INTERRUPTION INSURANCE

2.34 On 15 September 2020 the Court provided its judgement on the FCA test cases on business interruption insurance claims arising from COVID-19. The window for filing appeals to the judgement closed on 28 September 2020.

2.35 Whilst I note these developments, I do not consider the matter to be relevant to the proposed Scheme as the business involved does not include business interruption insurance, and none of ALL, LGL and AEL have business interruption insurance in place.

3. THE EFFECT OF THE SCHEME ON THE SECURITY OF POLICY BENEFITS

ALL TRANSFERRED POLICYHOLDERS

The firms' risk appetite statements and capital management policies

3.1 As set out in Section 6 of my Main Report, the capital management policy in respect of a company specifies the capital that a company is committed to hold in respect of its business and is typically stated in terms of the capital required by the relevant regulations. By requiring additional capital to be held on top of the regulatory requirements, the capital management policy increases the probability of remaining solvent over a particular timeframe and therefore increases the security of the policies within the business covered by the capital management policy.

3.2 At the time of writing my Main Report, The Warranty Group Europe ("TWGE") Capital Management Policy was being updated to reflect the acquisition of TWGE by Assurant, Inc. The AGL Capital Management Policy and the TWGE Capital Management Policy have now been incorporated into a single policy, the AEG Capital Management Policy, which applies to both ALL and LGL. There remains a separate capital management policy for AEL, the Assurant Europe Capital Management Policy.

3.3 All material aspects of the AEG Capital Management Policy are equivalent to those in the previous AGL Capital Management Policy that applied to ALL.

3.4 The AEG Capital Management Policy sets out a required level of capital for ALL with reference to two capital buffers which are calculated as a percentage of the Solvency II Minimum Capital Requirement ("MCR"). The capital buffers are set with reference to the MCR since this is the biting capital requirement for ALL. As at 30 June 2020 the ALL Target Working Capital Ratio was 150%.

3.5 Similarly, the Assurant Europe Capital Management Policy sets out a required level of capital for AEL with reference to two capital buffers which are calculated as a percentage of the MCR. The capital buffers are set with reference to the MCR since this is the biting capital requirement for AEL. On a pro-forma basis, as at 30 June 2020 the AEL Target Capital would have been 120%.

3.6 I discuss that difference between the levels at which ALL and AEL aim to hold capital, and the effect of this on the security of ALL Transferred Policy benefits, in paragraphs 3.8 to 3.16 below and in paragraph 6.29 of my Main Report.

3.7 Since my Main Report, the only changes to capital management have been to formally align the policies of ALL and LGL. However this has not resulted in any material changes to the approach to capital management that is used in practice, as described in my Main Report. Therefore, in this respect, there are no reasons to change the conclusion in paragraph 6.24 of my Main Report.

The effect of being part of AEL after implementation of the Scheme compared to ALL currently

The financial strength of AEL compared to ALL

3.8 The conclusions in my Main Report were based on the financial information provided by ALL and AEL as at 31 December 2019.

3.9 The financial results for ALL and AEL as at 30 June 2020 were finalised in August 2020 and are included in Appendix A and Appendix B. I have reconsidered my conclusions in light of this updated financial information.

3.10 The table below sets out the pre-Scheme ALL and pro-forma post-Scheme MCR Ratio[3] as at 30 June 2020.

[3] *The ratio of Solvency II Own Funds to MCR.*

FIGURE 3.1 SOLVENCY II PILLAR 1 MCR RATIOS AS AT 30 JUNE 2020

	ALL PRE-SCHEME	AEL POST-SCHEME
MCR Ratio	243%	198%

Source: Appendix A and Appendix B

3.11 This shows that, as at 30 June 2020, if the proposed Scheme were to have been implemented at this date, AEL would exceed the requirements of the Assurant Europe Capital Management Policy.

3.12 The pro-forma post-Scheme MCR Ratio for AEL has increased from 146% as at 31 December 2019 (as shown in my Main Report) to 198% as at 30 June 2020. The main driver for the change in MCR Ratio is the introduction of an additional capital injection of £2m that has been made into AEL. AEL has committed to retain this additional £2m capital injection within AEL until the end of 2022.

3.13 As discussed in my Main Report, the projected decrease in MCR Ratio that would be experienced by the ALL Transferred Policyholders as a result of the Scheme may imply a negative impact on the security of the ALL Transferred Policies. However, as noted above, AEL has committed to retain an additional £2m until the end of 2022, by which point the total liabilities within AEL are projected to have reduced by 61%. Therefore, in addition to the points covered in paragraph 6.29 of my Main Report, this commitment provides me with assurance that the increased risk of breaching the regulatory capital requirements is not material.

3.14 In my Main Report I discussed the reverse stress testing that had been performed to assess the resilience of AEL's capital position under increasingly extreme pandemic scenarios. This reverse stress testing indicated that the risk of a material deterioration in AEL's capital position was low when allowing for AEL's pro-forma MCR Ratio of 146% as at 31 December 2019. In particular:

- In order to breach the AEL Target Capital of 120% of MCR, AEL would need to experience a scenario more severe than the following combination of events:
    - A disability risk stress of 1.5 times the 1 in 200 Standard Formula[4] stress;
    - A catastrophe risk stress of 10 times the 1 in 200 Standard Formula Stress; and
    - An increase in counterparty type 2 exposures of 50%.
- In order to breach its regulatory capital requirement (which, for AEL, is the absolute floor MCR of €3.7m), AEL would need to experience a scenario in line with the above, but with a catastrophe risk stress of 14 times the 1 in 200 Standard Formula stress.

3.15 As at 30 June 2020 AEL has a stronger capital position, with the additional capital injection of £2m resulting in a pro-forma MCR Ratio of 198%. Given AEL's stronger capital position as at 30 June 2020 compared to 31 December 2019, AEL would need to experience a combination of events more severe than those described in paragraph 3.14 above in order to breach the AEL Target Capital and the regulatory capital requirement (which, for AEL, is the absolute floor MCR of €3.7m). In addition, as described in paragraph 6.10 below, ALL and LGL have not experienced a notable change in claims experience due to COVID-19. I therefore consider that these stresses remain an appropriate representation of an extreme pandemic scenario as at 30th June 2020. Therefore I do not have any reason to change my conclusions regarding the reverse stress testing performed for AEL.

3.16 In summary, I remain satisfied that the reliance on the financial strength of AEL if the proposed Scheme were to be implemented would not lead to a material adverse effect on the security of benefits under the ALL Transferred Policies.

The reinsurance arrangements of AEL after the implementation of the Scheme

3.17 Since my Main Report there have been no changes to the reinsurance arrangements of ALL. It remains the case that if the proposed Scheme were to be implemented, the three ALL reinsurance treaties would be transferred to

[4] *A method for calculating the SCR under Solvency II, as prescribed by EIOPA.*

AEL under the Scheme where possible or otherwise novated to AEL with effect from the Effective Date. I note that no objections or expressions of dissatisfaction relating to the Scheme have been raised by any of the affected reinsurers. I therefore remain satisfied that, if the proposed Scheme were to be implemented, there would be no material adverse effect on the security of benefits under the ALL Transferred Policies as a result of AEL's reinsurance arrangements.

The support for AEL from TWGE as the parent of AEL

3.18 As described in my Main Report, it remains the case that there is no formal capital support arrangement between AEL and TWGE. It also remains the case that the cost to ALL's and AEL's ultimate parent, Assurant, Inc., of restoring the AEL Minimum Capital Buffer if required is low in comparison to the financial resources available to Assurant, Inc.

3.19 I therefore remain satisfied that, if the proposed Scheme were to be implemented, there would be no material adverse effect on the security of benefits under the ALL Transferred Policies as a result of having TWGE as a parent rather than AGL.

The loss of FSCS coverage for the ALL Transferred Policyholders

3.20 In Section 6 of my Main Report I stated that it was likely that, if the Scheme were to be implemented, the Transferred Policies would no longer be covered under the Financial Services Compensation Scheme ("FSCS"). I considered the effect of this loss of FSCS coverage on the policyholders concerned and concluded that the loss of the FSCS coverage for the Transferred Policyholders would not lead to a material adverse effect on their security of benefits, in particular since I consider the likelihood of AEL default or insolvency to be remote, given its strong capital position.

3.21 The FSCS will continue to apply to ALL Transferred Policies in respect of claims due to events that occur prior to the Effective Date. In the absence of any alternative agreement being reached during the Brexit negotiations, it is now the case that following the implementation of the proposed Scheme, FSCS coverage will be lost for Transferred Policies for events occurring after the Effective Date.

3.22 Because of the expectation of losing FSCS coverage, when analysing the effects of the Scheme on the Transferred Policyholders, I have assumed that the FSCS would not cover the Transferred Policies for events occurring after the implementation of the Scheme, and I have based my conclusions on this assumption.

3.23 Since there have been no changes regarding the anticipated impact of Brexit on FSCS coverage, there is no reason to change the conclusions set out in my Main Report and I remain satisfied that the loss of FSCS coverage will not have a material adverse effect on the security of the benefits of the ALL Transferred Policies.

Overall conclusion on the effect of the Scheme on the security of ALL Transferred Policy benefits

3.24 Overall, the financial information as at 30 June 2020 does not change the conclusions in my Main Report regarding the security of ALL Transferred Policy benefits, and I remain satisfied that the implementation of the proposed Scheme would not have a material adverse effect on the security of ALL Transferred Policy benefits.

LGL TRANSFERRED POLICYHOLDERS

The firms' risk appetite statements and capital management policies

3.25 As set out in Section 6 of my Main Report, the capital management policy in respect of a company specifies the capital that a company is committed to hold in respect of its business and is typically stated in terms of the capital required by the relevant regulations. By requiring additional capital to be held on top of the regulatory requirements, the capital management policy increases the probability of remaining solvent over a particular timeframe and therefore increases the security of the policies within the business covered by the capital management policy.

3.26 At the time of writing my Main Report the TWGE Capital Management Policy was being updated to reflect the acquisition of TWGE by Assurant, Inc. The AGL Capital Management Policy and the TWGE Capital Management Policy have now been incorporated into a single policy, the AEG Capital Management Policy, which applies to both

ALL and LGL. There remains a separate capital management policy for AEL, the Assurant Europe Capital Management Policy.

3.27 The key change in the capital management policy that now applies to LGL is the introduction of the second capital buffer, the Target Working Capital Ratio. However, as described in paragraphs 4.65 and 4.66 of my Main Report, whilst this second capital buffer was not formally part of the TWGE Capital Management Policy at the time, it was set and in use by LGL in practice. Since in practice the capital management approach for ALL and LGL were already aligned, the merging of the two capital policies has the effect of formalising the capital management practices adopted by ALL and LGL, and therefore all material aspects of LGL's approach to capital management remain unchanged compared to the description I provided in my Main Report.

3.28 The AEG Capital Management Policy sets out a required level of capital for LGL with reference to two capital buffers which are calculated as a percentage of the MCR. The capital buffers for LGL are set with reference to the MCR, since this is the biting capital requirement for LGL. As at 30 June 2020 the LGL Target Working Capital Ratio was 145%.

3.29 Similarly, the Assurant Europe Capital Management Policy sets out a required level of capital for AEL with reference to two capital buffers which are calculated as percentages of the MCR. The capital buffers are set with reference to the MCR since this is the biting capital requirement for AEL. On a pro-forma basis, as at 30 June 2020 the AEL Target Capital would have been 120%.

3.30 I discuss that difference between the levels at which LGL and AEL aim to hold capital, and the effect of this on the security of LGL Transferred Policy benefits, in paragraphs 3.32 to 3.40 below and in paragraph 6.83 of my Main Report.

3.31 Since my Main Report, the only changes to capital management have been to formally align the policies of ALL and LGL. However this has not resulted in any material changes to the approach to capital management that is used in practice, as described in my Main Report. Therefore, in this respect, there are no reasons to change the conclusion in paragraph 6.78 of my Main Report.

The effect of being part of AEL after implementation of the Scheme compared to LGL currently

The financial strength of AEL compared to LGL

3.32 The conclusions in my Main Report were based on the financial information provided by LGL and AEL as at 31 December 2019.

3.33 The financial results for LGL and AEL as at 30 June 2020 were finalised in August 2020 and are included in Appendix A and Appendix B. I have reconsidered my conclusions in light of this updated financial information.

3.34 The table below sets out the pre-Scheme LGL and pro-forma post-Scheme MCR Ratio as at 30 June 2020.

FIGURE 3.2 SOLVENCY II PILLAR 1 MCR RATIOS AS AT 30 JUNE 2020

	LGL PRE-SCHEME	AEL POST-SCHEME
MCR Ratio	165%	198%

Source: Appendix A and Appendix B

3.35 This shows that, as at 30 June 2020, if the proposed Scheme were to have been implemented at this date, AEL would exceed the requirements of the Assurant Europe Capital Management Policy.

3.36 The pro-forma post-Scheme MCR Ratio for AEL has increased from 146% as at 31 December 2019 (as shown in my Main Report) to 198% as at 30 June 2020. The main driver for the change in MCR Ratio is the introduction of an additional capital injection of £2m that has been made into AEL. AEL has committed to retain this additional £2m capital injection within AEL until the end of 2022.

3.37 As a result of the additional capital injection of £2m into AEL, the implementation of the proposed Scheme would lead to an increase in the MCR Ratio for LGL Transferred Policyholders. Therefore, LGL Transferred Policyholders would be part of a company with greater financial strength following the implementation of the proposed Scheme.

3.38 In my Main Report I discussed the reverse stress testing that had been performed to assess the resilience of AEL's capital position under increasingly extreme pandemic scenarios. This reverse stress testing indicated that the risk of a material deterioration in AEL's capital position was low when allowing for AEL's pro-forma MCR Ratio of 146% as at 31 December 2019. In particular:

- In order to breach the AEL Target Capital of 120% of MCR, AEL would need to experience a scenario more severe than the following combination of events:
  - A disability risk stress of 1.5 times the 1 in 200 Standard Formula stress;
  - A catastrophe risk stress of 10 times the 1 in 200 Standard Formula Stress; and
  - An increase in counterparty type 2 exposures of 50%.
- In order to breach its regulatory capital requirement (which, for AEL, is the absolute floor MCR of €3.7m), AEL would need to experience a scenario in line with the above, but with a catastrophe risk stress of 14 times the 1 in 200 Standard Formula stress.

3.39 As at 30 June 2020 AEL has a stronger capital position, with the additional capital injection of £2m resulting in a pro-forma MCR Ratio of 198%. Given AEL's stronger capital position as at 30 June 2020 compared to 31 December 2019, AEL would need to experience a combination of events more severe than those described in paragraph 3.38 above in order to breach the AEL Target Capital and the regulatory capital requirement (which, for AEL, is the absolute floor MCR of €3.7m). In addition, as described in paragraph 6.10 below, ALL and LGL have not experienced a notable change in claims experience due to COVID-19. I therefore consider that these stresses remain an appropriate representation of an extreme pandemic scenario as at 30th June 2020. Therefore I do not have any reason to change my conclusions regarding the reverse stress testing performed for AEL.

3.40 In summary, I remain satisfied that the reliance on the financial strength of AEL if the proposed Scheme were to be implemented would not lead to a material adverse effect on the security of benefits under the LGL Transferred Policies.

The reinsurance arrangements of AEL after the implementation of the Scheme

3.41 LGL does not have any reinsurance arrangements in place in respect of the LGL Transferred Policies. This will continue to be the case for LGL Transferred Policies when they become part of AEL rather than LGL. I therefore remain satisfied that, if the proposed Scheme were to be implemented, there would be no material adverse effect on the security of benefits under the LGL Transferred Policies as a result of AEL's reinsurance arrangements.

The support for AEL from TWGE as the parent of AEL

3.42 As described in my Main Report, it remains the case that there is no formal capital support arrangement between AEL and TWGE. It also remains the case that the cost to LGL's and AEL's ultimate parent, Assurant, Inc., of restoring the AEL Minimum Capital Buffer if required is low in comparison to the financial resources available to Assurant, Inc.

3.43 I therefore remain satisfied that, if the proposed Scheme were to be implemented, there would be no material adverse effect on the security of benefits under the LGL Transferred Policies as a result of having TWGE as a parent.

The loss of FSCS coverage for the LGL Transferred Policyholders

3.44 In Section 6 of my Main Report I stated that it was likely that, if the Scheme were to be implemented, the Transferred Policies would no longer be covered under the FSCS. I considered the effect of this loss of FSCS coverage on the policyholders concerned and concluded that the loss of the FSCS coverage for the Transferred Policyholders would not lead to a material adverse effect on their security of benefits, in particular since I consider the likelihood of AEL default or insolvency to be remote, given its strong capital position.

3.45 The FSCS will continue to apply to LGL Transferred Policies in respect of claims due to events that occur prior to the Effective Date. In the absence of any alternative agreement being reached during the Brexit negotiations, it is now the case that following the implementation of the proposed Scheme, FSCS coverage will be lost for Transferred Policies for events occurring after the Effective Date.

3.46 Because of the expectation of losing FSCS coverage, when analysing the effects of the Scheme on the Transferred Policyholders, I have assumed that the FSCS would not cover the Transferred Policies for events occurring after the implementation of the Scheme, and I have based my conclusions on this assumption.

3.47 Since there have been no changes regarding the anticipated impact of Brexit on FSCS coverage, there is no reason to change the conclusions set out in my Main Report and I remain satisfied that the loss of FSCS coverage will not have a material adverse effect on the security of the benefits of the LGL Transferred Policies.

Overall conclusion on the effect of the Scheme on the security of LGL Transferred Policy benefits

3.48 Overall, the financial information as at 30 June 2020 does not change the conclusions in my Main Report regarding the security of LGL Transferred Policy benefits, and I remain satisfied that the implementation of the proposed Scheme would not have a material adverse effect on the security of LGL Transferred Policy benefits.

REMAINING POLICYHOLDERS

LGL Remaining UK Policyholders

3.49 The LGL Transferred Business (including the LGL EEA Creditor Business) consists of c. 8,300 policies and c. £1.8m of liabilities as at 30 June 2020. In comparison, the LGL Remaining UK Business consists of approximately 85 policies and c. £112,000 of liabilities as at 30 June 2020. The final LGL Remaining UK Policy is due to expire in 2048. The LGL Remaining UK Business is therefore very low in volume in comparison to the LGL Transferred Business.

3.50 As described in my Main Report, if the proposed Scheme is implemented:

- The LGL Remaining UK Business will continue to be managed in line with the TWGE Risk Management Framework and TWGE Capital Management Policy, and changes to the TWGE Capital Management Policy will continue to require AEG Board approval;
- LGL will continue to hold sufficient capital in respect of the LGL Remaining UK Business in line with the TWGE Capital Management Policy and the LGL Target Capital. As shown in Appendix B, following the implementation of the proposed Scheme, LGL's MCR Ratio is estimated to be 165% compared to an LGL Target Working Capital Ratio of 145%;
- The reinsurance treaty that LGL has in place with an external reinsurer will remain in place; and
- There will continue to be no formal capital support arrangement between LGL and its parent, TWGE. This will be unchanged as a result of the implementation of the proposed Scheme.

3.51 As described in my Main Report, LGL is currently considering the longer term future of LGL subsequent to the transfer. Provided that LGL meets all of the regulators' requirements regarding any action taken, including those relating to the fair treatment of customers, I am satisfied that the action taken should not be materially disadvantageous to the LGL Remaining UK Policyholders.

3.52 Overall, I remain satisfied that, if the proposed Scheme were to be implemented, there would be no material adverse effect on the security of LGL Remaining UK Policy benefits.

LGL EEA Creditor Policyholders

3.53 As described in my Main Report, if the proposed Scheme is implemented:

- Until such time that the Assurant Non-Life Scheme becomes effective the LGL EEA Creditor Business will continue to be managed in line with the TWGE Risk Management Framework and TWGE Capital

Management Policy, and changes to the TWGE Capital Management Policy will continue to require AEG Board approval;

- LGL would continue to hold sufficient capital in respect of the LGL EEA Creditor Business in line with the TWGE Capital Management Policies; and
- There will continue to be no formal capital support arrangement between LGL and its parent, TWGE. This will be unchanged as a result of the implementation of the proposed Scheme.

3.54 Overall, I remain satisfied that, if the proposed Scheme were to be implemented, there would be no material adverse effect on the security of LGL EEA Creditor Policy benefits.

CONCLUSION

3.55 Overall, given the developments since my Main Report, there is no reason to change the conclusions set out in my Main Report and I remain satisfied that the implementation of the Scheme would not have a material adverse effect on the security of the benefits of the Transferring Policies or the Remaining Policies.

4. THE EFFECT OF THE SCHEME ON THE PROFILE OF RISKS TO WHICH POLICYHOLDERS ARE EXPOSED

ALL TRANSFERRED POLICYHOLDERS

4.1 If the proposed Scheme were to be implemented, the ALL Transferred Policies would be direct policies of AEL and directly exposed to the risk profile of AEL.

FIGURE 4.1 ALL'S SCR BREAKDOWN AS AT 30 JUNE 2020

	£'000
Market risk	540
Counterparty Default Risk	484
Health Underwriting Risk	12
Life Underwriting Risk	189
Total pre-diversification	**1,225**
Diversification	(333)
Basic SCR	**893**
Operational Risk	7
SCR	**899**

Source: ALL LGL SCRs breakdown

4.2 The main risks to which ALL is exposed are market risk, counterparty default risk and life underwriting risk. If the proposed Scheme were to be implemented then AEL would also be exposed to these three key risks.

4.3 I note that the SCR for ALL is lower as at 30 June 2020 than it was at 31 December 2019. This is in line with my expectations given the run-off of the ALL BEL[5].

4.4 I also note that the pro-forma post-Scheme SCR for AEL as at 30 June 2020 has not been calculated, since the biting capital requirement for AEL following the implementation of the proposed Scheme will be the MCR. However it is expected that the pro-forma SCR for AEL as at 30 June 2020 would not be materially different to the equivalent figure as at 31 December 2019 as included in my Main Report, allowing for the run-off of the ALL and LGL liabilities during the first half of 2020.

4.5 Overall, the risk profile of ALL prior to the implementation of the proposed Scheme and the expected risk profile of AEL following the implementation of the proposed Scheme remain as described in my Main Report. Therefore, I remain satisfied that any change in risk profile would not have a material adverse effect on the ALL Transferred Policies.

LGL TRANSFERRED POLICYHOLDERS

4.6 If the proposed Scheme were to be implemented, the LGL Transferred Policies would be direct policies of AEL and directly exposed to the risk profile of AEL.

[5] The best estimate liability under Solvency II.

FIGURE 4.2 LGL'S SCR BREAKDOWN AS AT 30 JUNE 2020

	£'000
Market risk	1,248
Counterparty Default Risk	42
Health Underwriting Risk	0.5
Life Underwriting Risk	142
Total pre-diversification	**1,433**
Diversification	(130)
Basic SCR	**1,303**
Operational Risk	34
SCR	**1,337**

Source: ALL LGL SCRs breakdown

4.7 The main component of LGL's SCR on an undiversified basis is market risk, followed by life underwriting risk. If the proposed Scheme were to be implemented then AEL would also be exposed to these two risks, as well as counterparty default risk.

4.8 I note that the SCR for LGL is slightly higher as at 30 June 2020 than it was at 31 December 2019, despite the run-off of the LGL BEL. This is due to an increase in capital requirements for market risk resulting from market movements during the first half of 2020. However, this does not have a material impact on the overall risk profile of LGL.

4.9 I also note that the pro-forma post-Scheme SCR for AEL as at 30 June 2020 has not been calculated, since the biting capital requirement for AEL following the implementation of the proposed Scheme will be the MCR. However it is expected that the pro-forma SCR for AEL as at 30 June 2020 would not be materially different to the equivalent figure as at 31 December 2019 as included in my Main Report, allowing for the run-off of the ALL and LGL liabilities during the first half of 2020.

4.10 Overall, despite the small increase in SCR for LGL, the risk profile of LGL prior to the implementation of the proposed Scheme and the expected risk profile of AEL following the implementation of the proposed Scheme remain as described in my Main Report. Therefore, I remain satisfied that any change in risk profile would not have a material adverse effect on the LGL Transferred Policies.

REMAINING POLICYHOLDERS

LGL Remaining UK Policyholders

4.11 As described in paragraph 4.7, the main risks to which LGL is currently exposed are market risk and life underwriting risk. There has been no formal assessment of the anticipated risk profile of LGL if the proposed Scheme were to be implemented.

4.12 The overall impact of the implementation of the proposed Scheme on the profile of risks to which LGL is exposed remains to be as described in my Main Report.

4.13 Overall, if the proposed Scheme were to be implemented, I remain satisfied that there would be no material adverse effect on the profile of risks to which the LGL Remaining UK Policies are exposed.

LGL EEA Creditor Policyholders

4.14 As described in paragraph 4.7, the main risks to which LGL is currently exposed are market risk and life underwriting risk. It is expected that the risk profile of LGL would be largely unchanged if the LGL Creditor Policies were to remain within LGL; however, the overall level of risk within LGL would be reduced since the LGL Transferred Business would no longer reside within LGL.

4.15 Overall, if the proposed Scheme were to be implemented, I remain satisfied that there would be no material adverse effect on the profile of risks to which the LGL EEA Creditor Policies are exposed.

CONCLUSION

4.16 Overall, given the developments since my Main Report, there is no reason to change the conclusions set out in my Main Report and I remain satisfied that the implementation of the Scheme would not have a material adverse effect on the profile of risks to which the Transferring Business or Remaining Business is exposed.

5. THE EFFECT OF THE SCHEME ON THE BENEFIT EXPECTATIONS OF POLICYHOLDERS

ALL TRANSFERRED POLICYHOLDERS

The effect of the Scheme on the benefit expectations of the ALL Transferred Policyholders

5.1 It remains the case that if the proposed Scheme were to be implemented there would be no change to the terms and conditions of the ALL Transferred Policies, except that the policies would become policies of AEL rather than ALL.

5.2 There have been no changes to the planned management of the ALL Transferred Business after the transfer to that described in my Main Report. I therefore remain satisfied that the implementation of the proposed Scheme would not have a material adverse effect on the benefit expectations of the ALL Transferred Policyholders.

The effect of the Scheme on the administration and servicing of the ALL Transferred Policies

5.3 In terms of the administration and servicing of the ALL Transferring Policies there have been no changes to the planned approach since writing my Main Report. Specifically, the ALL Transferred Policies continue to be administered and serviced via outsourcing arrangements with various internal intermediary service companies within AGL, each of which are authorised in EEA member states in which ALL Transferred Business is written, and this would not change if the proposed Scheme were to be implemented.

5.4 I am therefore satisfied that there are no reasons to change the conclusion in my Main Report that there would be no material adverse effect of the levels and standards of administration and servicing that would apply to the ALL Transferred Policies if the Scheme were to be implemented.

LGL TRANSFERRED POLICYHOLDERS

The effect of the Scheme on the benefit expectations of the LGL Transferred Policyholders

5.5 It remains the case that if the proposed Scheme were to be implemented there would be no change to the terms and conditions of the LGL Transferred Policies, except that the policies would become policies of AEL rather than LGL.

5.6 There have been no changes to the planned management of the LGL Transferred Business after the transfer to that described in my Main Report. I therefore remain satisfied that the implementation of the proposed Scheme would not have a material adverse effect on the benefit expectations of the LGL Transferred Policyholders.

The effect of the Scheme on the administration and servicing of the LGL Transferred Policies

5.7 In terms of the administration and servicing of the LGL Transferring Policies, there have been no changes to the planned approach since writing my Main Report. Specifically, the LGL Transferred Policies continue to be administered and serviced via an outsourcing arrangement with TWG Services Limited ("TWGS") currently, and if the proposed Scheme were to be implemented, the provision of services for LGL Transferred Business currently delivered by TWGS would instead be provided by Assurant Europe Services B.V. ("AES"). The same administration systems and processes will continue to be used and the service level and key performance indicators documented within the outsourcing contract between AEL and AES would be unchanged from those currently in place between LGL and TWGS.

5.8 I note that since writing my Main Report, AES has now been registered with the Dutch Authority for the Financial Markets ("AFM") to carry on insurance distribution activities in the Netherlands.

5.9 I am therefore satisfied that there are no reasons to change the conclusion in my Main Report that there would be no material adverse effect of the levels and standards of administration and servicing that would apply to the LGL Transferred Policies if the Scheme were to be implemented.

REMAINING POLICYHOLDERS

LGL Remaining UK Policyholders

5.10 It remains the case that the implementation of the Scheme will not result in any changes to the following:

- The terms and conditions of the LGL Remaining UK Policies;
- The governance or management of the LGL Remaining UK Policies; and
- The administration or servicing arrangements in respect of the LGL Remaining UK Policies.

5.11 Therefore, there is no reason to change the conclusions set out in my Main Report and I remain satisfied that the implementation of the Scheme will not have a material adverse effect on the reasonable benefit expectations of the LGL Remaining UK Policyholders or on the level and standards of administration and service that would apply to the LGL Remaining UK Business.

LGL EEA Creditor Policyholders

5.12 It remains the case that the implementation of the Scheme will not result in any changes to the following:

- The terms and conditions of the LGL EEA Creditor Policies; and
- The governance or management of the LGL EEA Creditor Policies.

5.13 As described in my Main Report, it continues to be the case that if the LGL EEA Creditor Business were to continue to reside with LGL at the end of the Brexit transition period, LGL's ability to manage, administer and service the business without breaching authorisation requirements may be threatened and further actions may be required to ensure a continuation of its ability to lawfully service these policies.

5.14 Therefore, there is no reason to change the conclusions set out in my Main Report and I remain satisfied that the implementation of the Scheme will not have a material adverse effect on the reasonable benefit expectations of the LGL EEA Creditor Policyholders or on the level and standards of administration and service that would apply to the LGL EEA Creditor Business.

CONCLUSION

5.15 Overall, given the developments since my Main Report, there is no reason to change the conclusions set out in my Main Report and I remain satisfied that the implementation of the Scheme would not have a material adverse effect on the reasonable benefit expectations or on the level and standards of administration and service that would apply to the Transferred Policyholders and Remaining Policyholders.

6. THE EFFECT OF THE COVID-19 PANDEMIC

INTRODUCTION

6.1 At the time of writing the Main Report, COVID-19 had been declared a pandemic by the World Health Organisation, and the UK government had put in place a large number of restrictions in response to this outbreak. In my Main Report I considered my conclusions regarding the Scheme in light of the potential market risk, mortality risk and operational disruption arising due to COVID-19. In addition, in the Main Report I considered the expected impact of an extreme pandemic scenario on AEL's capital position as at 31 December 2019.

6.2 Since writing the Main Report, for many countries the rate of growth in COVID-19 had slowed and there had been a gradual easing of restrictions. However, there are indications that a 'second wave' of COVID-19 cases is currently underway in many countries including the UK, and increasing restrictions are beginning to be reintroduced. It is also widely acknowledged that the full economic effects of the initial COVID-19 outbreak are yet to be realised. Therefore, the market risk, mortality risk and operational disruption posed by COVID-19 remain.

6.3 Given the rapidly developing nature of the COVID-19 pandemic, I will prepare a letter to the Court prior to the Sanction Hearing to provide any updates to my conclusions as a result of any material developments relating to COVID-19 that are pertinent to the Scheme.

THE POTENTIAL MARKET RISK FROM COVID-19

6.4 Since writing my Main Report the financial markets have continued to experience volatility as a result of COVID-19. I have been provided estimated balance sheet impacts for ALL, LGL and AEL that incorporate an increased level of market volatility and show the solvency of ALL, LGL and AEL as at 30 June 2020.

6.5 In producing the estimated balance sheet impacts, the following assumptions have been made:

- A reduction in market value of assets of 5%, reflecting the observed movement in assets resulting from COVID-19; and
- An increase in technical provisions of 5%, reflecting the Companies' views on the impact of COVID-19 on the portfolios of business in aggregate.

6.6 Whilst it continues to be difficult to quantify the expected impact of the current market volatility at a particular point in time, the approach used to determine the assumptions made, as outlined above, appears broadly reasonable.

6.7 The balance sheet impacts I have been provided show that ALL, LGL and AEL all continue to hold capital in excess of their target MCR Ratios in each of their capital management policies both before and after the implementation of the proposed Scheme as at 30 June 2020, when allowing for an increased level of market volatility due to COVID-19.

6.8 I have also been provided with an updated projected impact of COVID-19 at 30 September 2020, which applies the same adjustments to assets and liabilities as those outlined in paragraph 6.5 above. These projections also show that ALL, LGL and AEL all continue to hold capital in excess of their target MCR Ratios in each of their capital management policies both before and after the implementation of the proposed Scheme as at 30 September 2020 when allowing for the estimated impact of COVID-19.

6.9 Overall, I am therefore satisfied that it continues to be the case that the increased volatility in financial markets resulting from COVID-19 is not expected to have a material adverse impact on the benefit security of policyholders of ALL, LGL and AEL, both before and after the implementation of the proposed Scheme.

THE POTENTIAL MORTALITY RISK FROM COVID-19

6.10 The development of COVID-19 into a global pandemic signifies a likely increase in mortality rates for the policyholders of ALL and LGL. I understand that to date there have been two mortality claims across ALL and LGL for which COVID-19 was listed as the cause of death. Both of these claims were for policies that had been flagged as having a high probability of claiming due to 'underlying suffering' of the policyholder. Overall, ALL and LGL have not experienced a notable change in mortality experience due to COVID-19. Therefore, the comments in my Main Report remain valid and I continue to be satisfied that it is unlikely that changes to mortality rates due to COVID-19 would directly lead to a breach of the risk appetite statements of ALL or LGL.

THE POTENTIAL OPERATIONAL DISRUPTION FROM COVID-19

6.11 The restrictions put in place by the UK government, as well as many other governments globally, in response to the outbreak of COVID-19 have the potential to cause considerable operational disruption across multiple industries.

6.12 Restrictions have begun to ease and I note that the steps taken by AEG in response to the operational disruption from COVID-19 continue to appear to be reasonable. I am therefore satisfied that COVID-19 is not likely to materially change the impacts of the proposed Scheme on administration and service standards.

CONCLUSION REGARDING THE EFFECT OF THE COVID-19 PANDEMIC

6.13 Having taken the above factors into account, I continue to be satisfied that the COVID-19 pandemic does not provide any reason to change the conclusions in my Main Report and in this Supplementary Report.

7. CORRESPONDENCE AND OBJECTIONS RECEIVED FROM POLICYHOLDERS

7.1 Following the Directions Hearing on 30 June 2020 and in accordance with the Scheme communication proposal, subject to the specific waivers received, a mailing pack was sent to all Transferring Policyholders (approximately 12,800 policyholders).

7.2 I understand that ALL and LGL have trained their call centre teams in order to ensure that policyholders are provided with accurate and consistent information regarding the proposed Scheme. Call centre teams have been taught how to identify objections or expressions of dissatisfaction consistently, and a specific process is in place for recording and addressing these types of responses. In addition, a formal quality assurance activity has been conducted by ALL and LGL to ensure that all objections and expressions of dissatisfaction are properly identified and classified.

7.3 For general enquiries regarding the Scheme, call centre teams have been provided with a script to ensure that such enquiries are responded to consistently. There are also regular calls held within ALL and LGL to ensure any queries regarding the Scheme that cannot be answered by call centre teams are escalated in a timely manner.

7.4 ALL and LGL have been providing the FCA with fortnightly updates covering the progress of policyholder communications, including details on any objections or expressions of dissatisfaction in respect of the Scheme (if they arise) and commentary relating to call-handling statistics. I have also had sight of these updates.

7.5 Any objections or expressions of dissatisfaction regarding the Scheme raised by policyholders before the Sanction Hearing but not included within the fortnightly updates referred to in paragraph 7.4 above will be provided to the PRA, the FCA and myself, and will also be presented to the Court at the Sanction Hearing.

7.6 At the time of writing this Supplementary Report, there have been no formal objections to the Scheme by policyholders (of both ALL or LGL) and no expressions of dissatisfaction regarding the Scheme. A number of general enquiries have been raised regarding the Scheme, including queries into the purpose of the mailing pack, which policy the mailing pack concerns or whether any action is required. Such enquiries are responded to routinely by call centre teams in accordance with the script described in paragraph 7.3.

CONCLUSION

7.7 I am satisfied that ALL and LGL are dealing with enquiries regarding the Scheme in a reasonable way, and have adequate processes in place to deal with any objections or expressions of dissatisfaction that may arise regarding the Scheme prior to the Sanction Hearing.

7.8 Overall, the outcome of the policyholder communications does not provide any reason to change the conclusions of my Main Report.

8. OTHER CONSIDERATIONS IN RESPECT OF THE PROPOSED SCHEME

CHANGES TO THE SCHEME

8.1 There have been no material changes to the Scheme since the submission for the Directions Hearing in June 2020.

TAX IMPLICATIONS OF THE SCHEME

8.2 ALL and LGL have confirmed that there will be no change in Transferred Policyholder taxation as a result of the Scheme.

8.3 The Scheme transfers to AEL from ALL and LGL existing insurance liabilities at fair value arising from business already written, together with suitable supporting investment assets of the same value. I have been advised that there will be no accounting gain in either ALL or LGL as a result of this transfer. I understand that the transfer of business from ALL and LGL to AEL will be treated as a disposal for tax purposes. As both ALL and LGL are running-off at a loss/minimal profit, the valuation of the business is anticipated to be close to nil. In addition, I understand that both ALL and LGL are carrying forward tax losses in the UK which have not been recognised for deferred tax purposes and could be utilised should any minimal gain arise. It therefore remains the case, as described in my Main Report, that there would be no taxable gain arising in the UK or any other branch territories of ALL and LGL as a result of the Scheme.

COSTS OF THE PROPOSED SCHEME

8.4 It has been confirmed that the total costs of the Scheme will be met centrally by Assurant, Inc., the ultimate parent of ALL, LGL and AEL. There will therefore be no costs incurred by ALL, LGL or AEL (nor policyholders of ALL, LGL and AEL) relating to the implementation of the Scheme.

TRANSFER OF BUSINESS TO BUSINESS CONTRACTS

8.5 The effective legal transfer to AEL of ALL and LGL's business to business contracts[6] relating the Transferred Policies is still expected to proceed on the Effective Date, either under the terms of the proposed Scheme or as a separate legal transfer where necessary. All client notifications have been issued and I understand that there have been no objections to date.

ASSURANT NON-LIFE SCHEME

8.6 The Assurant Non-Life Scheme is still expected to proceed and become effective at the same time as the Scheme, as described in my Main Report.

[6] *"Business to business contracts" are the contracts in place between ALL, LGL and their clients which support their insurance business.*

9. MY CONCLUSIONS

9.1 I prepared my Main Report dated 19 June 2020 in which I considered the proposed Scheme based on information available at that time and the purpose of this Supplementary Report is to provide an updated assessment of the likely effects of the proposed Scheme ahead of the Sanction Hearing on 20 October 2020.

9.2 I have considered whether anything has happened since the date of finalisation of my Main Report, including the updated financial information as at 30 June 2020 and the pro-forma figures showing the financial information for ALL, LGL and AEL as if the Scheme had been implemented on that date, that would cause me to change the conclusions in my Main Report.

9.3 In summary:

- The updated financial information (Section 2 and Section 3).

  Overall, the financial information as at 30 June 2020 does not change the conclusions in my Main Report regarding the security of the Transferred Policy benefits and Remaining Policy benefits, and I remain satisfied that the implementation of the proposed Scheme would not have a material adverse effect on the security of the Transferred Policy benefits and Remaining Policy benefits.

- Profile of risks to which the Transferring Business and Remaining Business is exposed (Section 4).

  Given the developments since my Main Report, there is no reason to change the conclusions set out in my Main Report and I remain satisfied that the implementation of the Scheme would not have a material adverse effect on the profile of risks to which the Transferring Business and Remaining Business is exposed.

- Standards of administration and servicing (Section 5).

  Given the developments since my Main Report, there is no reason to change the conclusions set out in my Main Report and I remain satisfied that the implementation of the Scheme would not have a material adverse effect on the reasonable benefit expectations or on the level and standards of administration and service that would apply to the Transferred Policyholders and Remaining Policyholders.

9.4 Therefore nothing has happened since the finalisation of my Main Report to provide any reason to change the conclusions in Section 10 of my Main Report that:

- I am satisfied that the implementation of the Scheme would not have a material adverse effect on:
  - The security of the benefits under the Transferred Policies or the Remaining Policies;
  - The profile of risks to which the Transferred Policies or the Remaining Policies are exposed;
  - The reasonable expectations of the Transferred Policyholders or the Remaining Policyholders in respect to their benefits; or
  - The level and standards of administration and service that would apply to the Transferred Policies or the Remaining Policies.
- I am satisfied that the Scheme is equitable to all classes and generations of ALL and LGL policyholders.

P H Simpson

Philip Simpson — 09 October 2020

Principal of Milliman LLP — Fellow of the Institute and Faculty of Actuaries

Appendix A – Solvency II financial information as at 30 June 2020 before the implementation of the Scheme

SOLVENCY II PILLAR 1 FINANCIAL INFORMATION AS AT 30 JUNE 2020

£'000	ALL	LGL	AEL
Total assets	10,196	9,827	4,638
Total liabilities	2,460	4,582	50
Own Funds	7,736	5,245	4,588
SCR	899	1,337	-
Excess assets after SCR	6,837	3,908	-
SCR Ratio	860%	392%	-
MCR	3,187	3,187	3,325
Excess assets after MCR	4,549	2,058	1,264
MCR Ratio	243%	165%	138%

Source: Life Data August Refresh 12082020, ALL LGL SCRs breakdown

Notes:

1. Both ALL and LGL's SCRs are lower than the absolute floor MCR as specified by Solvency II, and therefore both ALL and LGL hold sufficient capital to ensure it covers the MCR.

2. Figures are provided on a net of reinsurance basis.

3. AEL's position is as if it had been authorised at that date and includes the capital injections that had been made up to 30 June 2020. However, it does not include the additional £2m capital injection that was made into AEL during September 2020.

4. The MCR for AEL differs to the MCR for ALL and LGL. This is because the exchange rate used to determine the MCR for AEL has been updated to reflect exchange rates as at 30 June 2020. This was not deemed necessary for ALL and LGL.

Appendix B – Solvency II financial information as at 30 June 2020 after the implementation of the Scheme

SOLVENCY II PILLAR 1 POST-SCHEME FINANCIAL INFORMATION AS AT 30 JUNE 2020

£'000	ALL	LGL	AEL
Total assets	8,994	8,031	9,637
Total liabilities	1,257	2,780	3,049
Own Funds	7,736	5,251	6,588
MCR	3,187	3,187	3,325
Excess assets after MCR	4,549	2,064	3,264
MCR Ratio	243%	165%	198%

Source: Life Data August Refresh 12082020

Notes:

1. Both ALL and LGL's SCRs are lower than the absolute floor MCR as specified by Solvency II, and therefore both ALL and LGL hold sufficient capital to ensure it covers the MCR.

2. Figures are provided on a net of reinsurance basis.

3. AEL's position is as if it had been authorised at that date and the intended capital injected, including the additional £2m capital injection that was made into AEL during September 2020.

4. The pro-forma post-Scheme SCR as at 30 June 2020 has not been calculated for ALL as ALL will cease to have any policyholders following the implementation of the proposed Scheme.

5. The pro-forma post-Scheme SCR as at 30 June 2020 has not been calculated for LGL as LGL will have an immaterial number of policies and therefore the MCR would be substantially larger than the calculated SCR following the implementation of the proposed Scheme.

6. The pro-forma post-Scheme SCR as at 30 June 2020 has not been calculated for AEL as the biting capital requirement for AEL following the implementation of the proposed Scheme will be the MCR, and the post-Scheme AEL SCR as at 30 June 2020 is not expected to be materially different to the equivalent figure as at 31 December 2019, as provided in my Main Report.

Appendix C – Key sources of data

In writing this Supplementary Report, I relied upon the accuracy of certain documents provided by ALL, LGL and AEL. These included, but were not limited to, the following:

DOCUMENT	DATE OF DOCUMENT
Assurant Europe Group Capital Management Policy	01/07/2020
The second ALL and LGL Witness Statement	06/10/2020
The second AEL Witness Statement	06/10/2020
The Communications Witness Statement	06/10/2020
FCA Response Logs	Various
The supplementary report of the ALL and LGL Chief Actuary	06/10/2020
ALL, LGL and AEL Financials	12/08/2020
ALL LGL SCRs breakdown	Undated

Appendix D – Definitions

TERM	DEFINITION
AEG	Assurant Europe Group, a group of indirect subsidiaries of Assurant, Inc.
AEL	Assurant Europe Life Insurance N.V.
AES	Assurant Europe Services B.V.
AFM	The Dutch Authority for the Financial Markets
ALL	Assurant Life Limited.
The Assurant Non-Life Scheme	The proposal, separate to the context of this Report, that the transferring business of AGIL and of LGI be transferred to AEI under the provisions of Part VII of FSMA.
The Assurant Group	The group of companies comprising Assurant, Inc. and its direct and indirect subsidiaries (including ALL, LGL and AEL).
BEL	The best estimate liability under Solvency II
Brexit	"Brexit" refers to the exit of the UK from the EU on 31 January 2020, following the referendum on continuing membership held in the UK in June 2016. As at the time of drafting this Report, the future relationship between the UK and the EU, including the regulatory environment for insurers operating across UK/EEA borders, was being negotiated. Until the completion of the transition period (currently scheduled to finish on 31 December 2020) the regulatory environment for insurers remains unaltered from its pre-Brexit state.
The Court	The High Court of Justice of England and Wales.
COVID-19	Coronavirus Disease 2019
Directions Hearing	A short hearing at which the Court makes procedural orders with regard to a proposed Part VII transfer, in particular in relation to communications with policyholders.
EEA	The European Economic Area ("EEA") was established by the EEA Agreement on 1 January 1994. The EEA unites the 27 EU member states with Iceland, Liechtenstein, and Norway into an internal market governed by the same basic rules. These rules aim to enable goods, services, capital, and persons to move freely about the EEA in an open and competitive environment, a concept referred to as the four freedoms.
EEA Passport Rights	The right under the EU Directives (and as manifested in the Financial Services and Markets Act 2000 (EEA Passport Rights) Regulations 2001 (as amended)) for UK regulated insurers to operate freely in other EEA member states.
Effective Date	The date on and from which the Scheme shall become effective.
EIOPA	The European Insurance and Occupational Pensions Authority ("EIOPA") was established in consequence of the reforms to the structure of supervision of the financial sector in the EU, with the goals of: better protecting consumers and rebuilding trust in the financial system; ensuring a high, effective and consistent level of regulation and supervision taking account of the varying interests of all Member States and the different nature of financial institutions; greater harmonisation and coherent application of rules for financial institutions & markets across the EU; strengthening oversight of cross-border groups; and promoting coordinated EU supervisory responses.
EU	European Union.
FCA	The Financial Conduct Authority ("FCA") is the UK regulatory agency that focuses on the regulation of conduct by retail and wholesale financial services firms. The FCA operates as part of the regulatory framework implemented under the Financial Services Act 2012.

FSCS	The Financial Services Compensation Scheme ("FSCS") is the compensation fund of last resort for customers of UK authorised financial services firms.
FSMA	Financial Services and Markets Act 2000, the legislation under which Part VII governs the transfer of (re)insurance business between (re)insurance undertakings.
IFoA	The Institute and Faculty of Actuaries, the professional body for actuaries in the UK.
Independent Expert	The Independent Expert prepares the Independent Expert's Report and provides it to the Court in order that it may properly assess the impact of the proposed transfer, including the effect on the policyholders of the insurance companies in question. In the case of the Scheme, I have been appointed as the Independent Expert.
LGL	London General Life Company Limited.
LGL EEA Creditor Business	Business within the LGL Transferred Business for which LGL has provided life insurance cover and LGI has provided non-life insurance cover.
LGL EEA Creditor Policies	The policies of LGL that are included within the LGL EEA Creditor Business.
LGL EEA Creditor Policyholders	The policyholders of the LGL EEA Creditor Business.
LGL Remaining UK Business	The business of LGL that is not to be transferred to AEL under the Scheme.
LGL Remaining UK Policies	The policies of LGL that are included within the LGL Remaining UK Business.
LGL Remaining UK Policyholders	The policyholders of the LGL Remaining UK Business.
Main Report	My report dated 19 June 2020 in which I considered the proposed Scheme for the Directions Hearing at the Court on 30 June 2020.
MCR	The Solvency II Minimum Capital Requirement ("MCR") is usually lower than the SCR and defines the point of intensive regulatory intervention. The MCR calculation is less risk sensitive than the SCR calculation and is calibrated to a confidence level of 85% over one year (compared to 99.5% for the SCR).
MCR Ratio	The ratio of Solvency II Own Funds to MCR.
Milliman	Milliman LLP, a member of the Milliman Group.
The Milliman Group	The group of entities whose ultimate parent is Milliman, Inc.
Own Funds	In Solvency II terminology, the amount of capital or excess assets of an insurance company. Own funds are divided into basic own funds and ancillary own funds (e.g. additional premiums from members), which require regulatory approval.
PRA	The Prudential Regulation Authority ("PRA") is part of the Bank of England and carries out the prudential regulation of financial firms in the UK, including banks, investment banks, building societies and insurance companies. The PRA operates as part of the regulatory framework implemented under the Financial Services Act 2012.
Prudential	Prudential Assurance Company Limited
Remaining Business	The business of LGL that is not to be transferred to AEL under the Scheme.
Remaining Policies	The policies of LGL that are included within the Remaining Business.
Remaining Policyholders	The policyholders of the Remaining Business.
Rothesay	Rothesay Life Limited
Sanction Hearing	A hearing at which the Court hears the application to sanction a proposed Part VII transfer.

The Scheme	In the context of this Report, the proposal that the transferring business of ALL and of LGL be transferred to AEL under the provisions of Part VII of FSMA.
SCR	The Solvency Capital Requirement ("SCR") under Solvency II is the amount of capital required to ensure continued solvency over a one-year trading time frame with a likelihood of 99.5%.
SCR Ratio	The ratio of Solvency II Own Funds to SCR.
Solvency II	The system for establishing (among other things) minimum capital requirements for EU (re)insurers under the Solvency II Directive 2009/138/EC.
Standard Formula	A method for calculating the SCR under Solvency II, as prescribed by EIOPA.
Supplementary Report	This report which I have prepared in advance of the Court hearing to sanction the Scheme covering any relevant matters that might have arisen since the date of my Main Report.
Transferred Business	The business of ALL and of LGL that is to be transferred to AEL under the Scheme. The business that relates specifically to ALL is referred to as ALL Transferred Business; the business that relates specifically to LGL is referred to as LGL Transferred Business.
Transferred Policies	The policies of ALL and LGL that are included within the Transferred Business. Those that relate specifically to ALL are referred to as ALL Transferred Policies; those that relate specifically to LGL are referred to as LGL Transferred Policies.
Transferred Policyholders	The policyholders of the Transferred Business. Those that relate specifically to ALL are referred to as ALL Transferred Policyholders; those that relate specifically to LGL are referred to as LGL Transferred Policyholders.
TWGE	The Warranty Group Europe, the parent company of LGL, LGI, AEL, AEI and AES.
TWGS	TWG Services Limited

Appendix E – Letter of Representation

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<u>Strictly Private and Confidential (Delivered via e-mail)</u>

Philip Simpson
Milliman LLP
11 Old Jewry
London
EC2R 8DU

9 October 2020

Dear Mr Simpson,

Letter of Representation - Part VII transfer of business from Assurant Life Limited and London General Life Company Limited to Assurant Europe Life Insurance N.V.

1. **Introduction**

   We refer to the proposed transfer of the business of Assurant Life Limited ("ALL") and London General Life Company Limited ("LGL") to Assurant Europe Life Insurance N.V. ("AEL") by an insurance business transfer scheme ("the Scheme"), as defined in Section 105 of the Financial Services and Markets Act 2000 ("FSMA"). Claude Kwasi Sarfo-Agyare is Director / Chief Financial Officer, Europe and has been authorised by ALL and LGL to provide the representations set out in this letter, on behalf of each and both of ALL and LGL. Similarly, Ingo Martijn Alexander Soesman is Managing Director / CEO, Netherlands and has been authorised by AEL to provide the representations set out in this letter on behalf of AEL.

2. **Data Accuracy Statement**

   We hereby affirm that the data and information provided by ALL, LGL and AEL to Philip Simpson of Milliman LLP (acting as the Independent Expert to the Scheme) were prepared by ALL, LGL and AEL (as appropriate) and, to the best of our knowledge and belief, are accurate and complete in all material respects.

3. **Other Statements**

   3.1 To the best of our knowledge and belief, there are no material inaccuracies or omissions in:

   - the description of the business and practices of ALL, LGL and AEL (including details of specific contracts and claims), or
   - in any statements attributed to ALL, LGL and/or AEL (and/or the wider Assurant Group)

   in the Independent Expert's Report dated 19 June 2020 and the Independent Expert's Supplementary Report dated 9 October 2020 (together the "Reports") on the proposed Scheme.

3.2 We have disclosed all the information that, in our opinion, is relevant to the Independent Expert when forming a view as to whether policyholders are adversely affected by the proposed Scheme.

3.3 We confirm that the Reports accurately and fairly reflect our understanding of the proposed Scheme and the facts relied upon in the Reports are true and accurate to the best of our knowledge and belief.

3.4 We will keep the Independent Expert apprised, up to the date of the Court hearing to sanction the Scheme, of all matters and issues that, in our opinion, might be relevant to the Independent Expert in opining on the proposed Scheme.

3.5 Prior to the submission to the Court of the final Court (and supporting) documents relating to the Scheme, we hereby undertake to provide to the Independent Expert full details of:

- any changes between draft versions of the documents previously provided to the Independent Expert and final versions of those documents, and
- any differences between the data and information underlying such draft and final documents.

3.6 In particular, the facts stated below are true and accurate to the best of our knowledge and belief:

- The financial position as stated in the balance sheets of ALL, LGL and AEL as at 31 December 2019 and 30 June 2020, as summarised in the Reports, give a true and fair view of the affairs of ALL, LGL and AEL respectively;
- The Technical Provisions of the business of ALL and LGL to be transferred under the Scheme, stated as at both 31 December 2019 and 30 June 2020, provide a true and fair view in accordance with appropriate actuarial standards as at those dates;
- Other financial projections relating to ALL, LGL and AEL that have been provided by us, which the Independent Expert has used to prepare the Reports, have been prepared in good faith by persons with appropriate knowledge and experience on a reasonable basis and based on reasonable assumptions;
- The management of the business affected by the Scheme will remain substantially unchanged following implementation of the Scheme.

3.7 We confirm that the capital assessments as at 30 June 2020 that have been provided by us continue to be reasonable estimates of the corresponding capital assessments as at the date of this letter.

3.8 We confirm that there are currently no plans pursuant to the Scheme to materially change the capital basis/approach and capital strength adopted by ALL, LGL or AEL.

3.9 We confirm that there is currently no other information concerning the business written, the claims procedures and the processing situation in any of ALL, LGL and AEL that, in our view, might have a material impact on the Independent Expert's assessment of the proposed Scheme and which has not been disclosed to the Independent Expert.

3.10 We confirm that the proposed Scheme is not expected to have tax implications that would affect any existing or transferring policyholders of ALL, of LGL or of AEL.

3.11 To the best of our knowledge and belief, there have been no material changes since 31 December 2019 to the operational plans of any of ALL, LGL and AEL that, in our opinion, might have a material impact on the Scheme and that have not been communicated to the Independent Expert.

3.12 We confirm that the actual and expected (by us) impact of the COVID-19 pandemic upon ALL, LGL and AEL has been appropriately represented in paragraphs 9.56 - 9.78 of the Independent Expert's Report dated 19 June 2020 and Section 6 of the Independent Expert's Supplementary Report dated 9 October 2020.

3.13 We confirm that, in our opinion, there have been no events between 30 June 2020 and the date of this letter that would have a material impact on the Scheme.

Yours sincerely,

E-SIGNED by Claude Kwasi Sarfo-Agyare on 2020-10-09 15:53:56 GMT	E-SIGNED by Ingo Soesman on 2020-10-09 11:16:59 GMT
Claude Kwasi Sarfo-Agyare	Ingo Martijn Alexander Soesman
Director / Chief Financial Officer, Europe	Managing Director / CEO, Netherlands
For and on behalf of Assurant Life Limited and London General Life Company Limited	*For and on behalf of Assurant Europe Life Insurance N.V.*

Milliman

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

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