

**Supplementary Report by the  
With-Profits Actuary of  
Countrywide Assured plc (“CA”)  
on the proposed transfer of  
business from CASLP Ltd to CA  
pursuant to Part VII of the  
Financial Services and Markets  
Act 2000**

Countrywide Assured plc



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# Section 1: Introduction

## Background

- 1.1 The purpose of this report (the “Supplementary Report”) is to provide an update to my initial report (the “WPA Main Report”) dated 18 July 2023.
- 1.2 The WPA Main Report addressed the impact of the proposed transfer of the Sanlam Life and Pensions UK Limited (“CASLP”) business to Countrywide Assured plc (“CA”), by a Scheme of Transfer (“the Scheme”) under Part VII of the Financial Services and Markets Act 2000 (“FSMA”), on the With-profits policyholders of CA.
- 1.3 The WPA Main Report was provided to the Prudential Regulation Authority (“PRA”), the Financial Conduct Authority (“FCA”), the Independent Expert (“IE”) and presented to the High Court of England and Wales (the “court”) at the Directions Hearing which took place on 26 July 2023. The report was also made available to the policyholders of CA and CASLP.
- 1.4 The purpose of this Supplementary Report is to consider any matters or developments since the WPA Main Report was produced that are considered to be material or relevant to the assessment of the Scheme. This includes, updated financial information that is available, any policyholder responses to the Scheme and any amendments to the terms of the Scheme.
- 1.5 I have read the Supplementary report of the CA Chief Actuary and considered the impact of developments since the WPA Main Report on all of the With-profits policies within CA.
- 1.6 This Report should be read in conjunction with the WPA Main Report and the Supplementary CA Chief Actuary Report.

## Report Structure

The report is structured as follows:

- Section 2 provides comments and opinions on the impact of the developments on the CA With-profits policyholders.
- Section 3 sets out conclusions.
- Section 4 contains Reliances and limitations.

## Reliances and limitations

- 1.7 For the avoidance of doubt, WTW does not assume any responsibility, nor accept any duty of care or liability to any third party who may obtain access to a copy of this document; any reliance placed by such party is entirely at their own risk.
- 1.8 This report places reliance on the information provided by Countrywide Assured plc. Please see the Reliances and limitations in section 4 of this report.

## Compliance with Actuarial Standards

1.9 The Financial Reporting Council has published Technical Actuarial Standards ("TASs") for members of the UK Actuarial Profession. This report is subject to and, in my opinion, complies with the following standards:

- TAS 100: General Actuarial Standards Version 2.0
- TAS 200: Insurance

1.10 The Institute and Faculty of Actuaries sets Actuarial Professional Standards ("APSs") for the members of the UK Actuarial Profession. This report, and the related work carried out to produce it, are subject to and compliant with APS X2 (Review of Actuarial Work).

## Section 2: Consideration of the effect of developments on the With-Profits policyholders

- 2.1 In this section, I consider any developments since the WPA Main Report was produced, that may impact all of the With-profits policyholders of CA under the proposed Scheme. This includes the two ring-fenced With-profits funds, Save & Prosper pension fund (SPP) and Save & Proposer insurance fund (SPI) and also the CA With-profits business which is 100% reinsured to ReAssure Ltd (now part of the Phoenix Group).
- 2.2 I have relied on the information provided by the CA Chief Actuary in formulating my opinions below. This report should be read in conjunction with the CA Chief Actuary's Supplementary report.

### Security of policyholder benefits

- 2.3 A key consideration in assessing the Scheme from my perspective as WPA is whether there is any significant impact on the security of the policyholders benefits as a result of the Scheme.

### Solvency position

- 2.4 The WPA Main Report considered the financial position of CA before and after the proposed Scheme based on 31 December 2022 results.
- 2.5 The financial position of CA before the proposed Scheme as at 30 June 2023 shows a solvency ratio of 146% (134% at 31 December 2022), after the payment of dividends to Chesnara. The expected combined balance sheet position of CA and CASLP shows a solvency ratio of 151% (138% at 31 December 2022). This remains aligned with the capital management policies of both CA and CASLP. Furthermore, the regulatory balance sheets calculated as at the 30 September 2023 confirm that both CA and CASLP remain within their capital management policies.
- 2.6 The CA Chief Actuary Supplementary Report also states that it was announced on 16 May 2023 that Chesnara agreed to acquire Canada Life UK's onshore individual protection line of business. The policies are expected to transfer to CA in 2024, pending approval from the Court for a Part VII transfer. In the interim period the exposure has already transferred to CA under a reinsurance agreement which has taken effect from 31 December 2022 and therefore the impact of the reinsurance agreement is included within the 30 June 2023 solvency ratios in the previous paragraph.
- 2.7 The transfer of the Canada Life protection portfolio remains separate from this Scheme and will be commented on in a separate Part VII report.

### Risk profile

- 2.8 The CA Chief Actuary Supplementary Report states that the risk profiles of CA and CASLP have remained stable over the first half of 2023 and overall the transfer is not expected to

materially change the risk profile of CA from a risk capital perspective, or in terms of the underlying risk exposure.

- 2.9** The developments above have not altered my original assessment in the WPA Main Report and as such I conclude that there is not expected to be any material adverse impact on the security of benefits of the With-profits policyholders of CA, as a result of the proposed Scheme.

### **Policyholder communications**

- 2.10 Full versions of the WPA Main Report, the CA Chief Actuary Report, the Scheme document and the full IE report were made available on the CA and CASLP websites and paper copies provided without charge upon request.

- 2.11 As of 8 December 2023 there have been no responses from the CA policyholders.

### **Amendments to the Scheme**

- 2.12 The Chief Actuary Supplementary Report states that there have been no material amendments to the Scheme.

### **Other**

- 2.13 I am not aware of any developments that would change the comments made on policyholder expectations, service standards or governance arrangements within the WPA Main Report.



## Section 3: Conclusions

- 3.1 Based on the information provided, it is my opinion that the conclusions set out in the WPA Main Report are still valid. In particular:
- The security of benefits for the With-profits policyholders in CA is not materially affected as a result of the Scheme.
  - The Scheme does not result in adverse changes to the benefit expectations of the With-profits policyholders.
  - There are no changes to the capital management and investment policies of the With-profits business, as a result of the Scheme.
  - There are no changes to the principles and practices of financial management by which the With-profits funds are managed as a result of the Scheme.
  - The administration and management of the With-profits policies and the treatment of the With-profits policyholders are unchanged as a result of the Scheme.
- 3.2 Therefore it is my opinion that the With-profits policyholders of CA will not be materially adversely affected by the implementation of the proposed Scheme.

Karen Miller

With-Profits Actuary

13 December 2023

# Section 4: Reliances and Limitations

## Distribution and Use

- 4.1 The Report has been prepared by Towers Watson Limited (“WTW”) on an agreed basis to for the sole and exclusive use of Countrywide Assured plc. It was not prepared for use by any other party and may not address their needs, concerns or objectives. We do not assume any responsibility, or accept any duty of care or liability, to any third party who may obtain a copy of this document and any reliance placed by such party on it is entirely at their own risk.
- 4.2 We understand that the Company may wish to provide copies of this report to the High Court of England and Wales (“the Court”), the Prudential Regulation Authority (“PRA”), the Financial Conduct Authority (“FCA”) and the Independent Expert (“IE”) (“the Recipients”) in the course of the Recipients’ standard duties. Permission is hereby granted for such distribution on the conditions that:
- The report is distributed in its entirety.
  - Each Recipient recognizes that WTW is available, at the expense of Countrywide Assured plc and with its prior consent, to answer any questions concerning the report.
  - Each Recipient recognizes that the furnishing of this report is not a substitute for its own due diligence and agrees to place no reliance on this report or the data contained herein that would result in the creation of any duty or liability by WTW to such party.
  - In the event that the Recipient is required by order of a court of competent jurisdiction, administrative agency or governmental body, or by any law, rule, regulation, subpoena, or any other administrative or legal process to disclose this report, the Recipient may disclose this report, provided that the Recipient gives WTW prompt notice of any such requirement and, at our discretion, either (1) cooperates with us, at our expense, to prohibit such disclosure, or (2) uses all reasonable efforts to obtain confidential treatment of this report under a protective order or other appropriate mechanism.
  - Each Recipient understands that such RECIPIENT IS DEEMED TO HAVE ACCEPTED THESE TERMS AND CONDITIONS by retaining a copy of this report.
- 4.3 We understand that the Company intends to make copies of this report available to the policyholders of CA and CASLP via publication on a webpage for information purposes. The attention of such recipients or any third party recipients is drawn to the paragraph 4.1 above.

## Reliances

- 4.4 In preparing this report, I have relied on information supplied by Countrywide Assured plc without independent verification. Reliance has been placed upon, but not limited to, a draft version of the CA Chief Actuary Part VII Supplementary Report, a draft version of the CASLP Chief Actuary Part VII Supplementary Report and a draft version of the Independent Expert Report received on 13<sup>th</sup> December 2023.

## Limitations

- 4.5 The Report has been prepared by WTW on an agreed basis to meet the specific purposes of Countrywide Assured plc, and must not be relied upon for any other purpose. The Report has been prepared for use by persons technically competent in the areas covered. Except with the written consent of WTW, the Report and any written or oral information or advice provided by WTW must not be reproduced, distributed or communicated in whole or in part to any other person, or be relied upon by any other person. Any reference to WTW in any report, accounts or other published documents is not authorised without our prior written consent.
- 4.6 The Report must be considered in its entirety as individual sections, if considered in isolation, may be misleading. Draft versions of the Report must not be relied upon by any person for any purpose. No reliance should be placed on any advice not given in writing. If reliance is placed contrary to the guidelines set out above, WTW disclaim any and all liability which may arise.
- 4.7 This Report was based on data available to WTW at, or prior to, 13 December 2023, and takes no account of developments after that date. WTW is under no obligation to update or correct inaccuracies which may become apparent in the Report.
- 4.8 This report is subject to the terms and limitations, including limitation of liability, set out in our engagement letter of 11 December 2017.

## Legal jurisdiction

- 4.9 This report will be governed by and construed in accordance with English law and the parties submit to the exclusive jurisdiction of the English courts in connection with all disputes and differences arising out of, under or in connection with this report. If any part of a provision of this report is held invalid, illegal, or unenforceable then the remainder of such provision shall remain valid and enforceable to the fullest extent permitted by law.

# Appendix A: Terms and definitions

## A.1 Abbreviations

Abbreviation	Description
CA	Countrywide Assured plc
CASLP	CASLP Ltd
Chesnara	Chesnara plc
Court	Collectively, The High Court of Justice in England and Wales
FCA	Financial Conduct Authority
FSMA	Financial Services and Markets Act 2000
IFoA	Institute and Faculty of Actuaries
IE	Independent Expert
PRA	Prudential Regulation Authority
Scheme	The proposed scheme of transfer
SCR	Solvency Capital Requirement
SPP	Save & Prosper Pensions
SPI	Save & Prosper Insurance
WPA	With-profits Actuary
UK	United Kingdom