

Supplementary Report by the
With-Profits Actuary of
Countrywide Assured plc (“CA”)
on the proposed transfer of
business from Canada Life 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 19 June 2024.
- 1.2 The WPA Main Report addressed the impact of the proposed transfer of the individual protection business of Canada Life Limited (“CLL”) 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 28 June 2024. The report was also made available to the policyholders of CA and CLL.
- 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 2023 results.
- 2.5 The financial position of CA before the proposed Scheme as at 30 June 2024 shows a solvency ratio of 167% (145% at 31 December 2023), including the reinsurance of the CLL business and after allowance of foreseeable dividends to Chesnara. The expected combined balance sheet position of CA and the CLL Transferred Business shows a solvency ratio of 167% (145% at 31 December 2023) on the basis that the Scheme had taken place at 30 June 2024. This remains aligned with the capital management policy of CA.
- 2.6 In November 2024, the CA Board approved a proposal to put in place a second mass lapse reinsurance agreement to cover the Transferred Business and the CASLP business, effective from 31 December 2024. The financial impact of the new arrangement is estimated to be a c15% increase in the SCR cover ratio, assessed as though the treaty were effective as at 30 June 2024. More details are contained within the CA Chief Actuary Supplementary Report.

Risk profile

- 2.7 The CA Chief Actuary Supplementary Report states that the risk profile of CA has remained stable over the first half of 2024 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.

Conclusion

- 2.8 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

- 2.9 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 CLL websites and paper copies provided without charge upon request.
- 2.10 There have been no responses or objections from the CA policyholders.

FCA Consumer Duty

- 2.11 The Consumer Duty came into effect for closed business from July 2024 with the intention to strengthen consumer protection by ensuring that firms act to deliver good outcomes for customers. There is no reason to expect any material changes in the continued compliance with Consumer Duty for the With-profits policyholders of CA, as a result of the proposed Scheme.

Amendments to the Scheme

- 2.12 The CA Chief Actuary Supplementary Report states that there have been no material amendments to the Scheme. A minor amendment has been made to exclude three policies (in respect of two policyholders) for which claims had been made prior to 1 January 2023. Further details are provided in the witness statement of Jackie Ronson.

Second transfer from CLL to CA

- 2.13 On 23 December 2024, a second proposed agreement with CLL was announced to acquire a closed portfolio of unit linked bonds and legacy pension business. The policies are expected to transfer from CLL to CA in accordance with Part VII of the Financial Services and Markets Act 2000. The CA Chief Actuary Supplementary Reports states that in the interim period, the portfolio has been reinsured from CLL to CA, resulting in a small initial decrease in the SCR cover ratio. I will produce a separate report on the proposed second transfer from CLL to CA.

Other

- 2.14 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

24 January 2025

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 (“the Company”). 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 CLL 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, versions of the CLL Chief Actuary Part VII Supplementary Report and the CA Chief Actuary Part VII Supplementary Report both dated 21st January 2025 and a version of the Independent Expert Report date 17 January 2025.

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, 24 January 2025, 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
APS	Actuarial Professional Standards. Standards for the actuarial profession produced by the IFoA which all members must adhere to regardless of location or area of practice.
CA	Countrywide Assured plc
CASLP	CASLP Limited. The business of Sanlam Life & Pensions which was acquired by the Chesnara Group. The business was renamed to CASLP upon acquisition and was transferred into CA on 31 December 2023 under a separate Part VII Transfer.
Chesnara	Chesnara plc. The UK-listed holding company of the Chesnara Group of which CA is a subsidiary.
CLL	Canada Life Limited. A UK life insurance subsidiary of Canada Life Group (U.K.) Limited, with a business strategy of being a leader in its chosen market of retirement, investments and group protection.
Court	Collectively, the High Court of Justice, Business and Property Courts of England and Wales, the Companies List and the Court of Session.
Court of Session	The supreme civil court in Scotland.
FCA	Financial Conduct Authority
FSMA	Financial Services and Markets Act 2000
IFoA	Institute and Faculty of Actuaries
IE	Independent Expert
Own Funds	The capital resources, calculated in line with the principles of market consistency, available to meet losses that could arise in the future.
Part VII Transfer	The transfer of long-term insurance business under UK law in accordance with Part VII of the FSMA.
PRA	Prudential Regulation Authority
Scheme	The proposed insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 in respect of the Transferred Business.
SCR	Solvency Capital Requirement
Solvency Ratio	The Solvency Ratio, or Solvency Coverage Ratio, is the ratio of the eligible Solvency II Own Funds divided by the Solvency II SCR. It represents the extent to which an insurer covers their SCR and is required to be at least 100%.
SPP	Save & Prosper Pensions
SPI	Save & Prosper Insurance
TAS	Technical Actuarial Standards. The TASs are standards issued by the Financial Reporting Council which apply to work in the UK involving the use of actuarial principles and/or techniques and the exercise of judgement. Compliance with the TASs for work in their scope is required for members of the IfoA.
Transferred Business	The business being transferred under the Scheme.
WPA	With-profits Actuary
UK	United Kingdom