

Part 1 – Independent Expert’s summary report for policyholders

The following is a summary for policyholders of a report prepared by the Independent Expert, Stephen Makin. A copy of his full report is available on our website www.sanlamlifeandpensions.co.uk. A copy can also be requested free of charge from the postal address, email address or telephone number shown on our website.

Introduction

1. CASLP Ltd, which I refer to as CASLP, and Countrywide Assured plc, which I refer to as Countrywide Assured, share the same ultimate parent company, Chesnara plc, which I refer to as Chesnara. CASLP and Countrywide Assured share a largely common management team, but have their own Boards and Board committees.
2. CASLP and Countrywide Assured wish to transfer all of CASLP’s insurance policies to Countrywide Assured. To do this, they must make an application to the High Court of Justice in England & Wales. The application must include a report by an Independent Expert on the terms of the transfer. I have been instructed jointly by CASLP and Countrywide Assured to fulfil this role, and my appointment has been approved by the UK’s insurance regulators. I am a Fellow of the Institute and Faculty of Actuaries, having qualified in 1999, and a partner of Hymans Robertson LLP, an actuarial consultancy firm.
3. This is my report for the policyholders of CASLP and Countrywide Assured. It is a summary of my full report to the Court, which is available on both firms’ websites or from either firm on request. That report sets out the detailed scope of my work, the standards applying to it, and the information I have used in preparing it. Nothing in either report is or should be viewed as being investment, accounting, legal or tax advice, including to CASLP and Countrywide Assured or their policyholders.
4. The main focus of my work is to consider whether the proposed transfer is expected to affect the benefits paid to any group of policyholders, or to significantly reduce either the security of those benefits or the standards of services provided to policyholders. I have considered the expected impact of the proposed transfer on both CASLP’s current policyholders whose policies will be transferred to Countrywide Assured, and on Countrywide Assured’s existing policyholders.

The impact of the transfer on benefits expected to be paid to policyholders

Policyholders transferring from CASLP to Countrywide Assured

5. There will be no change to the terms and conditions of policies transferring from CASLP, except to refer to Countrywide Assured rather than CASLP. There will be no change to the way in which these policies are managed, including charges, expenses, and the range of funds available. I therefore do not expect the transfer to result in either a reduction in the benefits paid to or an increase in premiums required from any of CASLP’s current policyholders whose policies are to be transferred to Countrywide Assured.

Countrywide Assured’s existing policyholders

6. As for CASLP, there will be no change to the terms and conditions of Countrywide Assured’s existing policies. Similarly, there will be no change to the way in which these policies are managed, including charges, expenses, and the range of funds available. I therefore do not expect the transfer to result in a reduction in the benefits paid to or an increase in premiums required from any of Countrywide Assured’s existing policyholders.

The security of policyholder benefits

Policyholders transferring from CASLP to Countrywide Assured

7. I do not expect the transfer to significantly reduce the security of benefits for policyholders transferring from CASLP to Countrywide Assured.
8. Both CASLP and Countrywide Assured maintain internal policies which ultimately govern the financial resources that are retained within each firm rather than being paid to shareholders in the form of dividends. These policies require CASLP and Countrywide Assured to hold financial resources beyond those required by the regulations. The policies are essentially the same for both companies, so I regard both as having the same financial strength provided that they comply with their policies. Countrywide Assured currently holds a level of financial resources that complies with its policy, and I am satisfied that the level of financial resources that it expects to have following the transfer will also comply with its policy.

9. Furthermore, both CASLP and Countrywide hold similar types of insurance policies and are exposed to similar risks. I have considered the risks faced by both CASLP and Countrywide Assured, and I am satisfied that the transfer should not materially change the risks that CASLP policyholders are exposed to.
10. I have also considered how Countrywide Assured's financial position is expected to change in the years following the transfer, and am satisfied that the company's financial position is not expected to materially worsen over the coming years as a result of the transfer.

Countrywide Assured's existing policyholders

11. I do not expect the transfer to significantly reduce the security of benefits for Countrywide Assured's existing policyholders.
12. Countrywide Assured has confirmed that the transfer will not result in any changes to its internal policy which governs the level of financial resources that it holds. As noted in paragraph 8, I am satisfied that the level of financial resources that Countrywide Assured expects to hold following the transfer will comply with its policy.
13. As noted in paragraph 9, CASLP and Countrywide Assured hold similar types of insurance policies and are exposed to similar risks. I therefore do not expect the transfer to have a material impact on the risks faced by Countrywide Assured's existing policies.

Service standards

Policyholders transferring from CASLP to Countrywide Assured

14. The transfer should have no direct impact on the service standards of policyholders transferring from CASLP to Countrywide Assured.
15. The administration of CASLP's policies is currently carried out in-house but ahead of implementation of the Scheme responsibility for this will move to a new provider, SS&C Technologies. As this change in administration is separate to the Scheme it is beyond the scope of my report, but based on the information provided to me by CASLP I do not expect there to be a reduction in the standard of service received by CASLP's existing policyholders.

Countrywide Assured's existing policyholders

16. The transfer should have no direct impact on the service standards of Countrywide Assured's existing policyholders.
17. Countrywide Assured has entered an agreement with SS&C Technologies to provide outsourced administration for certain policies currently outsourced to HCL Insurance BPO Services Limited. As this change is separate to the Scheme it is beyond the scope of my report, but based on the information provided to me by Countrywide Assured I do not expect there to be a reduction in the standard of service received by the relevant policyholders.

Conclusion

18. Based on the information provided to me by CASLP and Countrywide Assured, I conclude that the proposed transfer is not expected to affect the benefits expected to be paid to any group of policyholders, or to significantly reduce the security of those benefits, or the standards of service received by policyholders.
19. Before the final Court hearing, expected to be held on 29 November 2023, at which the Court will decide whether or not the transfer may proceed, I will prepare a supplementary report discussing any significant developments that have occurred since my full report was finalised, commenting on whether they cause me to change my conclusions.



Stephen Makin FFA CERA

Independent Expert

14 July 2023

For and on behalf of Hymans Robertson LLP