



HERBERT  
SMITH  
FREEHILLS

**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (Ch D)**

**No. CR-2024-000658**

**IN THE MATTER OF CANADA LIFE LIMITED  
and  
IN THE MATTER OF COUNTRYWIDE ASSURED PLC  
and  
IN THE MATTER OF PART VII OF THE FINANCIAL SERVICES AND MARKETS ACT 2000**

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**SCHEME**

**for the transfer of part of the business of  
Canada Life Limited to Countrywide Assured  
Plc**

**pursuant to Part VII of the Financial Services  
and Markets Act 2000**

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Herbert Smith Freehills LLP

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## PART A

### DEFINITIONS AND INTERPRETATION

#### 1. DEFINITIONS AND INTERPRETATION

1.1 In this Scheme, unless the subject or context requires otherwise, the following expressions bear the meanings respectively set opposite them:

**"Actuary"** means the person appointed by the relevant insurer from time to time to perform the "Chief Actuary function (SMF 20)" in accordance with the Insurance - Senior Management Functions part of the PRA Rulebook;

**"Administration"** means the management, administration and performance of all obligations required to be performed in connection with the Transferred Business (or, as the context requires, part thereof) (and **"Administer"** and **"Administered"** shall be construed accordingly);

**"Applicable Law and Regulation"** means, in relation to a relevant matter or party, any and all:

- (a) legislation (including statutes, statutory instruments, treaties, regulations, orders, directives, by-laws and decrees), common law and equitable principles which are binding on the relevant party or otherwise applicable in respect of the relevant matter;
- (b) rules, regulations, requirements, guidance or published practice of any Regulatory Authority which are binding on the relevant party or otherwise applicable in respect of the relevant matter;
- (c) binding judgments, resolutions, decisions, orders, notices or demands of a competent court, tribunal, or Regulatory Authority where applicable to the relevant party or otherwise applicable in respect of the relevant matter; and
- (d) industry guidance, codes and standards which are mandatory or endorsed by any Regulatory Authority where applicable to the relevant party or otherwise applicable in respect of the relevant matter;

**"Board"** means, in relation to a company, the board of directors from time to time of that company;

**"Business Day"** means a day (other than a Saturday or a Sunday) on which banks are open for general banking business in London, United Kingdom;

**"Business Information"** means:

- (a) the Records; and
- (b) such other information or data as the parties have agreed is reasonably necessary for the Transferee and/or its service provider to receive from the Transferor on the Effective Date;

**"Canada Life Brand"** means any name or mark owned by the Transferor or any other member of the Transferor Group:

- (a) including the name "Canada Life" and any associated logo or device; and
- (b) excluding the Transferred Intellectual Property Rights;

**"Change in Interpretation"** means either:

- (a) when implemented, a binding change made by the PRA or FCA to a previously prevailing general interpretation of Applicable Law and Regulation that has retrospective effect; or
- (b) when published in final form, guidance published by the PRA or FCA that is of general application to the UK life assurance and pensions industry as a whole (which also applies retrospectively);

**"Commission Clawbacks"** means the payment obligations of Intermediaries pursuant to the terms of the Distribution Agreements (whether express or implied) to return to the Transferor a proportion of any commission paid to them as a result of a Transferred Policy being surrendered, cancelled or otherwise lapsing within 4 years of the Transferred Policy's inception date, such payment obligations:

- (a) to include any payment obligations that first become payable by an Intermediary after the Valuation Date (including any payment obligations that first become payable by an Intermediary after the Effective Date); and
- (b) to exclude any payment obligations that first become payable by an Intermediary on or prior to the Valuation Date;

**"Commission Liabilities"** means the payment obligations of the Transferor: (i) pursuant to the terms of the Distribution Agreements (whether express or implied) to pay to Intermediaries trail commission in respect of each Transferred Policy which remains in force for at least 4 years from its inception date; and (ii) to third parties (other than the relevant reinsurers) in respect of the Transferred Reinsurances, such payment obligations:

- (a) to include any payment obligations that first become payable to an Intermediary after the Valuation Date (including any payment obligations that first become payable to an Intermediary after the Effective Date); and
- (b) to exclude any payment obligations that first become payable to an Intermediary on or prior to the Valuation Date;

**"Court"** means the High Court of Justice in England and Wales;

**"Data Protection Laws"** means any applicable law relating to the processing of personal data and privacy (as applicable to each party), including:

- (a) the Data Protection Act 2018;
- (b) the Privacy and Electronic Communications (EC Directive) Regulations 2003;
- (c) the UK GDPR; and
- (d) any applicable rules, requirements, directions, guidelines and codes of practice issued by a competent authority in respect of the processing of personal data, in each case where legally binding;

**"Distribution Agreements"** means the distribution, introducer or similar agreements (including any terms of business) entered into between the Transferor (or any other member of the Transferor Group) and certain Intermediaries to (among other matters):

- (a) facilitate the sale of insurance policies (including, in the case of each such agreement, at least some Transferred Policies) by the Transferor; and
- (b) provide for arrangements in respect of any related commission due to the Intermediaries,

including any collateral or side agreements to those agreements, whether or not they are in writing;

**"Effective Date"** means the time and date on which this Scheme shall become effective in accordance with paragraph 12;

**"Encumbrance"** means any option, right to acquire, mortgage, charge, pledge, lien (other than a lien arising by operation of law in the ordinary course), or other form of security with similar effect and any agreement to create any of the foregoing;

**"Excluded Assets"** means all assets other than the Transferred Assets, including for the avoidance of doubt:

- (a) all and any cash or non-cash assets held as, or in support of, the regulatory capital provisions imposed or required in respect of the Transferred Policies;
- (b) the Investment Assets;
- (c) all Information Technology;

- (d) all Intellectual Property other than the Transferred Intellectual Property Rights;
- (e) the Excluded Contracts;
- (f) the Guernsey Policy;
- (g) any Transferor Group Insurance Policy other than the Transferred Reinsurances; and
- (h) the rights of the Transferor to any defence, claim, counterclaim, defence to counterclaim or right of set-off in respect of any of the rights referred to in paragraphs (a) to (g) inclusive above or in respect of any of the Excluded Liabilities;

**"Excluded Contracts"** means all contracts, agreements, arrangements or commitments other than the Transferred Reinsurances;

**"Excluded Liabilities"** means Liabilities in connection with or arising from the Transferred Policies (including all Liabilities of any member of the Transferor Group), including:

- (a) any Liabilities for or in relation to Mis-selling in respect of the period on or prior to the Effective Date;
- (b) any Liability to make a payment of, or in respect of, Tax in connection with the Transferred Business in respect of the period on or prior to the Valuation Date;
- (c) any Liabilities for or in relation to commission due and payable in respect of the period on or prior to the Valuation Date;
- (d) any Liabilities for or in relation to the Guernsey Policy; and
- (e) any Liabilities suffered, incurred or arising out of any act or omission by any member of the Transferor Group or Intermediary other than those taken in accordance with the written instructions or consent in writing of the Transferee which is, or may be, grounds for complaint or court action at the instance of a Transferred Policyholder or former Transferred Policyholder, or investigation or enforcement action by the FCA, including where the act or omission took place on or prior to the Effective Date and, at the time the act or omission occurred, it:
  - (i) was in breach of Applicable Law and Regulation in force at the relevant time; or
  - (ii) was in breach of any contract with the relevant policyholder or former policyholder; or
  - (iii) amounted to negligence;
- (f) any Liabilities of the Transferor under or relating to this Scheme, the Excluded Policies or the Residual Policies;
- (g) any Liability of the Transferor that would be comprised in the Transferred Liabilities but which the parties agree in writing prior to the Effective Date that it shall not be transferred to the Transferee; and
- (h) to the extent not otherwise an "Excluded Liability", any Liabilities of the Transferor arising from an application in respect of a policy that never incepted (including due to an application for cover not having been accepted) but which, if it had incepted and if it was still in force on the Effective Date, would have been a Transferred Policy,

but excluding in all cases the Transferred Liabilities;

**"Excluded Policies"** means any policies which are not Transferred Policies, including the Guernsey Policy and the Permanently Lapsed Policies;

**"FCA"** means the Financial Conduct Authority and any successor regulatory authority;

**"FSMA"** means the Financial Services and Markets Act 2000;

**"Guernsey Policy"** means the policy issued by the Transferor with policy number 20026957;

**"Information Technology"** means any and all computer systems, communications systems, software, hardware, devices and websites or similar information technology systems which are owned or used by the Transferor Group;

**"Intellectual Property"** means any and all rights in patents, trade marks, service marks, logos, get-up, trade names, internet, domain names, rights in designs, copyright (including rights in computer software), database rights, semi-conductor topography rights, utility models and rights in know-how, rights to use, and protect the confidentiality of, confidential information, know-how and Trade Secrets, in each case whether registered or unregistered and including applications for registration and all other rights or forms of protection having equivalent or similar effect anywhere in the world;

**"Intermediary"** means any broker, agent, employee benefit consultant, independent financial adviser, independent financial adviser network, direct sales force or other intermediary that has entered into a Distribution Agreement with any member of the Transferor Group;

**"Investment Assets"** means any assets of whatever nature that are held by or on behalf of the Transferor in respect of technical provisions or capital requirements of the Transferor, save to the extent such assets are expressly included as Transferred Assets;

**"IoM VATA"** means the Isle of Man Value Added Tax Act 1996;

**"Liabilities"** means any liabilities, claims, damages, proceedings, demands, orders, suits, losses, costs (including legal costs and the cost of remediation or rectification), payments or other forms of compensation, including any fines or penalties, statutory levies, ex gratia payments and settlements or compromises, in each case whether deriving (whether directly or indirectly or vicariously) from contract, common law, statute, regulation or otherwise;

**"Long-Term Insurance Business"** means the business of effecting or carrying out long-term insurance contracts as principal, being contracts falling within Part II of Schedule 1 to the RAO;

**"Mis-selling"** means the sale or Administration of a Transferred Policy in circumstances where:

- (a) a Transferred Policyholder was not provided with appropriate information in relation to such Transferred Policy; and/or
- (b) there were actions and/or omissions of any member of the Transferor Group (or any other persons or entities which were involved in the sale of the Transferred Policy, including any Intermediary),

which, in either case, constituted: (i) a breach of, or failure to comply with, Applicable Law and Regulation (to the extent in force at that time or as a result of any change in, or Change in Interpretation of, Applicable Law and Regulation on or prior to the Effective Date); (ii) a breach of any contract with the relevant policyholder by (or on behalf of) the Transferor on or prior to the Effective Date; and/or (iii) negligence of (or on behalf of) the Transferor on or prior to the Effective Date; and references to "mis-sold" shall be construed accordingly;

**"Ombudsman"** means the Financial Ombudsman Service as established under Part XVI and Schedule 17 of FSMA;

**"Order"** means an order made by the Court pursuant to section 111 of FSMA sanctioning this Scheme and any order (including any subsequent order) in relation to this Scheme made by the Court pursuant to section 112 of FSMA;

**"Other Policy"** means any individual protection policy other than the Guernsey Policy not included in the Schedule of Policies that was sold by the Transferor between August 2015 and December 2022 and that is one of the following product types:

- (a) CanProtect Level Term;
- (b) CanProtect Level Term with Inflation Linked Option;
- (c) CanProtect Decreasing Term;
- (d) CanProtect Level Term Plus;
- (e) CanProtect Level Term Plus with Inflation Linked Option;
- (f) CanProtect Decreasing Term Plus;
- (g) Life Insurance Level Term;
- (h) Life Insurance Level Term with Inflation Linked Option;
- (i) Life Insurance Decreasing Term;
- (j) Life Insurance Plus Critical Illness Cover Level Term;
- (k) Life Insurance Plus Critical Illness Cover Level Term with Inflation Linked Option;
- (l) Life Insurance Plus Critical Illness Cover Decreasing Term,

to the extent such individual protection policy:

- (1) remains open; or
- (2) was considered closed, but either has been revived or may at some point in the future be revived;

**"Permanently Lapsed Policies"** means the individual protection policies that were issued by the Transferor and are not Transferred Policies because, before the Effective Date, they had lapsed, closed, surrendered, cancelled or otherwise terminated and, in each case, are incapable (whether under law, equity or otherwise) of:

- (a) being revived, reopened, or reconstituted; or
- (b) resulting in any further Liability to the Transferor or its successors in title to such policy;

**"PRA"** means the Prudential Regulation Authority and any successor regulatory authority;

**"PRA Rulebook"** means the rules contained in the PRA Rulebook for Solvency II firms, issued by the PRA;

**"Proceedings"** has the meaning given to it in paragraph 5.1;

**"RAO"** means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544);

**"Records"** means the notices, correspondence, data, records and documents in any media or format (delivered or otherwise made available in the Agreed Format) which:

- (a) which relate to, or otherwise concern the Transferred Policies (including, but not limited to, for each such Transferred Policy a full claims history, including full claims records for open claims, full commission records for commissions in payment, all policy documentation, complaints data, claims (including for compensation) and commission agreements); and
- (b) which the parties have agreed should transfer from the Transferor to the Transferee on the Effective Date.

**"Regulatory Authority"** means any national or state governmental bodies, authorities, courts or judicial authority, arbitrators and public and industry regulatory authorities, political subdivision thereof, national or supranational body or any person or body exercising executive, legislative, judicial, regulatory, taxing or administrative functions on behalf of any of them and includes all relevant securities commissions, stock exchange authorities, foreign exchange authorities, foreign investment authorities, competition and anti-trust authorities, financial and insurance regulatory authorities (including, in particular, the FCA and the PRA, the UK Information Commissioner, any Ombudsman, Tax

Authorities, the London Stock Exchange, the Panel on Takeovers and Mergers and similar entities or authorities);

**"Replica Distribution Agreements"** has the meaning given to it in paragraph 11.1;

**"Residual Assets"** means:

- (a) any property of the Transferor that would be comprised in the Transferred Business (including any right, benefit or power under any Transferred Policy) but in respect of which the Court has declined to order the transfer to the Transferee under section 112(2) of FSMA at the Effective Date;
- (b) any property of the Transferor that would be comprised in the Transferred Business (including any right, benefit or power under a Transferred Policy) but where the Transferor and the Transferee agree in writing prior to the Effective Date that its transfer should be delayed;
- (c) any property of the Transferor that would be comprised in the Transferred Business but which is outside the jurisdiction of the Court or in respect of which the transfer pursuant to an order of the Court is not recognised by the laws of the jurisdiction in which the property is situated or in respect of which further steps are necessary to effect the transfer pursuant to the laws of the jurisdiction in which such property is situated;
- (d) any property of the Transferor that would be comprised in the Transferred Business but which cannot be transferred to or vested in the Transferee on the Effective Date for any other reason; and
- (e) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, or any other property or rights earned or received from time to time after the Effective Date but prior to any relevant Subsequent Transfer Date in respect of any property referred to in paragraphs (a) to (d) of this definition;

**"Residual Liability"** means any Liability of the Transferor:

- (a) that would be comprised in the Transferred Liabilities but in respect of which the Court has declined to order the transfer to the Transferee under section 112(2) of FSMA at the Effective Date; or
- (b) that would be comprised in the Transferred Liabilities but where the Transferor and the Transferee agree in writing prior to the Effective Date that its transfer should be delayed; or
- (c) that would be comprised in the Transferred Liabilities but which is outside the jurisdiction of the Court or in respect of which the transfer pursuant to an order of the Court is not recognised by the laws of any applicable jurisdiction or in respect of which further steps are necessary to effect the transfer pursuant to the laws of any applicable jurisdiction; or
- (d) that would be comprised in the Transferred Liabilities but which cannot be transferred to or vested in the Transferee on the Effective Date for any other reason; or
- (e) in respect of a Residual Asset or any Liability arising from any Liabilities referred to in paragraphs (a) to (d) of this definition, including any Liability to Taxation, except to the extent such Liability is an Excluded Liability;

**"Residual Policies Reassurance Arrangement"** means the reassurance arrangement entered into between the Transferor and the Transferee described in paragraph 8 under which the Transferee will provide reassurance to the Transferor in respect of the Residual Policies (if any, and excluding any Residual Policies that are Sanctioned Policies);

**"Residual Policy"** means any policy under which any Liability remains unsatisfied or outstanding at the Effective Date, but which:

- (a) is not capable of being transferred pursuant to FSMA at the Effective Date;



- (b) the Court for any reason determines not to transfer by the Order;
- (c) the Order specifies certain steps to be taken before such policy can be transferred and such steps have not been completed on or before the Effective Date; or
- (d) is a Sanctioned Policy;

but only until, in respect of each such policy, the Subsequent Transfer Date applicable to such policy occurs, at which point such policy will become a Transferred Policy;

**"Sanctioned Policy"** means any policy of the Transferor which has a positive match on the Sanctions List;

**"Sanctions List"** means the lists of designated sanctions targets maintained by the United Nations, the United Kingdom, European Union and United States, in each case as amended, supplemented or substituted from time to time, including the UK Sanctions List, the Consolidated List of Financial Sanctions Targets in the UK, the Consolidated United Nations Security Council Sanctions List, the US Specially Designated Nationals and Blocked Persons List and the Consolidated Sanctions List and in the case of the European Union, the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions;

**"Schedule of Policies"** means the policies listed on a secure USB drive that is being held from time to time to the order of the Court, and jointly on behalf of both parties, by Herbert Smith Freehills LLP of Exchange House, Exchange Square, London EC2A 2EG;

**"Scheme"** means this scheme in its original form or with or subject to any modification, addition or condition which may be approved or imposed in accordance with paragraph 13;

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

- (a) in respect of any Residual Asset falling within paragraphs (a), (c) or (d) of the definition thereof and of any Residual Liability falling within paragraphs (a), (c) or (d) of the definition thereof, the date on which any impediment to its transfer shall have been removed or overcome;
- (b) in respect of any Residual Asset falling within paragraph (b) of the definition thereof and of any Residual Liability falling within paragraph (b) of the definition thereof, the date on which the parties agree that the transfer should take effect;
- (c) in the case of any Residual Asset falling within paragraph (e) of the definition thereof and of any Residual Liability falling within paragraph (e) of the definition thereof, the Business Day agreed between the Transferor and the Transferee and to be no later than 5 Business Days from the date on which such Residual Asset or Residual Liability is received, earned or incurred (as applicable) by the Transferor; and
- (d) in the case of any Residual Policy, the date on which all consents, orders, permissions or other requirements for the transfer or novation of such Residual Policy are obtained (and, without prejudice to the generality of the foregoing, in respect of a Residual Policy that is a Sanctioned Policy, the date on which there is no longer a positive match in respect of such policy on the Sanctions List);

**"Tax" or "Taxation"** means all forms of taxes, levies, duties, social security contributions, customs duties and imposts and any charges, deductions or withholdings in the nature of tax, whether in the United Kingdom or elsewhere in the world together with all penalties, fines, charges, surcharges and interest relating to any of them or to any failure to file any return required for the purposes of any of them, whether or not directly or primarily chargeable and regardless of any right of reimbursement against any other person;

**"Tax Authority"** means any government, state or municipality or any local, state, federal or other fiscal, revenue, customs or excise authority, body or official competent to impose, administer, levy, assess or collect Tax in the UK or any other jurisdiction;

**"Trade Secrets"** means any and all information existing in any form and which meets all of the following requirements:

- (a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- (b) has commercial value because it is secret; and
- (c) has been subject to reasonable steps under the circumstances by the person lawfully in control of the information, to keep it secret;

**"Transferee"** means Countrywide Assured Plc, a company incorporated and registered in England and Wales with company registration number 02261746 whose registered office is at 2nd Floor, Building 4 West Strand, West Strand Road, Preston, Lancashire, PR1 8UY;

**"Transferee Actuary"** means the Actuary of the Transferee;

**"Transferee Board"** means the Board of the Transferee;

**"Transferee Group"** means the Transferee, its subsidiaries and subsidiary undertakings, any holding company of the Transferee and all other subsidiaries of any such holding company from time to time;

**"Transferee Non-Profit Fund"** means the non-profit fund of the Transferee comprising the property and liability of the Transferee which the Transferee Board shall determine from time to time as being:

- (a) attributable to, arising from and held in connection with the Long-Term Insurance Business of the Transferee; or
- (b) required for the management of the Long-Term Insurance Business of the Transferee,

but excluding property and liabilities of the Transferee that the Transferee Board from time to time determines are attributable to a with-profit fund of the Transferee;

**"Transferor"** means Canada Life Limited, a company incorporated in England and Wales under registered number 973271 whose registered office is at Canada Life Place, Potters Bar, Hertfordshire EN6 58A;

**"Transferor Actuary"** means the Actuary of the Transferor;

**"Transferor Board"** means the Board of the Transferor;

**"Transferor Group"** means the Transferor, its subsidiaries and subsidiary undertakings, any holding company of the Transferor and all other subsidiaries of any such holding company from time to time;

**"Transferor Group Insurance Policy"** means any insurance policy pursuant to which any member of the Transferor Group is insured other than the Transferred Reinsurances;

**"Transferred Assets"** means all of the following whatsoever and wheresoever situated as at the Effective Date:

- (a) the rights, benefits and powers of the Transferor under or by virtue of the Transferred Policies;
- (b) all rights and claims (present, future, actual or contingent) against any third party in relation to the Transferred Policies or arising as a result of the Transferor having written or administered the Transferred Policies;
- (c) all rights, benefits and powers of the Transferor under or by virtue of the Transferred Reinsurances;
- (d) all rights, benefits and powers of the Transferor in respect of the Commission Clawbacks;
- (e) the Transferred Intellectual Property Rights; and

- (f) the Business Information, including all rights, title and interest of the Transferor in the Business Information,

but excluding any rights, benefits or powers under or relating to the Excluded Assets and, prior to each Subsequent Transfer Date, the relevant Residual Assets and any rights, benefits and powers under the Residual Policies;

**"Transferred Business"** means:

- (a) the Transferred Policies;
- (b) the Transferred Assets; and
- (c) the Transferred Liabilities,

and following each Subsequent Transfer Date, the relevant Residual Asset, Residual Liability or Residual Policy, but does not include the Excluded Assets, the Excluded Policies and the Excluded Liabilities;

**"Transferred Intellectual Property Rights"** means all Intellectual Property owned by a member of the Transferor Group and used exclusively for the Transferred Business (excluding, for the avoidance of doubt, any and all interest in the Canada Life Brand);

**"Transferred Liabilities"** means all of the following as at the Effective Date:

- (a) the Liabilities and obligations of the Transferor under the Transferred Policies and to the extent that such Liabilities or obligations first become due on or after the Effective Date;
- (b) the Liabilities and obligations of the Transferor under the Transferred Reinsurances and to the extent that such Liabilities or obligations first become due on or after the Effective Date; and
- (c) the Liabilities and obligations of the Transferor in respect of the Commission Liabilities,

but excluding the Excluded Liabilities, the Excluded Policies and, prior to each Subsequent Transfer Date, the relevant Residual Liabilities and any Liabilities in respect of the Residual Policies;

**"Transferred Policies"** means the policies underwritten by the Transferor which are either listed in the Schedule of Policies or are an Other Policy, but for the avoidance of doubt excluding:

- (a) the Excluded Policies; and
- (b) prior to each Subsequent Transfer Date, the Residual Policies;

**"Transferred Policyholders"** means the policyholders of the Transferred Policies;

**"Transferred Reinsurances"** means:

- (a) the reinsurance agreement between Swiss Re Europe S.A., UK branch and the Transferor dated 19 December 2019 with treaty reference I2137418GB-19; and
- (b) the quota share reinsurance agreement between Pacific Life Re International Limited and the Transferor dated 26 August 2015 with treaty reference PLR/CANADALIFE/1359;

**"UK GDPR"** has the meaning given to it in Section 3 of the Data Protection Act 2018;

**"UK Insurance Regulators"** means, as the context requires, the FCA or the PRA or both, or such other governmental, statutory or other authority or authorities as shall from time to time carry out such functions in relation to Long-Term Insurance Business carried on in the United Kingdom as were at the date of this Scheme allocated to the FCA and the PRA under FSMA;

**"Valuation Date"** means 31 December 2022;

**"VAT"** means value added tax as provided in VATA, IoM VATA or any similar non-UK legislation and any similar sales or turnover tax; and

**"VATA"** means the Value Added Tax Act 1994.

1.2 In this Scheme, unless the subject or context requires otherwise:

1.2.1 **"including"** or **"includes"** means including or includes without limitation;

1.2.2 **"property"** or **"assets"** includes property (including real property and charges registered at the Land Registry within England and Wales and at the Registers of Scotland in Scotland and elsewhere and unregistered real property and charges), assets, cash, Encumbrances, causes of action, rights (including contingent rights as to the repayment of Tax) and powers of every description (whether present or future, actual or contingent) and includes property held on trust and securities, benefits, income or interest accrued but unpaid, powers of any description and any interest whatsoever in any of the foregoing;

1.2.3 **"transfer"** includes (as the context may require) "assign", "assignment" or "assignment", "dispose" or "disposal" or "convey" or "conveyance";

1.2.4 any reference to the singular shall include a reference to the plural and vice versa and any reference to the masculine shall include a reference to the feminine and neuter and vice versa;

1.2.5 any reference to an enactment, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, statutory provision or subordinate legislation as amended, replaced or re-enacted on or before the Effective Date and to any instrument or order made on or before the Effective Date under such enactment, statutory provision or subordinate legislation;

1.2.6 any reference to any rules or regulations issued by the UK Insurance Regulators shall be deemed to include a reference to such rules or regulations as at the date of this Scheme;

1.2.7 expressions used in this Scheme which have meanings under FSMA shall bear those meanings;

1.2.8 references to "holding company" and "subsidiary" shall have the same meanings as in the Companies Act 2006;

1.2.9 reference to a "party" shall be a reference to the Transferor or the Transferee as applicable, and a reference to the "parties" shall be to the Transferor and the Transferee;

1.2.10 references to a "policy" and a "policyholder" shall have the meanings ascribed to them by the Financial Services and Markets Act 2000 (Meaning of "Policy" and "Policyholder") Order 2000 (SI 2001/2361);

1.2.11 references to paragraphs and Parts are to paragraphs and Parts respectively of this Scheme;

1.2.12 headings are inserted for convenience only and shall not affect the construction of this Scheme;

1.2.13 any reference to a person shall include a reference to a body corporate, a partnership (whether or not having separate legal personality), an unincorporated association or to a person's executors or administrators, and for the avoidance of doubt, shall include a trustee;

1.2.14 any reference to a board of directors of a company shall be deemed to include a reference to a duly constituted committee or duly authorised representative of that board of directors;

1.2.15 if a period of time is specified from a given day or date or from the day or date of an actual event, it shall be calculated exclusive of that day or date;

1.2.16 any reference to writing shall include any modes of reproducing words in a legible and non-transitory form;

- 1.2.17 the expression "variation" shall include any variation, supplement, deletion, replacement or termination, however effected; and
- 1.2.18 any reference to an amount shall be exclusive of any applicable VAT.

## **PART B**

### **INTRODUCTION**

#### **2. INTRODUCTION**

- 2.1 The Transferor is a company incorporated in England and Wales with registered number 00973271. The Transferor provides long-term insurance and insurance-based retirement, group risk and investment products under the "Canada Life" brand.
- 2.2 The Transferee is a company incorporated in England and Wales with registered number 0226174. The Transferee is a consolidator of long-term insurance and pensions products.
- 2.3 Each of the Transferor and the Transferee have permission under Part 4A of FSMA to carry on Long-Term Insurance Business of the same classes as the Transferred Policies.
- 2.4 The purpose of this Scheme is to effect the transfer to the Transferee, subject to the terms of this Scheme, of certain Long-Term Insurance Business carried on by the Transferor.
- 2.5 Accordingly, it is further proposed that:
  - 2.5.1 an Order be made for the sanction of this Scheme under Section 111(1) of FSMA and that by the Order by which this Scheme is sanctioned, provision be made, as hereinafter appearing, for, inter alia, the transfer of the Transferred Business to the Transferee, pursuant to Section 112(1) of FSMA; and
  - 2.5.2 by such Order, provision be made for the transfer of the Transferred Business from the Transferor to the Transferee in accordance with the terms of this Scheme.

## PART C

### TRANSFER

#### 3. TRANSFER OF THE TRANSFERRED BUSINESS

- 3.1 Each part of the Transferred Business shall be transferred to and be vested in the Transferee in accordance with this Scheme, so that:
- 3.1.1 subject to paragraph 9, on and with effect from the Effective Date, each Transferred Asset and all the interest of the Transferor in it shall, by the Order and without any further act or instrument, be transferred to and be vested in the Transferee, subject to all Encumbrances (if any) affecting such asset;
  - 3.1.2 subject to paragraph 9, on and with effect from each Subsequent Transfer Date, each Residual Asset to which such Subsequent Transfer Date applies and all the interest of the Transferor in it shall, by the Order and without any further act or instrument, be transferred to and be vested in the Transferee, subject to all Encumbrances (if any) affecting such asset;
  - 3.1.3 on and with effect from the Effective Date, each Transferred Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of the Transferee and shall cease to be a liability of the Transferor; and
  - 3.1.4 on and with effect from each Subsequent Transfer Date, each Residual Liability to which such Subsequent Transfer Date applies shall, by the Order and without any further act or instrument, be transferred to and become a liability of the Transferee and shall cease to be a liability of the Transferor.
- 3.2 The Transferee shall accept without investigation or requisition such title as the Transferor shall have at the Effective Date to the Transferred Assets and, at any Subsequent Transfer Date, to each Residual Asset then transferred.
- 3.3 On and with effect from the Effective Date, the Transferee shall:
- 3.3.1 succeed to all rights, Liabilities and obligations of the Transferor in respect of any personal data which relates to the Transferred Business and which is subject to Data Protection Laws;
  - 3.3.2 become the data controller of any personal data which relates to the Transferred Business and which is subject to Data Protection Laws in place of the Transferor; and
  - 3.3.3 in respect of any personal data which relates to the Transferred Business be under the same duty by virtue of any law as the Transferor was under to respect the confidentiality and privacy of any person in relation to that personal data and shall be bound by any specific notice or consent given, or request made by, the data subject which was binding on either the Transferor or the Transferee and which required either the Transferor or the Transferee not to use the personal data for marketing purposes,
- and in any consent given by a data subject in respect of such data as is mentioned in this paragraph 3.3, any reference to the Transferor (or to any member of the Transferor Group) shall be deemed to include a reference to the Transferee (and to any member of the Transferee Group).
- 3.4 Without prejudice to any other provision in this Scheme, the Transferor and Transferee shall each use reasonable endeavours to:

- 3.4.1 effect or perfect the transfer to and vesting in the Transferee of any Transferred Asset or Residual Asset pursuant to this Scheme;
- 3.4.2 correct any errors in the identity or amount of the assets so transferred or allocated;
- 3.4.3 effect or perfect the transfer to and assumption by the Transferee of any Transferred Liability or Residual Liability pursuant to this Scheme,

including executing and delivering any necessary documents, but provided always that such reasonable endeavours shall not include the making of any application for the transfer of Residual Policies to any court or regulatory body or authority or of any application to any regulatory body or authority for any authorisation, permission, licence, waiver or consent.

- 3.5 No Excluded Policies, Excluded Assets or Excluded Liabilities shall be transferred to or vested in the Transferee under or by virtue of the terms of this Scheme.

#### 4. **ALLOCATION**

- 4.1 On and with effect from the Effective Date, all Transferred Policies, Transferred Assets and Transferred Liabilities shall be allocated to the Transferee Non-Profit Fund.
- 4.2 On and with effect from the applicable Subsequent Transfer Date, each Residual Policy, Residual Asset and Residual Liability to which the Subsequent Transfer Date relates shall be allocated in the same way as it would have been allocated in accordance with clause 4.1 had it been a Transferred Policy, Transferred Asset or Transferred Liability on the Effective Date.

#### 5. **CONTINUITY OF PROCEEDINGS**

- 5.1 On and with effect from the Effective Date, any proceedings or applications to any authority in connection with the Transferred Business (including any complaint or claim to any ombudsman) whether pending, current or future, by, against or in relation to and/or in respect of which the Transferor is a party (or, in the case of future proceedings, would have been a party but for this Scheme) (including as the plaintiff, claimant, applicant, defendant, respondent, pursuer, defender or petitioner) ("**Proceedings**") and including any such Proceedings commenced in error against the Transferor on or after the Effective Date to the extent connected with the Transferred Policies, the Transferred Assets or the Transferred Liabilities, but excluding in each case any such Proceedings to the extent relating to Excluded Liabilities or the Excluded Policies, shall be continued or commenced by or against the Transferee and the Transferee shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off and any other rights that would have been available to the Transferor in relation to the Transferred Business and such Proceedings.
- 5.2 On and with effect from the Subsequent Transfer Date applicable thereto, any Proceedings issued, served, pending, threatened or otherwise (including future Proceedings not yet in contemplation) in connection with the Residual Assets, the Residual Liabilities or the Residual Policies which are to be transferred on such Subsequent Transfer Date in respect of which the Transferor is a party (whether as the plaintiff, claimant, applicant, defendant, respondent, pursuer, defender, petitioner or otherwise), and including any such Proceedings commenced in error against the Transferor on or after the relevant Subsequent Transfer Date, shall be continued or commenced by or against the Transferee and the Transferee shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off and any other rights that would have been available to the Transferor in relation to the Residual Assets or the Residual Liabilities and such Proceedings. Until such Subsequent Transfer Date, the relevant Proceedings shall be continued by or against the Transferor, provided that the Transferor shall conduct such proceedings in accordance with the Transferee's instructions and the Transferee shall discharge on behalf of the Transferor or, failing that, shall indemnify the Transferor against any charges, costs and claims in respect of such Proceedings (but on the basis that the Transferor will use reasonable endeavours to mitigate any such charges, costs and claims).



- 5.3 Any judgment, settlement, order or award obtained by or against the Transferor to the extent that it is in connection with any part of the Transferred Business and which is not fully satisfied before the Effective Date shall, on and with effect from the Effective Date, become enforceable by or against the Transferee to the exclusion of the Transferor.
- 5.4 Any judgment, settlement, order or award obtained by or against the Transferor to the extent that it is in connection with the Residual Assets, the Residual Liabilities or the Residual Policies and which is not fully satisfied before the Subsequent Transfer Date shall, on and with effect from the Subsequent Transfer Date, become enforceable by or against the Transferee to the exclusion of the Transferor.

## 6. RIGHTS AND OBLIGATIONS UNDER TRANSFERRED POLICIES

- 6.1 On the Effective Date, the Transferee shall become entitled to all the rights, benefits and powers of the Transferor whatsoever subsisting immediately prior to the Effective Date under or by virtue of the Transferred Policies.
- 6.2 Subject to the terms of this Scheme, every person who is a policyholder in respect of a Transferred Policy shall, on and with effect from the Effective Date, become entitled, in succession to, and to the exclusion of, any rights which he may have had against the Transferor under such Transferred Policy (other than any right arising in respect of or from any Excluded Liability), to the same rights against the Transferee as were available to him against the Transferor under such Transferred Policy (other than any right arising in respect of or from any Excluded Liability) and (as regards a Transferred Policy under which any premiums or other sums attributable or referable thereto continue to be payable by him) shall on and with effect from the Effective Date account to the Transferee for any further or additional premiums or other sums attributable or referable thereto, if any, as and when the same become due and payable.
- 6.3 If any person entitled to do so with respect to a Transferred Policy exercises any right or option granted under the terms of that Transferred Policy and either:
- 6.3.1 the right or option provides for a new, additional or replacement policy to be issued or amendments to be made to an existing Transferred Policy; or
  - 6.3.2 it is appropriate in the opinion of the Transferee Board, having regard to the advice of the Transferee Actuary, in order to comply with that right or option to issue a new, additional or replacement policy or, as the case may be, amend an existing Transferred Policy,
- such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue or amendment (as the case may be) by the Transferee of a policy which complies with the terms of such right or option. Without prejudice to such entitlement, if the Transferee is not at the time of the exercise of such right or option writing policies complying exactly with the policy to which such person is entitled pursuant to the right or option, the Transferee shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) the policy commonly offered by the Transferee which the Transferee in its absolute discretion considers to be the nearest equivalent policy of the Transferee at that time.
- 6.4 All references in any Transferred Policy or any other agreement or document to the extent that, in each case, it refers to the Transferred Business (including in a contract to which the Transferor is party, a contract to which the Transferor is not party or elsewhere and whether in writing or not) to the Transferor, the Transferor Board, the Transferor Actuary or any other officers, employees or agents of the Transferor shall, with effect on and from the Effective Date, be read as references to the Transferee, the Transferee Board, the Transferee Actuary or any other officers, employees or agents of the Transferee respectively. In particular, but without limitation, and subject to the other provisions of this Scheme, all rights and duties exercisable or expressed to be exercisable or responsibilities to be performed by the Transferor, the Transferor Board, the Transferor Actuary or any other officers, employees or agents of the Transferor in relation to any of the Transferred Policies or any other agreement or document to the extent that, in each case, it refers to

the Transferred Business (including in a contract to which the Transferor is party, a contract to which the Transferor is not party or elsewhere and whether in writing or not), shall, with effect on and from the Effective Date, be exercisable or required to be performed by the Transferee, the Transferee Board, the Transferee Actuary or any other officers, employees or such agents of the Transferee respectively. All references in a Transferred Policy to the Transferor Group shall, where the context requires, be read and construed with effect from the Effective Date as references to the Transferee Group. For the avoidance of doubt, this paragraph 6.4 shall have no effect on any agreement or document to the extent that, in each case, it refers to the Excluded Policies, the Excluded Assets or the Excluded Liabilities.

- 6.5 Without prejudice to the generality of paragraph 3.1.1, where the benefits of any Transferred Policy are held under the terms of a trust, such terms shall operate and be construed, with effect on and from the Effective Date, on a basis which is consistent with the transfer of such Transferred Policy in accordance with the provisions of this Scheme. For the avoidance of doubt:
- 6.5.1 where the consent of the Transferor is required under any such terms, the consent of the Transferee shall, with effect on and from the Effective Date, instead be treated as required; and
- 6.5.2 where a power to appoint trustees under such terms is conferred on the Transferor, that power shall, with effect on and from the Effective Date, instead be treated as conferred on the Transferee.
- 6.6 The transfer of any rights, benefits, Liabilities and obligations under or in connection with any Transferred Policy, Residual Policy, Transferred Asset, Residual Asset, Transferred Liability or Residual Liability pursuant to this Scheme shall take effect and shall be valid and binding on all parties having any interest in the same notwithstanding any restriction on transferring, assigning or otherwise dealing with the same and such transfer shall be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified.

## 7. **MANDATES**

- 7.1 On and with effect from the Effective Date, all premiums attributable or referable to the Transferred Policies shall be payable to (and receivable by) the Transferee.
- 7.2 Any direct debit mandate, standing order or other instruction in force immediately prior to the Effective Date and providing for the payment by a bank or other intermediary of premiums or other amounts payable to the Transferor under or in respect of any Transferred Policy shall on the Effective Date take effect as if it had provided for and authorised such payment to the Transferee.
- 7.3 Any mandate or other instruction in force on the Effective Date as to the manner of payment by the Transferor of any sum payable under any Transferred Policy shall continue in force as an effective instruction or authority to the Transferee.

## 8. **RESIDUAL POLICIES**

- 8.1 Subject to paragraph 8.5, the Residual Policies shall not be transferred to the Transferee by this Scheme and all Liabilities attributable to the Residual Policies shall remain Liabilities of the Transferor and be fully reassured with effect from the Effective Date on the following basis:
- 8.1.1 all Liabilities of the Transferor attributable to the Residual Policies (other than any Liabilities in respect of a Sanctioned Policy) and all other amounts paid or payable by the Transferor in respect of such Residual Policies (other than any Sanctioned Policy), including amounts paid or payable in connection with the surrender of any such Residual Policy, shall be reassured in their entirety to the Transferee on and with effect from the Effective Date (or in the case of Liabilities

- arising in respect of any policy issued by the Transferor pursuant to paragraph 8.3, on and with effect from the date on which such policy is issued);
- 8.1.2 the liability of the Transferee on and with effect from the Effective Date shall be such that it will cover the full liability of the Transferor in respect of the rights, benefits and powers provided to holders of Residual Policies (including any policy issued by the Transferor pursuant to paragraph 8.3, but excluding any Sanctioned Policy);
- 8.1.3 the premiums payable by the Transferor to the Transferee in connection with the provision of the reinsurance described in this paragraph 8.1 shall be deemed to have been satisfied by the transfer to the Transferee of the appropriate proportion of the Transferred Assets, with the exception that all subsequent premium payments and other amounts received by the Transferor in respect of such Residual Policies (other than any Sanctioned Policy) at any time after the Effective Date shall be paid to the Transferee as soon as practicable after they are received; and
- 8.1.4 the parties may agree in writing to terminate the Residual Policies Reassurance Arrangement at any time, in which event the rights and obligations of the Transferor and the Transferee pursuant to paragraphs 8.1.1 to 8.1.3 (inclusive) shall terminate with immediate effect and the Transferee shall pay to the Transferor an amount agreed in writing by the Transferor and the Transferee in respect of the relevant Residual Policies (other than any Sanctioned Policy).
- 8.2 The Residual Policies Reassurance Arrangement shall terminate automatically on there ceasing to be any Residual Policies (other than any Sanctioned Policy).
- 8.3 If any person entitled to do so with respect to a Residual Policy (other than any Sanctioned Policy) exercises any right or option granted under the terms of that policy and either:
- 8.3.1 the right or option provides for a new, additional or replacement policy to be issued; or
- 8.3.2 it is appropriate in the opinion of the Transferee Board, having obtained the advice of the Transferee Actuary, in order to comply with that right or option to issue a new policy,
- then (without prejudice to the right of such person to have the right or option satisfied by the issue by the Transferor of such a policy):
- 8.3.3 the Transferee shall offer to such person as an alternative (and if accepted, in lieu thereof) a policy which complies with the terms of such right or option; or
- 8.3.4 if at the time of the exercise of such right or option the Transferee is not writing policies complying exactly with the policy to which the right or option refers, then the Transferee shall offer to such person as an alternative (and, if accepted, in lieu thereof) the policy commonly offered by the Transferee which the Transferee considers to be the nearest equivalent policy, in accordance with the terms and conditions applicable to policies of the Transferee at that time, provided (i) the Transferee Board is satisfied, having obtained the advice of the Transferee Actuary, that accepting such policy would not have a material adverse effect on the interests of the relevant person or otherwise fail to satisfy the Transferee's duty to pay due regard to the interests of customers and treat them fairly in respect of such person and (ii) the issue of such policy would not, in the opinion of the Transferee Board, having obtained appropriate advice, result in a liability or in an increase in liability to Taxation of the holder of such policy (or if such liability or increase in liability would occur the Transferee shall have the option to indemnify the policyholder in full and to issue, or procure the issue by another undertaking in the Transferee Group of, another policy pursuant to this paragraph).
- 8.4 The parties may agree in writing to amend the terms of the Residual Policies Reassurance Arrangement, in which event the provisions of this paragraph 8 shall be deemed to be

amended accordingly, provided always that such amendments shall not prejudice the interests of any policyholder of a Residual Policy that is the subject of the Residual Policies Reassurance Arrangement.

- 8.5 If at any time before the Residual Policies Reassurance Arrangement is terminated in accordance with paragraph 8.1 all consents, orders, permissions or other requirements for the transfer or novation of a Residual Policy from the Transferor to the Transferee are obtained (and, without prejudice to the generality of the foregoing, in respect of a Residual Policy that is a Sanctioned Policy, there is no longer a positive match in respect of such Policy on the Sanctions List), such Residual Policy shall, by the Order and without any further act or instrument, be transferred to the Transferee, and shall thereafter be treated in all respects as if it were a Transferred Policy and not a Residual Policy.

## 9. **DECLARATION OF TRUST BY THE TRANSFEROR**

- 9.1 The Transferor shall from the Effective Date (but save to the extent that the parties agree in writing not to give effect to such a trust for any reason) hold any Residual Asset, together with any proceeds of sale or income or other right accrued or return arising in respect thereof, as trustee for the Transferee.
- 9.2 The Transferor shall be subject to the Transferee's reasonable directions in respect of the Residual Assets from the Effective Date until the relevant asset is transferred to or otherwise vested in the Transferee or disposed of (whereupon the Transferor shall account to the Transferee for the proceeds of the sale thereof), and the Transferee shall have authority to act as the attorney of the Transferor in respect of such property for all such purposes.
- 9.3 In the event of any payment being made to, property being received by, or right being conferred upon the Transferor on or after the Effective Date in respect of any Transferred Asset or any Residual Asset, the Transferor shall, as soon as is reasonably practicable after its receipt, pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such property or right to, or in accordance with the directions of, the Transferee.

## 10. **INDEMNITIES IN FAVOUR OF THE TRANSFEROR**

- 10.1 With effect from the Effective Date until the relevant Subsequent Transfer Date, the Transferee shall discharge on the Transferor's behalf or, failing that, shall indemnify the Transferor against:
- 10.1.1 save to the extent a Liability is within the scope of paragraph 10.1.2 or paragraph 10.2, any charges, costs and claims arising in respect of any Residual Liabilities which are Liabilities of the Transferor (other than those Residual Liabilities arising as a result of, or to the extent increased by, a failure by the Transferor to comply with any directions given by the Transferee under paragraph 9.2) until the relevant Liability is transferred to or becomes a liability of the Transferee; and
- 10.1.2 any amount paid by the Transferor in respect of any Residual Liabilities of the Transferor which are, whether wholly or in part, the subject of a policy of indemnity insurance or a claim or right of recovery against a third party, but only to the extent that the Transferor, having made a claim under such a policy or against such third party, shall have failed to recover any such amount pursuant to rights it may have under such policy, claim or right of recovery (having used reasonable endeavours to do so).
- 10.2 The Transferee shall indemnify the Transferor against any costs and/or expenses which it may incur in pursuing any claim under any such policy of indemnity insurance or against any such third party as is referred to in paragraph 10.1.2. Subject thereto, the Transferor shall take such steps as the Transferee shall reasonably require in order to pursue the rights it may have under any such policy of indemnity insurance or against any such third party. The Transferee shall be entitled, upon notice to the Transferor, to have conduct of all litigation or other proceedings in respect of any such claim. In that connection, the

Transferor shall give all such assistance as the Transferee may reasonably require in conducting any such proceedings.

- 10.3 The indemnities given by the Transferee under paragraphs 10.1 and 10.2 are given on the basis that the Transferor will use reasonable endeavours to mitigate its charges, costs and claims for which indemnification may be sought under paragraphs 10.1 and 10.2, and the Transferee's obligations under paragraphs 10.1 and 10.2 shall not apply in respect of any liability, charge, cost or claim covered by the Residual Policies Reassurance Arrangement.
- 10.4 Where the Transferor is entitled to receive an amount pursuant to the indemnities contained in paragraphs 10.1 and 10.2 it shall be entitled to receive such amount free and clear of all deductions or withholding whatsoever save only for any deductions or withholdings required by law. If any deductions or withholdings are required by law from such payment or the Transferor is subject to Tax in respect of such payment then (save to the extent such deduction, withholding or Tax has already been taken into account in calculating the quantum of loss for the relevant claim) the Transferee shall be liable to pay to the Transferor such further sums as shall be required to ensure that the net amount received by the Transferor will equal the full amount which would have been received and retained in the absence of any such deductions or withholdings or Tax; and if the Transferor obtains and utilises a Tax credit, or obtains a Tax repayment, which the Transferor determines (acting in good faith) as being attributable to any increased payment made pursuant to this paragraph 10.4, it shall pay an amount to the Transferee which the Transferor (acting in good faith) determines will leave it with such amount that the Transferor would have received under the relevant indemnities in the absence of any deductions or withholdings or such Tax on receipt.
- 10.5 For the avoidance of doubt, the Transferee shall not be required under paragraph 10.1 above to discharge or indemnify the Transferor against Excluded Liabilities, any Excluded Policies or any charges, costs, claims or other Liabilities in respect of Excluded Liabilities or any Excluded Policies and in particular, but without limitation, the Transferee shall not be required to discharge or indemnify the Transferor against any Tax liabilities of the Transferor.

## 11. DISTRIBUTION AGREEMENTS

- 11.1 With effect from the Effective Date, each Distribution Agreement shall be replicated into a new agreement, with each such new agreement (each a "**Replica Distribution Agreement**") to be on the same terms as the original agreement between the Transferor and the relevant Intermediary, save that the following amendments shall apply to each Replica Distribution Agreement:
- 11.1.1 each reference to the Transferor shall be to the Transferee;
- 11.1.2 it shall commence on the Effective Date;
- 11.1.3 it shall only apply to the Transferred Policies arranged by the particular Intermediary and not any Excluded Policies;
- 11.1.4 the Intermediary shall have no Liabilities or obligations other than in respect of the Commission Clawbacks;
- 11.1.5 the Transferee shall have no Liabilities or obligations other than in respect of the Commission Liabilities; and
- 11.1.6 any notice provisions or bank account details shall be replaced with details of the Transferor as notified from time to time by the Transferor to each Intermediary.
- 11.2 Every Intermediary shall, on and with effect from the Effective Date, become entitled (in succession to, and to the exclusion of, any rights which it may have against the Transferor under the relevant Distribution Agreement in respect of the Commission Liabilities) to the same rights against the Transferee under a Replica Distribution Agreement in respect of the Commission Liabilities as were available to the Intermediary against the Transferor under the Distribution Agreement, and the Transferee shall on and with effect from the

Effective Date account to the Intermediaries for the Commission Liabilities as and when they become due and payable under the relevant Distribution Agreement.

- 11.3 The Transferee shall, on and with effect from the Effective Date, become entitled (in succession to, and to the exclusion of, any rights which the Transferor may have against a Intermediary under a Distribution Agreement in respect of the Commission Clawbacks) to the same rights against such Intermediary under the relevant Replica Distribution Agreement in respect of the Commission Clawbacks as were available to the Transferor against such Intermediary under the relevant Distribution Agreement, and the Intermediaries shall on and with effect from the Effective Date account to the Transferee for the Commission Clawbacks as and when they become due and payable under the relevant Distribution Agreement.
- 11.4 With effect from the Effective Date, each Distribution Agreement shall be amended between the Transferor and each Intermediary such that it no longer applies to the Commission Clawbacks and the Commission Liabilities.
- 11.5 The transfer of any rights, benefits, Liabilities and obligations under or in connection with any Distribution Agreement pursuant to this Scheme shall take effect and shall be valid and binding on all parties having any interest in the same notwithstanding any restriction on transferring, assigning or otherwise dealing with the same and such transfer shall be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified.

## PART D

### MISCELLANEOUS PROVISIONS

#### 12. EFFECTIVE DATE

- 12.1 Subject to paragraphs 12.2 and 12.3, this Scheme shall take effect at 23:59 on 23 February 2025 or, where that date is not reasonably practicable (taking into account the interests of the Transferred Policyholders), such later time and date as the Transferor and Transferee may agree in writing, provided that where the Effective Date is to be later than 23:59 on 22 May 2025 paragraph 12.2 will apply.
- 12.2 The Transferor and Transferee shall notify the UK Insurance Regulators:
- 12.2.1 as soon as reasonably practicable on it becoming reasonably likely that the Effective Date will be delayed from 23:59 on 23 February 2025, such notification to include the Transferor and Transferee's plan to communicate the delay to the Transferred Policyholders; and
- 12.2.2 of any complaints (including expressions of dissatisfaction) they may receive in relation to any delay of the Effective Date from 23:59 on 23 February 2023 including in respect of the communications of such delay.
- 12.3 If the Transferor and the Transferee agree that the Effective Date should occur after 23:59 on 22 May 2025, the Transferor and the Transferee must apply to the Court for a further order permitting such Effective Date, provided that in any such case:
- 12.3.1 the UK Insurance Regulators shall be notified in advance and as soon as reasonably practicable of, and shall have the right to be heard at, any hearing of the Court at which such application is considered;
- 12.3.2 such application shall be accompanied by a supplementary report from Philip Simpson, FIA of Milliman LLP or any other independent expert approved pursuant to section 109(2)(b) of FSMA to the effect that in their opinion the proposed amendment will not materially adversely affect the holders of Transferred Policies or Residual Policies or Excluded Policies or policies of the Transferee (including the security or reasonable expectations of such policyholders); and
- 12.3.3 a notice of the making of such order is published on the websites of the Transferor and the Transferee within 5 days of the making of such further order.
- 12.4 The Transferor shall publish the Effective Date on its website on, or as soon as reasonably possible after, the Effective Date.
- 12.5 Unless this Scheme has become effective on or before 23:59 on 30 July 2025 or such later date and/or time, if any, as the Transferor and Transferee may agree and the Court may allow, this Scheme shall lapse.

#### 13. MODIFICATIONS OR ADDITIONS

- 13.1 The Transferee and the Transferor may consent for and on behalf of themselves and all other persons concerned to any modification of or addition to this Scheme or to any further condition or provision affecting the same which, in each case prior to its sanction of this Scheme, the Court may approve or impose, provided that any such modification, addition, condition or provision which is material to the Scheme may only be made with the consent of the UK Insurance Regulators.
- 13.2 Subject to paragraph 13.4, at any time after the sanction of this Scheme, the Transferee shall be at liberty to apply to the Court for consent to amend its terms, provided that in any such case:
- 13.2.1 where the amendment sought is made under section 112(1)(d) of FSMA, the amendment is required to give full effect to the Scheme;

- 13.2.2 the UK Insurance Regulators and the Transferor shall be notified at least six weeks in advance of, and have the right to be heard at, any hearing of the Court at which such application is considered;
  - 13.2.3 the Transferee has complied with any directions given by the Court as to publicity in relation to the proposed amendment;
  - 13.2.4 such application shall be accompanied by a certificate from an independent actuary (forming part of a reasoned report based on the latest financial information that can reasonably be made available to the independent actuary at the time of the report) to the effect that in their opinion the proposed amendment will not materially adversely affect the security or materially adversely affect the reasonable expectations of the holders of Transferred Policies or Residual Policies (if any) or the other policies of the Transferee, in each case as they stood before the implementation of the proposed amendment; and
  - 13.2.5 the Transferor's consent (not to be unreasonably withheld, delayed or conditioned) shall be required to the extent that it can reasonably be considered that the proposed amendment to the terms of this Scheme may have an adverse financial impact on the Transferor.
- 13.3 Subject to paragraph 13.2, if consent from the Court is granted, the Transferee may amend the terms of this Scheme in accordance with such consent.
- 13.4 The Transferee may, at any time after the sanction of this Scheme (and without the need for the consent of the Court), make such amendments to the terms of this Scheme which are:
- 13.4.1 in relation to minor and/or technical amendments to the terms of this Scheme (including amendments to correct manifest errors);
  - 13.4.2 necessary to comply with such of the requirements of Applicable Law and Regulation which have or will have any implications for the Transferee in relation to the terms or operation of this Scheme;
  - 13.4.3 necessary to reflect any changes in generally accepted actuarial practices relating to the management of the Transferred Policies; or
  - 13.4.4 required to protect the rights and reasonable expectations of the policyholders of the Transferred Policies,

provided that the UK Insurance Regulators and the Transferor have been notified of the same at least 28 days in advance of the amendment being made and have not objected (unless they each have confirmed non-objection prior to that date). The Transferor may only object to the extent that it can reasonably be considered that the proposed amendment to the terms of this Scheme may have an adverse financial impact on the Transferor.

- 13.5 The consent of the Court or the UK Insurance Regulators shall not be required in relation to the amendment or termination of the Residual Policies Reassurance Arrangement provided that such amendment or termination shall be in accordance with the provisions of paragraph 8.

#### 14. **COSTS AND EXPENSES**

Except as otherwise agreed in writing (including under any existing agreement between the Transferee and the Transferor) or as set out in this Scheme, the Transferor and the Transferee shall bear their own costs and expenses in relation to the preparation and carrying into effect of this Scheme, whether before or after the Effective Date.

#### 15. **EVIDENCE OF TRANSFER**

The production of a copy of the Order with any modifications, amendments and/or additions made under paragraph 13 shall for all purposes be evidence of the transfer to and vesting in the Transferee of the Transferred Business.



16. **THIRD PARTY RIGHTS**

It is not intended that any person who is not a party to this Scheme may enforce any of its terms, whether by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise.

17. **GOVERNING LAW**

This Scheme is governed by, and shall be construed in accordance with, English law.

Dated this

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**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (Ch D)  
No. CR-2024-000658**

**IN THE MATTER OF  
CANADA LIFE LIMITED  
and  
IN THE MATTER OF  
COUNTRYWIDE ASSURED PLC  
and  
IN THE MATTER OF  
PART VII OF THE FINANCIAL SERVICES AND MARKETS ACT 2000**

**SCHEME**

Herbert Smith Freehills LLP