

IN THE ROYAL COURT OF THE ISLAND OF JERSEY

(Samedi Division)

IN THE MATTER OF

LEGAL AND GENERAL ASSURANCE SOCIETY LIMITED

- and -

REASSURE LIMITED

**AND IN THE MATTER OF AN APPLICATION PURSUANT TO ARTICLE 27 OF AND SCHEDULE
2 TO THE INSURANCE BUSINESS (JERSEY) LAW 1996**

JERSEY SCHEME

**pursuant to Article 27 of and Schedule 2 to the Insurance Business (Jersey) Law 1996
for the transfer of part of the long-term insurance business of (1) Legal and General
Assurance Society Limited to (2) ReAssure Limited**

1. INTERPRETATION

Definitions

1.1 In this scheme (the **Jersey Scheme**), unless inconsistent with the subject or context, the following expressions bear the meanings respectively set opposite them, and other words and expressions used as defined terms in this Jersey Scheme shall bear the meanings given to them in the UK Scheme:

Jersey Business means the:

- (a) the Jersey With-Profits Business;
- (b) the Jersey NP Annuity Business;
- (c) the Jersey NP Retail Savings Business;
- (d) the Jersey NP Retail Pensions Business; and
- (e) the Jersey Unit Linked Protection Business.

Jersey Business Information and Records means all Business Information and Business Records relating to or attributable to the Jersey Transferred Business, Jersey Transferred Business Assets, Jersey Transferred Business Liabilities, Jersey Residual Assets and Jersey Residual Liabilities.

Jersey Co-Owned Properties Agreement means any Co-Owned Properties Agreement to the extent that it relates to the Jersey Transferred Business.

Jersey Divided Unit Interests means any Divided Unit Interest to the extent that it relates to the Jersey Transferred Business.

Jersey Economic Effective Date has the meaning given to it in clause 4.1(a).

Jersey Effective Date means either the Jersey Economic Effective Date or the Jersey Legal Effective Date, as the context requires in light of those dates' respective purposes pursuant to this Jersey Scheme (as stated in clause 4.1).

Jersey FMISA means the product that was sold by the Transferor Group that:

- (a) includes a Jersey Policy; and
- (b) is known as the "Flexible Mortgage ISA Plan".

Jersey FMISA Insurance Element means, for each Jersey FMISA purchased by a Jersey Transferred Policyholder, the parts of the product that relate to the insurance cover provided under the Jersey Policy.

Jersey FMISA ISA Element means, for each Jersey FMISA, the parts of the product that relate to the individual savings account provided to the Jersey Transferred Policyholder.

Jersey FMISA Mixed Liability means any Liability that is associated with a Jersey FMISA and that:

- (a) partly relates to the Jersey FMISA Insurance Element; and

(b) partly relates to the Jersey FMISA ISA Element.

Jersey Law means the Insurance Business (Jersey) Law 1996;

Jersey Legal Effective Date has the meaning given to it in clause 4.1(b).

Jersey Non-Participating With-Profits Policy means any Non-Participating With-Profits Policy which is a Jersey Policy.

Jersey NP Annuity Asset means any Jersey NP Annuity Policy, including the rights, benefits (subject to the burden) of the Transferor of, under or by virtue of the Jersey NP Annuity Policy (including contractual, tortious and statutory rights).

Jersey NP Annuity Business means the business carried on by the Transferor comprising the Administration of the Jersey NP Annuity Policies at any time.

Jersey NP Annuity Policy means any NP Annuity Policy which is a Jersey Policy.

Jersey NP Retail Pensions Asset means any Jersey NP Retail Pensions Policy, including the rights and benefits (subject to the burden) of the Transferor or Nominees under or by virtue of any Jersey NP Retail Pensions Policy (including contractual, tortious and statutory rights).

Jersey NP Retail Pensions Business means the business carried on by the Transferor comprising the Administration of the Jersey NP Retail Pensions Policies at any time.

Jersey NP Retail Pensions Policy means any NP Retail Pensions Policy which is a Jersey Policy.

Jersey NP Retail Savings Asset means any Jersey NP Retail Savings Policy, including the rights and benefits (subject to the burden) of the Transferor of, under or by virtue of any Jersey NP Retail Savings Policy (including contractual, tortious and statutory rights).

Jersey NP Retail Savings Business means the business carried on by the Transferor comprising the Administration of the Jersey NP Retail Savings Policies at any time.

Jersey NP Retail Savings Policy means any NP Retail Savings Policy which is a Jersey Policy.

Jersey Order means an order of the Royal Court sanctioning this Jersey Scheme.

Jersey Policy means a Policy written in whole or in part by the Transferor:

- (a) in respect of which any liability remains unsatisfied or outstanding at the Effective Date; and
- (b) which was effected or carried out as part of the insurance business carried on in or from within Jersey (as such expression is interpreted for the purpose of the Jersey Law and which the Royal Court has jurisdiction to transfer pursuant to the Jersey Law).

Jersey Property Dissolution Interest means any Property Dissolution Interest to the extent that it relates to the Jersey Transferred Business.

Jersey Property GP Interest means any Property GP Interest to the extent that it relates to the Jersey Transferred Business.

[Jersey Property Holding Structure means any Property Holding Structure to the extent that it relates to the Jersey Transferred Business.]¹

Jersey Property LP Interest means any Property LP Interest to the extent that it relates to the Jersey Transferred Business.

Jersey Residual Asset means:

- (a) any Jersey Residual Policy and the rights, benefits and powers of the Transferor (or any rights, benefits and powers granted to any member of the Transferor Group) under or by virtue of any Jersey Residual Policy;
- (b) any property of the Transferor or any member of the Transferor Group attributable to the Jersey Residual Policies or the Jersey Transferred Business (including any right, benefit or power of the Transferor or any member of the Transferor Group under any Jersey Residual Policy or any Jersey Transferred Policy) where the Transferor and Transferee agree prior to the Jersey Effective Date that its transfer should be delayed; and
- (c) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, earned or received from time to time after the Jersey Effective Date but prior to any relevant Jersey Subsequent Transfer Date in respect of any such property referred to in clauses a) or b) of this definition,

but excluding any Excluded Asset.

Jersey Residual Liability means any Liability of the Transferor Group arising from or in connection with the Jersey Business or the Jersey Policies if:

- (a) such Liability is attributable to or connected with a Jersey Residual Asset and arises at any time before the Jersey Subsequent Transfer Date applicable to that Jersey Residual Asset;
- (b) in respect of such Liability, the Royal Court of Jersey has declined to order the transfer to the Transferee pursuant to Article 27 of, and Schedule 2 to, the Jersey Law at the Jersey Legal Effective Date;
- (c) the Transferor and the Transferee agree prior to the Jersey Legal Effective Date that the transfer of such Liability should be delayed; or
- (d) such Liability cannot be transferred to or vested in the Transferee for any other reason on the Jersey Legal Effective Date,

but excluding any Excluded Liability.

Jersey Residual Policy means any Jersey Policy, excluding any Excluded Policy, comprised in the Jersey Business:

- (a) which is not capable of being transferred pursuant to Article 27 of, and Schedule 2 to, the Jersey Law at the Jersey Legal Effective Date;

¹ MO: We note this defined term forms part of the definitions of 'NP Retail Savings Asset' and 'With-Profits Asset' in the UK Scheme, however the relevant parts of these definitions are not carried through to the Jersey Scheme. Please could you confirm whether these definitions should be extended, or whether it is intended to add it in to Jersey Transferred Business Assets only? We note that Property Holding Structures does not form part of the UK Transferred Business Asset definition.

- (b) in respect of which the Court has declined to order the transfer to the Transferee under Article 27 of, and Schedule 2 to, of the Jersey Law at the Jersey Legal Effective Date, including where further steps need to be taken following the Jersey Order before such Jersey Policy can be transferred and the Transferor and the Transferee agree that such further steps should be taken;
- (c) which is a Sanctioned Policy (unless and until there is no longer a positive match in respect of such Jersey Policy, at which point the Jersey Policy shall transfer pursuant to clause 7.2 of the UK Scheme, as incorporated into this Jersey Scheme),

and any further Jersey Policy issued by the Transferor pursuant to the exercise of any right or option under a Jersey Residual Policy, but excluding any Jersey Policy that is, or that becomes, a Jersey Transferred Policy pursuant to clause 7.2 of the UK Scheme, as incorporated into this Jersey Scheme.

Jersey Subsequent Transfer Date means in relation to any Jersey Residual Asset or Jersey Residual Liability, the date (and each date) after the Jersey Legal Effective Date on which such Jersey Residual Asset or Jersey Residual Liability as the case may be is or is to be transferred to the Transferee, namely:

- (a) in respect of any Jersey Residual Asset falling within clause a) of the definition of Jersey Residual Asset and of any Jersey Residual Liability which is attributable to or connected with that Jersey Residual Asset or which falls within clauses b), d) or, where the relevant Jersey Residual Asset has not transferred for reasons other than an agreement between the Transferor and the Transferee, a) of the definition of Jersey Residual Liability, the date on which any impediment to its transfer shall have been removed or overcome;
- (b) in respect of any Jersey Residual Asset falling within clause b) of the definition of Jersey Residual Asset and of any Jersey Residual Liability which is attributable to or connected with that Jersey Residual Asset or which falls within clauses c) or, where the relevant Jersey Residual Asset has not transferred due to an agreement between the Transferor and the Transferee, a) of the definition of Jersey Residual Liability, the date on which the Transferor (whether in its own capacity or for and on behalf of any member of the Transferor Group) and the Transferee (whether in its own capacity or for and on behalf of any member of the Transferor Group) agree the transfer should take effect; and
- (c) in respect of any Jersey Residual Asset falling within clause c) of the definition of Jersey Residual Asset and of any Jersey Residual Liability which is attributable to or connected with that Jersey Residual Asset, the date on which such Jersey Residual Asset is received or earned by the Transferor or any member of the Transferor Group.

Jersey Transferred Business means the whole of the Jersey Business as of the Jersey Effective Date, save to the extent that such Jersey Business relates solely to Excluded Policies and excluding (subject to clause 7.2 of the UK Scheme, as incorporated into this Jersey Scheme) any Jersey Residual Assets and Jersey Residual Liabilities and any Jersey Policy that has run off, lapsed, matured (including due to the death of the life insured), or been surrendered or sold, prior to the Jersey Effective Date;

Jersey Transferred Business Asset means each:

- (a) Jersey With-Profits Asset;
- (b) Jersey NP Annuity Asset;

- (c) Jersey NP Retail Savings Asset;
- (d) Jersey NP Retail Pensions Asset;
- (e) Jersey Unit Linked Protection Asset;
- (f) Jersey Property Dissolution Interest;
- (g) Jersey Property GP Interest;
- (h) [Jersey Property Holding Structure;]²
- (i) Jersey Property LP Interest; and
- (j) Jersey Co-Owned Properties Agreement,

each as at the Jersey Effective Date and, in each case, excluding any Excluded Policy and (subject to clause 7.2 of the UK Scheme, as incorporated into this Jersey Scheme) any Jersey Residual Asset.

Jersey Transferred Liability means any Liability of any member of the Transferor Group arising from or in connection with the Jersey Business or the Jersey Policies (or any policies which would have been included within the Jersey Policies but for having run off, lapsed, matured (including due to the death of the life insured), or been surrendered or sold, prior to the Jersey Effective Date, including any and all Liabilities arising as a result of any act or omission of any Appointed Representative or Intermediary, in each case whether arising from facts, events or circumstances occurring before, on or after the Jersey Effective Date, including Liabilities in respect of Mis-selling (other than Annuity Mis-selling Liabilities) that are novated or otherwise transferred on the Jersey Effective Date to the relevant member of the Transferee Group in accordance with this Jersey Scheme, but excluding any Excluded Liability and (subject to clause 7.2 of the UK Scheme, as incorporated into this Jersey Scheme) any Jersey Residual Liability.

Jersey Transferred Policy means any Jersey Policy written by the Transferor which is comprised in the Jersey Transferred Business, together with any proposals for insurance received by or on behalf of the Transferor before the Jersey Legal Effective Date which has not become a Jersey Policy in force by the Jersey Legal Effective Date but which subsequently becomes a Jersey Policy, but excluding any Excluded Policy and (subject to clause 7.2 of the UK Scheme, as incorporated into this Jersey Scheme) the Jersey Residual Policies.

Jersey Transferred Policyholder means any person holding or who previously held a Jersey Policy, including schemes, members and beneficial owners of Jersey Policies.

Jersey Unit Linked Protection Assets means the Jersey Unit Linked Protection Policies, including the rights and benefits (subject to the burden) of the Transferor of, under or by virtue of the Jersey Unit Linked Protection Policies (including contractual, tortious and statutory rights).

Jersey Unit Linked Protection Business means the business carried on by the Transferor comprising the Administration of the Jersey Unit Linked Protection Policies.

² MO: We note this is not included in the UK Scheme definition of Transferred Business Asset – please could you confirm whether it should be included here?

Jersey Unit Linked Protection Policies means any Unit Linked Protection Policy which is a Jersey Policy.

Jersey With-Profits Asset means the Jersey With-Profits Policies, including the rights and benefits (subject to the burden) of the Transferor of, under or by virtue of the Jersey With-Profits Policies (including contractual, tortious and statutory rights).

Jersey With-Profits Business means the business carried on by the Transferor in respect of the With-Profits Fund, comprising the Administration of the Jersey With-Profits Policies.

Jersey With-Profits Liability means any Jersey Transferred Liability insofar as it is allocated to the With-Profits Fund immediately prior to the Jersey Effective Date (including, for the avoidance of doubt, Liabilities that relate to Jersey Policies that are Non-Participating With-Profits Policies and Liabilities that relate to Jersey Policies that are Participating With-Profits Policies).

Jersey With-Profits Policy means any With-Profits Policy which is a Jersey Policy.

JFSC means the Jersey Financial Services Commission.

Royal Court means the Royal Court of Jersey.

UK Scheme means the insurance business transfer scheme pursuant to Part VII of the Financial Services and Markets Act 2000 for, *inter alia*, the transfer of certain long term insurance business of the Transferor to the Transferee, a copy of which is contained in the Schedule to this Jersey Scheme, as it may be varied or amended from time to time in accordance with its terms.

- 1.2 Other words and expressions used as defined terms in this Jersey Scheme shall bear the meanings given to them in the UK Scheme.
- 1.3 Subject to clause 1.2 above and except where the context requires otherwise, words and expressions used in the Jersey Law or in any regulations made under it shall have the same meanings in this Jersey Scheme.

Headings

- 1.4 Headings in this Jersey Scheme are inserted for convenience only and shall not affect its construction.

References

- 1.5 Any reference in this Jersey Scheme to an enactment, statutory provision or regulation shall be deemed to include a reference to the enactment or statutory provision or those regulations as from time to time amended, consolidated, modified, replaced or re-enacted by any statute or statutory provision.
- 1.6 Any reference to the singular includes a reference to the plural and vice versa. Any reference to he, she or it includes the others.
- 1.7 Any reference to a time of day is a reference, unless otherwise expressly specified, to London time.
- 1.8 Any reference to this Jersey Scheme shall include the Schedule hereto.

2. INTRODUCTION

- 2.1 The Transferor was incorporated on 1 April 1920 with its current name in England and Wales under the Companies Acts 1908 to 1917 as a private limited company. The registered number of the Transferor is 166055 and the registered office of the Transferor is at One Coleman Street, London EC2R 5AA.
- 2.2 The Transferee was incorporated on 20 March 1963 as Occidental Life Insurance Company Limited in England and Wales under the Companies Acts 1948 as a private limited company. The Transferee changed its name to its current name on 1 December 2011. The registered number of the Transferee is 754167 and the registered office of the Transferee is Windsor House, Ironmasters Way, Telford Centre, Telford Shropshire, TF3 4NB.
- 2.3 The Transferor is authorised by the Prudential Regulation Authority (**PRA**) with permission under Part 4A of FSMA to effect and carry out contracts of long-term insurance in the United Kingdom in classes I, II, III, IV, VI and VII falling within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) (the **RAO**).
- 2.4 The Transferee is authorised by the PRA with permission under Part 4A of FSMA to effect and carry out contracts of insurance within the United Kingdom in classes I, II, III, IV, VI and VII as set out in Part II of Schedule 1 to the RAO.
- 2.5 The Transferor holds a Category A permit to carry on long term insurance business, in or from within Jersey, under the Jersey Law.
- 2.6 The Transferee holds a Category A permit to carry on long term and general insurance business under the Jersey Law.
- 2.7 It is proposed that, by Order of the Royal Court in accordance with Article 27 of, and Schedule 2 to, the Jersey Law, the Jersey Transferred Business shall be transferred to the Transferee on the Jersey Effective Date on substantially the same terms as the terms of the UK Scheme governing the transfer of the Transferred Business to the Transferee and as if the Jersey Transferred Business were part of the Transferred Business as defined in the UK Scheme.
- 2.8 Each of the Transferor and the Transferee have agreed to appear by Counsel at the hearing of the application to sanction this Jersey Scheme and undertake to be bound thereby and to execute all such documents and to do all such acts and things as may be necessary or expedient to be executed or done by it for the purposes of giving effect to this Jersey Scheme.

3. INCORPORATION OF THE UK SCHEME

- 3.1 Save as otherwise set out in this Jersey Scheme, the terms of:
- (a) Part C (Transfer) (other than clauses 6, 11 and 12);
 - (b) Clause 13 (Purpose of Allocation);
 - (c) Clause 15 (Allocation of Policies);
 - (d) Clause 16 (Allocation of Assets);
 - (e) Clause 17 (Allocation of Liabilities);
 - (f) Clause 18 (Linked Funds);

- (g) Clause 24 (Property GP Interests and Property LP Interests);
- (h) Clause 25 (Co-owned Properties);
- (i) Clause 26 (Divided Unit Interests and Property Dissolution Interest);
- (j) Clause 29 (FMISA);
- (k) Clause 35 (Costs and Expenses); and
- (l) Clause 38 (Successors and Assigns),

of the UK Scheme shall, subject to clause 3.2 below, be deemed to be part of this Jersey Scheme as if reproduced herein *mutatis mutandis*. For this purpose, the following definitions of the UK Scheme in the left hand column of the table below (whether singular or plural) shall be read and construed in accordance with the Jersey Scheme definition set out opposite that definition in the right hand column of the table below:

UK Scheme definition	Jersey Scheme definition
Divided Unit Interest	Jersey Divided Unit Interest
Effective Date	Jersey Effective Date
FMISA	Jersey FMISA
FMISA Insurance Element	Jersey FMISA Insurance Element
FMISA ISA Element	Jersey FMISA ISA Element
FMISA Mixed Liability	Jersey FMISA Mixed Liability
Legal Effective Date	Jersey Legal Effective Date
NP Annuity Asset	Jersey NP Annuity Asset
NP Annuity Policy	Jersey NP Annuity Policy
NP Retail Pensions Asset	Jersey NP Retail Pensions Asset
NP Retail Savings Asset	Jersey NP Retail Savings Asset
Order	Jersey Order
Policy	Jersey Policy
Property Dissolution Interest ³	Jersey Property Dissolution Interest
Property GP Interest	Jersey Property GP Interest

³ MO: We have not added Property Holding Structure to this list as the term is not used in the sections of the UK Scheme that are incorporated into the Jersey Scheme.

Property LP Interest	Jersey Property LP Interest
Relevant Transferee	Transferee
Relevant Transferor	Transferor
Residual Asset	Jersey Residual Asset
Residual Liability	Jersey Residual Liability
Residual Policy	Jersey Residual Policy
Scheme	Jersey Scheme
Subsequent Transfer Date	Jersey Subsequent Transfer Date
Transferred Business	Jersey Transferred Business
Transferred Business Asset	Jersey Transferred Business Asset
Transferred Liability	Jersey Transferred Liability
Transferred Policy	Jersey Transferred Policy
Transferred Policyholder	Jersey Transferred Policyholder
Unit Linked Protection Asset	Jersey Unit Linked Protection Asset
With-Profits Asset	Jersey With-Profits Asset
With-Profits Liability	Jersey With-Profits Liability
With-Profits Policy	Jersey With-Profits Policy

3.2 In the UK Scheme deemed to be part of this Jersey Scheme as if reproduced herein *mutatis mutandis*:

- (a) References to numbered clauses and to parts are to the numbered clauses and parts of the UK Scheme.
- (b) References to "Whole Transferred Contracts" and to "Split Transferred Contracts" are to be deleted in each case that they appear.
- (c) The words "clause 6 (Split Transferred Contracts)", the words "clause 27 (SIPP)" and the words "clause 32 (Derivatives)" are to be deleted from clause 3.1 of the UK Scheme as so reproduced.
- (d) The words "in accordance with Part D" are to be deleted from clause 3.6 of the UK Scheme as so reproduced, and replaced with the words "in accordance with clauses 13, 15, 16, 17 and 18".
- (e) Clause 3.7 shall be amended so that the words "without any further act or instrument" are deleted and replaced by "without any further act or instrument except as required by the Order".

- (f) The words "(including any Whole Transferred Contract or any Contract that results in a Split Transferred Contract)" are to be deleted from the second and third lines of clause 5.4 of the UK Scheme as so reproduced.
 - (g) Clauses 24.2, 24.3, 25 and 26.2 shall be amended so that the words "without any further act or instruction" are deleted and replaced by "without any further act or instruction except as required by the Order".
 - (h) Clause 29.2(B) shall be deleted.
- 3.3 Without prejudice to the generality of clause 3.4, it is acknowledged that clauses 19 to 23 of the UK Scheme shall apply in respect of the matters dealt with in those clauses.
- 3.4 This Jersey Scheme is ancillary to the UK Scheme and has effect to transfer business carried on in or from within Jersey and assets and liabilities relating to such business that would not otherwise transfer under the UK Scheme. Nothing in this Jersey Scheme shall operate so as to prevent or conflict with any transfer provided for by the UK Scheme.

4. JERSEY EFFECTIVE DATE

- 4.1 Subject to clauses 4.2 and 4.3, this Jersey Scheme shall:
- (a) for the purposes of any accounting requirements of each of the Transferee or the Transferor, be deemed to have become effective at 00.01 GMT on the first calendar day of the month in which the Jersey Legal Effective Date occurs, or such other date and time as the Transferee and Transferor, acting through their respective boards of directors, may (on or before the Jersey Legal Effective Date) agree in writing (such date and time being the **Jersey Economic Effective Date**); or
 - (b) for all other purposes of this Jersey Scheme, take effect on such time and date as is specified in the Transfer Certificate (the time so specified being the **Jersey Legal Effective Date**), such date and time not to be earlier than the last of the following three conditions being met, namely:
 - (i) the Jersey Order by the Royal Court sanctioning this Jersey Scheme being made;
 - (ii) the UK Scheme in relation to the Transferred Business of the Transferor becoming effective in accordance with its terms; and
 - (iii) the first point in time at which the Transfer Certificate has been signed by both the Transferee and Transferor.
- 4.2 Subject to clause 4.3, the Transferor and the Transferee may agree that the Jersey Legal Effective Date should be on or after the later of (i) 7 July 2020 or (ii) the date that is three months after the Jersey Order has been issued by the Royal Court. The Transferor and the Transferee must apply to the Royal Court for a further order if they agree to delay the Jersey Legal Effective Date until on or after such date. Any such application may specify any date on or after 7 July 2020 which, subject to the consent of the Royal Court, shall then become the Jersey Legal Effective Date for the purposes of this Jersey Scheme. This Jersey Scheme shall then become effective on and with effect from the date so specified, provided that:
- (a) the JFSC shall be notified as soon as reasonably practicable, and in any case in advance, of any hearing of the Royal Court at which such application is considered, and the JFSC shall have the right to be heard at any such hearing;

- (b) such application shall be accompanied by a certificate from an independent actuary to the effect that the proposed Jersey Legal Effective Date will not materially adversely affect the Jersey Transferred Policyholders of the Jersey Transferred Policies or Jersey Residual Policies or existing Jersey Transferred Policyholders of the Transferor or the Transferee and such certificate shall be published on the websites of the Transferor and the Transferee at least five days before the Royal Court hearing; and
 - (c) a notice of the making of such order is published on the websites of the Transferor and the Transferee within five days of the making of such further order by the Royal Court.
- 4.3 If the transfer of the Jersey Transferred Business has not become effective in accordance with the terms of this clause 4 on or before the later of (i) 6 October 2020; (ii) the date that is six months after the Jersey Order has been issued by the Royal Court; or (iii) such later date, if any, that the Transferor and the Transferee may agree and the Royal Court may approve, the provisions of this Jersey Scheme shall lapse to the extent that they relate to such transfer.
- 4.4 This Jersey Scheme shall not become (or, where the context requires, be deemed to have become) effective on the Jersey Effective Date unless on or prior thereto the Jersey Order shall have been made.
- 4.5 The UK Scheme has the effect that:
- (a) if the transfer of any Jersey Transferred Policies is sanctioned by the Royal Court pursuant to this Jersey Scheme with effect from the Jersey Effective Date, such policies shall be treated for all purposes of the UK Scheme as if they were Transferred Policies of the Transferor with effect from the Effective Date and, to the extent necessary to comply with Part VII of FSMA, shall also be transferred pursuant to the terms of the UK Scheme; and
 - (b) if the Royal Court does not sanction the transfer of any Jersey Transferred Policies pursuant to this Jersey Scheme, despite having the jurisdiction to do so, or if this Jersey Scheme is sanctioned by the Royal Court but the transfer of any Jersey Transferred Policies does not become effective by the Jersey Legal Effective Date, then such policies shall, with effect from the Legal Effective Date, be deemed to be Residual Policies under the UK Scheme and shall be reinsured by the Transferee as Residual Policies as provided for under the terms of the UK Scheme. Such policies shall cease to be Residual Policies under the UK Scheme, and shall cease to be so reinsured to the Transferee, on the relevant Subsequent Transfer Date.

5. VARIATION OF THIS JERSEY SCHEME

- 5.1 The Transferor and the Transferee may, as required, consent for and on behalf of the parties hereto and all other persons concerned (other than the JFSC) to any modification of or addition to this Jersey Scheme or to any further condition or provision affecting the same which, prior to its sanction of this Jersey Scheme, the Royal Court may approve or impose.
- 5.2 At any time after the sanction of this Jersey Scheme by the Royal Court, the Transferee shall be at liberty to apply to the Royal Court for consent to amend the terms of this Jersey Scheme (except the Schedule to this Jersey Scheme, modifications or additions to which shall be governed by the terms of the UK Scheme), provided that in any such case:
- (a) each of the JFSC and the Transferor shall have been given such prior and reasonable notice of the application as has been agreed by the JFSC in advance with the Transferee and shall have the right to be heard at any hearing of the Royal Court at which such application is considered; and

- (b) such application shall be accompanied by a certificate from an independent actuary to the effect that in his opinion the proposed amendment will not materially adversely affect the interests of Jersey Transferred Policyholders or the Transferee's other policyholders who hold policies effected or carried out as part of the insurance business carried on in or from within Jersey.

and provided that the Transferor's consent (not to be unreasonably withheld, delayed or conditioned) shall be required to the extent that it can reasonably evidence that the proposed amendment to the terms of this Jersey Scheme will have an adverse financial impact on the Transferor, such evidence to be provided within 3 months of having received advance written notice from the Transferee of the intended terms of the proposed amendment to the terms of this Jersey Scheme. For the avoidance of doubt, any changes to the terms of the proposed amendment after the giving of such notice shall not restart such 3-month period provided that:

- (c) subject to clause 5.2(d) below, the Transferor shall have at least fourteen days' notice of the final form of the proposed amendment; or
- (d) if the final form of the proposed amendment will have, or could reasonably be expected to have, an adverse financial impact on the Transferor that was not evident from the advance written notice originally provided by the Transferee pursuant to this clause 5.2, the Transferor shall have at least one month's notice of the final form of the proposed amendment.
- 5.3 During the 3-month period referred to in clause 5.2, the Transferee shall provide the Transferor with such further information or documentation in relation to the proposed amendment as the Transferor may reasonably require. A notice from the Transferee to the Transferor under clause 5.2 shall be delivered to One Coleman Street, London, EC2R 5AA (marked for the attention of the Transferor's Company Secretary), unless the Transferor has notified the Transferee's Company Secretary in writing that the Transferor's address for notice has changed.
- 5.4 Subject to clause 5.2, if consent of the Royal Court is granted, the Transferee may amend the terms of this Jersey Scheme in accordance with such consent.
- 5.5 The consent of the Royal Court shall not be required in relation to minor and/or technical amendments to the terms of this Jersey Scheme (including but not limited to amendments to correct manifest errors or changes required by law or regulation), provided that the JFSC has been notified of the same by the Transferee and has not objected thereto within 28 days of the acknowledgement of such notification by the JFSC.
- 5.6 The Scheme USB (as amended or replaced from time to time in accordance with the terms of the UK Scheme) is a definitive list of all Policies transferred pursuant to the UK Scheme, including the Jersey Policies transferred pursuant to this Jersey Scheme. The consent of the Royal Court shall not be required to amend or replace the Scheme USB in relation to corrections to the list of Policies (including Jersey Policies) in the Scheme USB for errors, provided the Transferor and the Transferee formally agree that such a correction should be made to include a Policy in, or remove a Policy from, the Scheme USB and only policies within a valuation class listed in Schedule 1 to the UK Scheme may be included in the list of Policies in the Scheme USB.
- 5.7 The consent of the Royal Court shall not be required in relation to amendments to Schedule 3 to the UK Scheme that the Transferee can reasonably demonstrate are required as a result of any change in, or Change in Interpretation of, Applicable Law and Regulation.

6. EVIDENCE OF TRANSFER

- 6.1 The production of a copy of the Jersey Order with any modifications, amendments and/or

additions made under clause 5, shall for all purposes be evidence of the transfer to, and vesting in, the Transferee:

- (a) on and with effect from the Jersey Effective Date, of the Jersey Transferred Business, the Jersey Transferred Business Assets, the Jersey Transferred Liabilities and the Jersey Transferred Policies; and
- (b) with effect from each relevant Jersey Subsequent Transfer Date, of the Jersey Residual Assets, the Jersey Residual Liabilities, and the Jersey Residual Policies.

7. GOVERNING LAW

7.1 This Jersey Scheme shall be governed by and construed in accordance with the laws of the Island of Jersey.

SCHEDULE

UK Scheme