

## SUMMARY OF THE TRANSFER

This summary sets out the key details of the Scheme and its effect on the Transferring Policies. In this summary, capitalised terms shall have the meanings given to them in paragraph 1.1 of the Scheme Document.

### 1. Transfer of the business

Subject to the approval of the Court, the long-term insurance business operated by MGM Advantage Life Limited ("**MALL**") will transfer to Canada Life Limited ("**CLL**"). This is defined in the Scheme as the "**Transferring Business**", and includes the Guaranteed Annuity and Flexible Income Annuity business lines, as well as certain insurance policies written in connection with The Retirement Account business line (defined as "**TRA**" in the Scheme").

This means that, in the case of Guaranteed Annuity or Flexible Income Annuity policyholders, CLL will take over responsibility for all aspects of the relevant policies, including responsibility for making payments under the policies and paying claims and other monies due to relevant policyholders. In the case of TRA policyholders, MALL will continue to be responsible for the day-to-day administration of relevant policies and will remain the contracting, customer-facing entity. However, any insurance policies written in connection with this product (between MALL and the TRA Trustee) will be transferred to CLL, and CLL will become responsible for making payments due to the TRA Trustee.

The final Court hearing is scheduled for 12 December 2019 and the Scheme is expected to become effective on 31 December 2019. Such date and time is defined in the Scheme as the "**Effective Date**". Unless the transfer occurred before 31 March 2020 (or such later date as the Court allows), the Scheme shall lapse.

If the Scheme is approved by the Court, CLL will acquire all of the rights, benefits and powers of MALL in relation to the Transferring Business. The holders of Guaranteed Annuity and Flexible Income Annuity policies will be entitled to the same rights against CLL in respect of their policies as they currently have against MALL. TRA policyholders' rights against MALL will be unaffected by the Scheme.

Any contracts between MALL and a third party relating to the Transferring Business will also transfer so that they become contracts between CLL and the relevant third party. In addition, certain contracts relating to the Transferring Business between MALL's service company (defined as "**MALL Servco**" in the Scheme) and various third parties will transfer so that they become contracts between CLL's service company (defined as "**CLL Servco**" in the Scheme) and the relevant third parties. Any judicial, quasi-judicial, administrative, regulatory, arbitration or other proceedings or applications (including any complaint or claim to any ombudsman) whether pending, current or future by, against, in relation to and/or in respect of which MALL is a party (or, in the case of future proceedings, MALL would be a party to but for the Scheme) concerning or in connection with the Transferring Business shall be continued or commenced by, against or in relation to CLL.

Certain reinsurance arrangements will also transfer under the terms of the Scheme. The Guaranteed Annuity business line and the annuities provided under the terms of TRA are

reassured with Hannover Rück SE. The arrangements relating to these business lines will transfer in full, and CLL will replace MALL as the cedant in respect of the Transferring Business. Additionally, MALL (as reinsurer) and Scottish Friendly Assurance Society Limited ("**Scottish Friendly**", as cedant) are party to a reinsurance agreement pursuant to which the unit liabilities of an earlier, with-profit version of the Flexible Income Annuity are reinsured by Scottish Friendly into MALL. This arrangement will be transferred in full under the terms of the Scheme, such that CLL replaces MALL as reinsurer under the agreement.

CLL will succeed to all rights, liabilities and obligations of MALL in respect of personal data relating to the Transferring Business and will become the data controller of such information. CLL will also be under the same duty to respect the confidentiality and privacy of that information.

## **2. Other matters**

If the Court approves or imposes any modification of, or addition to the Scheme (or any further condition or provision affecting the Scheme) prior to its sanction of the Scheme, MALL and CLL may consent to it for and on behalf of the parties to the Scheme and all other persons concerned.

After the sanction of the Scheme, CLL may apply to the Court for consent to amend its terms. If CLL makes such an application: (i) the PRA and the FCA shall be notified of and have the right to be heard at the Court hearing; (ii) CLL must obtain a certificate from an independent actuary confirming that in his opinion the proposed amendment will not adversely affect the interests (including the security or benefit expectations) of CLL policyholders, the Transferring Policyholders or holders of Residual Policies or Excluded Policies (as defined in the Scheme).

Minor and/or technical amendments will not require the sanction of the Court; however the PRA and the FCA must be given notice of such change and confirm they do not object.

## **3. Independent expert's report**

In order to help the Court to understand how the transfer could affect policyholders, a report on the transfer by an Independent Expert is required under section 109 of the Financial Services and Markets Act 2000. The Prudential Regulation Authority must approve the appointment of the Independent Expert (having consulted with the Financial Conduct Authority) and the form of his report.

Nick Dumbreck, a fellow of the Institute and Faculty of Actuaries, has been appointed as the Independent Expert. A summary of the Independent Expert's report is included in this document.

## **4. Costs and expenses**

CLL shall be ultimately responsible for costs relating to the Scheme incurred by itself as well as those incurred by MALL.