

Phoenix Life Assurance Europe DAC

Supplementary Report by the Head of Actuarial Function:

**On the proposed transfer of business from Phoenix
Life Assurance Europe DAC (“PLAE”) to Standard Life
International DAC (“SLIntl”)**

Date of Report: 29 October 2024

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1. Overview

1.1. Overview

- 1.1.1. As the Head of Actuarial Function (“HoAF”) of Phoenix Life Assurance Europe DAC (“PLAE”), I have been asked to comment on the proposed scheme for the transfers of all policies from PLAE to Standard Life International DAC (“SLIntl”).
- 1.1.2. This report is a supplementary report to the report entitled “Head of Actuarial Function Report: On the proposed transfers of business from Phoenix Life Assurance Europe DAC (“PLAE”) to Standard Life International DAC (“SLIntl”)” dated 27 June 2024 (“my Main Report”). All definitions and abbreviations used in my Main Report apply also to this supplementary report.
- 1.1.3. The objective of this report is to consider whether events since my Main Report have impacted upon the conclusions and opinions I, as the Head of Actuarial Function for PLAE, expressed in that report.

1.2. Developments since my Main Report

- 1.2.1. Since the time of writing of my Main Report in June 2024 there have been minor consequential updates to the transferring reinsurance arrangements, and revisions to the management services agreements which will apply to PLAE and SLIntl following the transfer date.
- 1.2.2. The updated financial position, reflecting a pro-forma valuation as at 30 June 2024 (as if the Scheme had been implemented at that date) is presented in section 3.3.
- 1.2.3. For its 30 June 2024 valuation, the PLAE Board approved a change to the best estimate maintenance expense assumption to allow for the obligations that would apply to PLAE, should the Scheme be approved. This and other developments are described in section 3.

1.3. Conclusions

- 1.3.1. It is my view that the conclusions set out in my Main Report continue to hold. My conclusions are given in section 4.

2. Purpose, scope, reliances and compliance

2.1. Purpose of this report

- 2.1.1. As the Head of Actuarial Function (“HoAF”) of PLAE, I have been asked to comment on the proposed scheme for the transfers of PLAE to SLIntl.
- 2.1.2. The purpose of this report is to describe the impact of the proposed scheme (“the Scheme”) under Section 13 of the Assurance Companies Act 1909 on the policyholders of PLAE.
- 2.1.3. Under the Scheme the German, Icelandic, Swedish, Norwegian and Irish business of PLAE will transfer to SLIntl.

2.2. Guidance on its usage

- 2.2.1. This report supplements, and should be read in conjunction with, my Main Report.
- 2.2.2. This report is addressed to the Board of PLAE. I also note that this report may be considered by the Central Bank of Ireland (the “CBI”) as part of their consideration of the Scheme. A copy of this report will be provided to the Irish High Court (the “Court”). This report may also be made available to the transferring policyholders and other interested parties in the transfer.
- 2.2.3. A glossary of the definitions and abbreviations used in this document is included in section 6.

2.3. Independent Actuary

- 2.3.1. Mr Mike Claffey of Milliman Limited has been appointed by the Phoenix group companies as the Independent Actuary. The CBI has not objected to this appointment.

2.4. Status and disclosures

- 2.4.1. I am a Fellow of the Society of Actuaries in Ireland (“FSAI”), with over 25 years of actuarial experience. I was approved by the CBI to act in the Pre-Approval Controlled Function of HoAF for PLAE. PLAE was authorised on 26 September 2022.
- 2.4.2. I am an employee of PricewaterhouseCoopers Ireland and am the leader of its Irish Life Actuarial practice. I have no personal financial interest in the Phoenix group nor hold any policies with the group. The terms of my engagement as HoAF have not influenced me in reaching any of the conclusions detailed in this report.

2.5. Scope and reliances

- 2.5.1. This report is addressed to the Board of Directors of PLAE. The Independent Actuary, the CBI, and the Head of Actuarial Function for SLIntl have been provided with drafts of this report during the Section 13 portfolio transfer process.
- 2.5.2. In carrying out the work and preparing this report, I relied on data and other information provided by Phoenix group service companies acting for both SLIntl and PLAE. I have reviewed the information for consistency and reasonableness but I have not audited or otherwise validated it. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.
- 2.5.3. The financial information provided to me for PLAE and SLIntl has been prepared on a Solvency II basis based on data as at 30 June 2024. PLAE and SLIntl have calculated their own pro-forma financial information, assuming that the transfers had taken place on 30 June 2024.

- 2.5.4. This report is based on information made available to me up to the date of this report and takes no account of developments after this date.
- 2.5.5. Further information on reliances and limitations associated with this report can be found in section 5.

2.6. Compliance with regulatory and actuarial standards

- 2.6.1. There is no actuarial professional guidance specifically covering the work of the HoAF in respect of a Section 13 transfer. However, my work has been performed in accordance with Actuarial Standard of Practice ASP-PA2 v1.2, effective 1 March 2022, issued by the Society of Actuaries in Ireland that covers general actuarial practice. However, given the nature of the report and to support the Board and the Independent Actuary, the content takes into account ASP-INS-2, the Actuarial Standard of Practice concerning the role of the Independent Actuary in transfers of insurance portfolios.

2.7. Materiality

- 2.7.1. In arriving at my conclusions in this report, I have applied the concept of “materiality”, and considered whether I believe any class of PLAE policyholders in the round is “materially adversely affected” by the implementation of the Scheme. If the potential impact under consideration is very unlikely to happen and does not have a significant impact, or is likely to happen but has a very small impact, then I do not consider it to have a material effect on the policies and policyholders.
- 2.7.2. My assessment of materiality has also considered the nature of the potential impact so that, for example, the materiality threshold for a change that could have a direct financial impact on PLAE policyholders’ benefits is likely to be lower than the materiality threshold for a change that does not have a direct financial impact.

3. Developments

3.1. Changes to the Scheme and Reinsurance Agreements

- 3.1.1. Since my report in June 2024 there have been no substantive changes to the Scheme.
- 3.1.2. The transferred reinsurance agreements have been updated to reflect the change in circumstances with SLIntl becoming the cedant. Certain obligations of PLL under the 2023 Scheme have been incorporated into the with-profits reinsurance agreements to preserve continuity under the current Scheme. None of these changes affect the reinsurance provided nor the treatment of transferring policyholders. These treaties and the associated novation agreements must be signed by the parties before the effective date as a condition for the Scheme to be implemented.

3.2. Economic conditions since 31 December 2023

- 3.2.1. The financial analyses in my Main Report were prepared based on information as at 31 December 2023. Interest rates have risen by approximately 0.3% over the first half of 2024, reducing the value of transferred liabilities.
- 3.2.2. The Irish Consumer Price Index (CPI) fell from 4.6% to 2.2% between December 2023 and June 2024, which reduces liabilities in relation to future expenses.
- 3.2.3. Equity markets have generally risen around the world between December 2023 and June 2024 (e.g. FTSE-100 rose by 5.6%) which increases the value of unit linked business, but also increases the solvency II capital requirement for equity risk.
- 3.2.4. The impact of these and other movements of in-force policies have been reflected in the analysis shown in section 3.3.

3.3. Developments affecting the financial position of PLAE

- 3.3.1. PLAE's best estimate assumption maintenance expenses included an allowance for a Future Management Action (FMA) to be taken in the future to transfer the remaining in-force policies to another provider. This is to avoid unsustainable diseconomies of scale from the ongoing costs of servicing the remaining business.
- 3.3.2. This FMA was changed for the 30 June 2024 valuation to reflect the proposed transfer to SLIntl as the most probable outcome. The current PLAE maintenance expense assumptions were replaced by PLAE's obligations to SLIntl under the terms of the transfer, less a margin to reflect the uncertainty of the Scheme being approved. The technical provisions and the capital requirements were also adjusted for stresses that apply to PLAE's obligations to SLIntl under the transfer.
- 3.3.3. The PLAE pre-transfer balance sheet thus reflects the maintenance expense obligations of SLIntl following the transfer in place of its current MSA. The PLAE risk margin has been uplifted to recognize the transfer price due to SLIntl in accordance with the principles of Solvency II. Should the transfer not be approved and implemented, then PLAE would revert to its previous best estimate assumptions.
- 3.3.4. I note that this change to the PLAE best estimate assumptions prior to the transfer has no effect on the transferring assets or liabilities from the perspective of SLIntl. This is because the transferred assets and liabilities will be calculated using the agreed Expense Model including SLIntl's best estimate assumptions, which are now being incorporated into the PLAE best estimate assumptions.
- 3.3.5. The investment management expense assumptions have been updated to reflect updates to the agreements with PLAE's asset managers.
- 3.3.6. There have been no material changes to SLIntl best estimate assumptions since 31 December 23.

3.3.7. My Main Report illustrated the effects of the Scheme on SLIntl and PLAE balance sheets on a pro-forma basis if the Scheme had been effective on 31 December 2023. The following tables update this assessment to illustrate the post-transfer balance sheets if the Scheme had been effective on 30 June 2024.

Table 1: PLAE effects of the transfer if it had become effective on 30 June 2024

PLAE €m	Pre-Transfer		Post-Transfer	
	31.12.2023	30.06.24	31.12.2023	30.06.24
Assets excl. Reins Recoverable	651	567	160	147
Current assets	99	104	-	-
BEL gross of reinsurance	(918)	(843)	-	-
Other liabilities	(108)	(54)	-	(1)
Ceded reinsurance	432	425	-	-
Risk Margin	(36)	(61)	-	-
Basic Own Funds	119	137	160	146
Ancillary Own Funds	-	-	-	-
SCR	61	61	-	3¹
Total OF/SCR cover%	195%	226%	-	4898%

Table 2: SLIntl effects of the transfer if it had become effective on 30 June 2024

SLIntl €m	Pre-Transfer		Post-Transfer	
	31.12.2023	30.06.24	31.12.2023	30.06.24
Assets excl. Reins Recoverable	18,828	20,260	19,310	20,674
Current assets	231	182	330	286
BEL gross of reinsurance	(30,598)	(32,164)	(31,450)	(32,998)
Other liabilities	(438)	(325)	(546)	(379)
Ceded reinsurance	12,838	12,926	13,270	13,351
Risk Margin	(171)	(178)	(195)	(198)
Basic Own Funds	690	702	719	736
Ancillary Own Funds	55	55	55	55
SCR	383	413	420	448
Total OF/SCR cover%	194%	183%	184%	177%

3.3.8. The PLAE Own Funds have increased at 30 June 2024, compared with 31 December 2023 primarily as a result of change to the best estimate assumptions described above.

3.3.9. SLIntl's own funds increased, largely as a result of growth in equity markets increasing the present value of its in-force unit linked business. However, there was also an increase in equity risk in the SCR due to application of the Solvency II requirements, and this caused SLIntl's solvency ratio to reduce overall over the period.

¹ The residual PLAE SCR would arise because PLAE will hold cash assets following the transfer attracting some risk capital; I also note that PLAE would have to hold €4m at a minimum in accordance with Solvency II minimum capital requirements. The same would have applied in the YE23 pro forma column but this is not shown for consistency with the table shown in my Main Report.

3.3.10. If the transfer is not approved and effected for any reason, then PLAE would revert to its original set of assumptions for maintenance expenses. In this scenario then PLAE's balance sheet as at 30 June 2024 would be as shown in the following table.

Table 3: PLAE effects if the transfer was not implemented and PLAE reverts to its previous best estimate expense base.

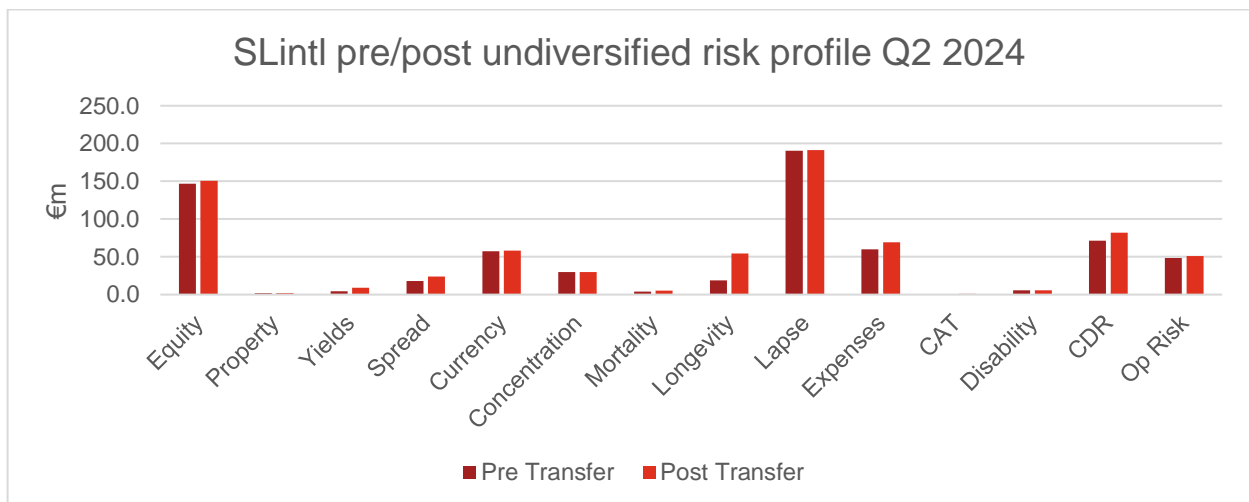
PLAE €m	Current Position Anticipating Transfer	Position that PLAE Would Revert to if the Transfer did not Proceed
	30.06.24	30.06.24
Assets excl. Reins Recoverable	567	567
Current assets	104	104
BEL gross of reinsurance	(843)	(882)
Other liabilities	(54)	(54)
Ceded reinsurance	425	425
Risk Margin	(61)	(34)
Basic Own Funds	137	125
Ancillary Own Funds	-	-
SCR	61	57
Total OF/SCR cover%	226%	217%

3.3.11. SLIntl remains on course with its proposed application for inclusion of the PLAE business into scope of its PIM. The figures shown in this report are consistent with the interim consolidation methodology used in my Main Report.

3.3.12. There have been no changes to the PLAE CP or the SLIntl CP since 31 December 2023.

3.3.13. The resulting risk profile of SLIntl following the transfer has not materially changed from the 31 December 2023 pro-forma SCR calculation to the 30 June 2024 pro-forma calculation.

Figure 1: Risk Profile of SLIntl before and after the transfer using 30 June 2024 pro forma SCR calculation



3.3.14. The results in Table 2 show that SLIntl would still hold assets comfortably in excess of the requirements of the SLIntl CP following the transfer. Therefore, I remain satisfied that the transfer would not have a material adverse effect on the security of the transferring policyholders of PLAE. Furthermore, Table 1 shows that PLAE would have residual assets following the transfer considerably in excess of the SCR and the PLAE CP.

3.3.15. If the transfer is not approved, and PLAE reverts to its previous best estimate expense assumptions, then Table 3 shows that its solvency would still be well in excess of the requirements of the PLAE CP.

3.4. Operational readiness

3.4.1. I noted in my Main Report that the Phoenix Group is undertaking a process to achieve operational readiness and establish appropriate management services agreements in time for the transfers in of business on 1 January 2025. I was informed by the project team that the necessary work was underway. This work is proceeding to plan and tracking to 'green' status at the date of this report.

3.5. Effect of the Scheme on the administration of PLAE policies

3.5.1. SLIntl and PLAE have agreed the terms of their respective MSAs with PGMS (Irish Branch) that will apply following the transfer. In the case of PLAE, the MSA will cover such support services as the business still requires from PGMSIB, excluding policy administration services which will have transferred to SLIntl. The revised SLIntl MSAs make no changes to the current administration services, and therefore there continues to be no reason to expect any change to the standards of servicing for transferring policies.

3.6. Tax

3.6.1. In my Main Report I noted that there are no changes expected to the tax status of transferring policyholders, and clearances and confirmations were sought out from the Irish tax authorities. These tax clearances have now been granted.

3.7. Governance

3.7.1. I mentioned in my Main Report that an exercise was under way to review any changes needed to the SLIntl governance structure to accommodate the transferring business. This is ongoing and no material differences have emerged from the work done to date. Chairs of the relevant SLIntl Committees will be asked to approve any changes required to their respective terms of reference, and this will be tracked through the Operational Readiness work stream described above.

3.8. Events since 30 June 2024

3.8.1. There have been no material changes to the key economic indicators since 30 June 2024, nor any company events materially affecting the balance sheets of PLAE or SLIntl.

3.9. Policyholder responses to the Communications Exercise

3.9.1. I have been informed that, following the Directions Hearing, 16,966 PLAE policyholders and 1,061 financial advisers were written to about the proposed transfer. The transfer was also published on the companies' websites and in press notices. As at 25 October there have been 670 responses to the communication from PLAE policyholders. No responses have been received from existing SLIntl policyholders. Of the PLAE policyholders' responses, 317 were categorised as business-as-usual administration enquiries, 110 were general enquiries about the transfer, two requests for copies of documentation about the transfer, one technical question about the transfer, one objection to the transfer, and 239 new gone-aways identified as a result of the mailing.

3.9.2. The generally enquiries about the transfer mostly related to one or more of the following categories: explanation of policy details, clarification of various aspects of the policyholder communications received as part of the proposed transfer, queries about how they might be impacted by the proposed transfer going forward, confirmation of what is proposed to change as a result of the transfer and whether or not the transfer will impact any payments, benefits or guarantees.

3.9.3. There has been one objection to the transfer, received from a German policyholder of PLAE. The policyholder has not provided a specific reason for making the objection. I note that the policyholder in question holds a non-linked renewable 10-year regular premium critical illness policy.

3.9.4. In relation to this policy, I note that:

- The proposed transfer will make no changes to the policy terms and conditions, including the premiums or benefits payable, and the guaranteed renewability option.
- As both PLAE and SLIntl are authorised and regulated by the Central Bank of Ireland, there would be no change to the regulatory oversight environment of the life company providing the policy.
- I have concluded that the transfer would not materially adversely affect the financial security afforded to the policyholder by the issuing life company.
- There would be no changes to the administration of the policy as a direct result of the transfer. The premiums for this policy are paid by direct debit, and whilst the name of the company will change on bank statements, there would be no change to premium collection dates or amounts.

Therefore, my conclusions set out in section 4 do not need to be amended or qualified as a result of this objection.

4. Conclusions

4.1.1. It is my view that the conclusions set out in my Main Report continue to hold, as follows.

4.1.2. Based on the information available to me at this time, I conclude that:

- The level of capital that would be available to provide security for the benefits of transferring policies after implementation of the Scheme taking account of the SLIntl CP is appropriate. The SLIntl CP provides comparable security to the PLAE CP to cover the SCR in adverse scenarios, taking account of the risk profile of SLIntl.
- The implementation of the proposed scheme would not have a material adverse effect on the security of transferring policies.
- The implementation of the Scheme, or otherwise, would not reduce the reasonable benefit expectations of transferring PLAE policyholders.
- The Scheme is not expected to have any affect on the administration or tax status of the transferring policyholders.
- The Scheme terms are set in such a way that supports fair outcomes for the transferring policyholders of PLAE.
- For the reasons set out above I consider that the implementation of the proposed Scheme would not materially adversely change the position of current policyholders of PLAE.



Niall Naughton

29 October 2024

PLAE Head of Actuarial Function

Fellow of the Society of Actuaries in Ireland

5. Reliances and limitations

5.1. Data and information reliances

- 5.1.1. In carrying out the work and producing this report, I relied on data and other information provided by Phoenix group service companies acting for both SLIntl and PLAE. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.
- 5.1.2. I performed a limited review of the data used directly in my analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of my assignment.
- 5.1.3. This report is based on the following assumptions:
- We (PwC) were provided with access to accurate and complete data and information.
 - PLAE and SLIntl informed us about the source and the intended use of the data and information and has disclosed to us all limitations of and adjustments made to such data and have provided us with all other information reports and conclusions of any internal or external relevant analysis performed on the quality of data.
 - PLAE and SLIntl ensured that all data received from external service providers such as market data, financial data and other general available data are accurate and reliable.
 - PLAE and SLIntl provided us with all information about the reliability of the sources of information and their consistency and stability of the processes of collecting and publishing of such information over time.
 - PLAE and SLIntl informed us about any changes that have been applied over time to external data, whether those changes relate to assumptions or associated methodologies or any other procedures regarding the collection of external data.
 - PLAE and SLIntl informed us about any data limitations or uncertainties which may affect the data.
- 5.1.4. In carrying out the work and producing this report, reliance has been placed upon, but not limited to, the following information:
- Details of the transferring products and business of PLAE and SLIntl.
 - Solvency II balance sheets and Solvency Capital Requirements as at 31 December 2023 and as at 30 June 2024 for PLAE and SLIntl.
 - Details of reinsurance treaties for the entities involved in the Scheme.
 - The Scheme.
 - Risk Appetite Statement and Capital Management Policy for PLAE and SLIntl.
 - Operational readiness information for SLIntl.
 - Policyholder responses information for PLAE.
- 5.1.5. This report was based on data and information available to us at, or prior to the report date, and takes no account of developments after that date.

5.2. Variability of results

5.2.1. Assumptions are made about future experience. However, actual future experience is likely to differ from these assumptions, due to random fluctuations, changes in the operating environment and other factors. Such variations in experience could have a significant effect on the results and on the conclusions of this report. No warranty is given that the assumptions made in the information underlying our conclusions in this report will be reflected in actual future experience.

5.3. Distribution of this report

5.3.1. This report has been prepared for use by various interested parties as follows:

- The Court having jurisdiction over the proposed transfer.
- Policyholders of PLAE and of SLIntl who are directly affected by the proposed Section 13 transfer.
- The Head of Actuarial Function of SLIntl.
- The Central Bank of Ireland.
- Professional advisors appointed by any of the above in connection with the proposed transfer, including the Independent Actuary.

5.3.2. This report may not be published without my written consent, with the exception of making the report available for inspection by or circulation to policyholders as required by legislation or in order to meet any other specified legal requirements.

5.3.3. A summary of this report may not be made without my written consent and, in particular, a summary of this report should not be distributed to policyholders without my prior approval.

5.4. Usage of this report

5.4.1. This report has been prepared by me as the Head of Actuarial Function of PLAE under the terms and conditions of the letter of engagement dated 6 September 2024 and within the context of the assessment of the terms of the proposed Schemes. Users of this report must not rely on it for any purpose other than in connection with the Schemes.

5.4.2. No liability will be accepted by PwC, or me, for any application of this report to a purpose for which it was not intended nor for the results of any misunderstanding by any user of any aspect of this report (or any summary thereof). Neither PwC nor I owe or accept any duty to any party other than to PLAE. Neither PwC nor I shall be liable for any loss, damage or expense (including interest) of whatever nature that is caused by any party's reliance on representations in this report.

5.4.3. This report must be considered in its entirety as individual sections, if considered in isolation, may be misleading. Draft versions of this report must not be relied upon by any person for any purpose. If reliance is placed contrary to the guidelines set out above, PwC disclaim any and all liability which may arise.

5.4.4. The report is intended to be used by a person with a certain level of expertise in the areas addressed and for the stated purposes only. Any reader of this report must possess a certain level of expertise in areas relevant to this analysis to appreciate the significance of the assumptions and the impact of these assumptions on the illustrated results. The reader should be advised by their own actuaries or other qualified professionals competent in the subject matter of this report, so as to properly interpret the material.

5.4.5. The consultants who worked on this assignment are life insurance actuaries. As such, they are familiar with statutory accounting and GAAP accounting, but are by no means experts in law, taxation, or accounting. Our advice is not, nor is it intended to be, a substitute for qualified legal, tax, or accounting advice.

6. Glossary

Term	Definition
“1909 Act”	means the Assurance Companies Act, 1909 of the Republic of Ireland (as amended)
“1989 Act”	means the Insurance Act, 1989 of the Republic of Ireland (as amended)
“2015 Regulations”	means the European Union (Insurance and Reinsurance) Regulations 2015 (SI 485/2015)
“BEL”	Best estimate Liabilities, the value being derived from a model using best estimate actuarial assumptions.
“Capital Policy”, “CP”	A Board-approved policy for the amount of additional capital the firm holds in excess of the regulatory requirements to provide an additional solvency buffer.
“CBI”	means the Central Bank Of Ireland, the regulator of insurance companies in Ireland.
“CDR”	means counterparty default risk, the risk exposure to the failure of a contractual counterparty, for example a reinsurer.
“Court”	means the High Court of Ireland
“Diligenta”	Diligenta Limited, an external service company providing administration services to companies in the Phoenix Group
“Directions Hearing”	means the hearing to be held before the Court on 8 July 2024 at which the Court is asked to give certain directions to the parties in relation to the proposed Transfer including how the Transfer will be publicised / how the parties intend to communicate with policyholders
“EEA”	means the European Economic Area
“Effective Date”	means 1 January 2025
“EFL Retrocession Agreement”	means retrocession arrangement that was put in place to allow transferring Irish policyholders in the SLAL HWPF to maintain their current unit- linked investment options
“Expense Model”	means the model for determining the best estimate liabilities in respect of the transferring business using SLIntl assumptions, as defined in the Scheme.
“Fixed Charge Arrangements”	means the deed of fixed charge between PLL as chargor and SLIntl as secured party which will be executed prior to the sanction of this Scheme by the Court, the Account Control Agreement and Custody Agreement
“Floating Charges”	means the deeds of floating charge, which will be executed prior to the sanction of this Scheme by the Court, between: <ul style="list-style-type: none"> (a) PLL as chargor and SLIntl as secured party; and (b) RAL as chargor and SLIntl as secured party
“FSAI”	means a Fellow of the Society of Actuaries in Ireland
“FSMA”	means the UK Financial Services and Markets Act 2000
“GAO”	means Guaranteed Annuity Option, a feature of certain pension policies which have the benefit that policyholders can purchase an annuity at a guaranteed rate.
“HoAF”	means the Head of Actuarial Function
“IA”	means the Independent Actuary, Mr. Michael Claffey of Milliman Limited (7 Grand Canal, Grand Canal Street Lower, Dublin 2, D02 KW81, Ireland) who has been appointed as the independent expert to report to the Court on the Scheme
“MSA”	means Management Services Agreement.
“NTMA”	means the National Treasury Management Agency which manages the Dormant Accounts Fund (i.e., the fund established under the Dormant Accounts Act 2001) in accordance with the Unclaimed Life Assurance Policies Act 2003)

Term	Definition
“Own Risk Solvency Assessment (ORSA)”	means a set of processes defined under Solvency II to assess a firm’s overall solvency needs related to its specific risk profile, in a continuous and prospective way.
“Own Funds”	Free assets on an insurance company balance sheet in excess of the amount required to cover technical provisions and the regulatory capital requirements.
“Partial Internal Model (PIM)”	Under Solvency II, an internal model is an alternative methodology for determining the SCR instead of using the standard formula. Internal models require regulatory approval. A partial internal model adopts a hybrid of internal model and standard formula components and also requires regulatory approval.
“PGH”	means Phoenix Group Holdings plc
“Phoenix Re”	means Phoenix Re Limited, Bermudian subsidiary of PGH
“PGMSI”	means PGMS (Ireland) Limited
“PGMSIB”	means the Irish branch of PGMS UK
“PGMS UK”	means Phoenix Group Management Services Limited, a UK-based service company of the Phoenix group.
“PLL”	means Phoenix Life Limited
“Phoenix 2009 Scheme”	means the scheme providing for the transfer to PLL of the business of Scottish Mutual Assurance Limited and Scottish Provident Limited in February 2009 (as amended, modified or replaced from time to time)
“PLAE”	means Phoenix Life Assurance Europe Designated Activity Company
“PLAE 90% WPF”	means PLAE 90% WPF
“PLAE Alba WPF”	means PLAE Alba WPF
“PLAE MSA”	means the Management Services Agreement through which administration and other services are provided by PGMSIB to PLAE.
“PLAE CP”	means the PLAE Capital Policy
“PLAE PWP”	means PLAE Phoenix WPF
“PLAE SPI WPF”	means PLAE SPI WPF
“PLAE NPF”	means PLAE Non-Profit Fund
“PPFM”	means Principles and Practices of Financial Management, a document required for UK with-profits funds that aims to explain how a firm manages its with-profits business.
“2022 Scheme”	means the transfer of certain insurance business from PLL and RLL to PLAE by way of a UK Part VII Scheme and Irish Scheme that became effective on 1 January 2023
“RAL”	means ReAssure Limited, the immediate parent company of PLAE.
“Regulator”	means the CBI
“RLL”	means ReAssure Life Limited
“RUKSL”	ReAssure UK Services Ltd, a service company in the Phoenix group that provides administration for life companies that were part of the ReAssure group.
“Risk Margin”	An amount representing the amount required by a third party to take over the capital obligations of an insurance company
“Risk Profile”	The composition of different types of risk borne by an insurance company, typically subdivided into market risks, insurance risks, and operational risks.
“Sanctions Hearing”	means the final hearing before the Court to be held on 12 November 2024 at which the Court is asked to consider the petition seeking the Court’s approval for the Transfer (following such hearing the Court will issue its judgement on whether or not to sanction the Scheme)
“Shareholders’ Fund”	means assets and liabilities not attributable to the long term insurance business
“Solvency II”	means the prudential regime for insurance and reinsurance undertakings in the EU.
“Solvency Capital Requirement (SCR)”	The Solvency Capital Requirement is the capital a company is required to hold under Solvency II Pillar 1.
“Solvency Cover Ratio”	The ratio of Own Funds divided by the SCR
“Standard Formula (SF)”	The methodology and calibration set by EIOPA to determine regulatory capital requirements for firms that do not use an internal model.

Term	Definition
“SLIntl”	means Standard Life International Designated Activity Company
“SLAL”	means Standard Life Assurance Limited
“SLAL Brexit Scheme”	means the transfer of certain insurance business from SLAL to SLIntl by way of a UK Part VII Scheme and Irish Scheme that became effective on 28 February 2019
“SLIntl CP”	means SLIntl Capital Policy
“SLIntl HWPF”	means SLIntl Heritage WPF
“SLIntl GWPF”	means SLIntl German WPF
“SLIntl GSMWPF”	means SLIntl German Smoothed WPF
“SLInt MSA”	means the Management Services Agreement through which administration and other services are provided by PGMSIB to PLAE.
“SLIntl NPF”	means SLIntl Non Profit Fund
“SLOC”	means Sun Life Assurance Company of Canada (UK)
“SS&C”	means SS&C International Managed Services Limited
“Technical Provisions”	The amount that an insurer requires to fulfil its insurance obligations and settle all expected commitments to policyholders and other beneficiaries arising over the lifetime of the insurer’s portfolio of insurance contracts
“Unit-Linked Business (UL)”	A type of long-term business where the policy benefits are determined by the value of assets held in policyholders’ funds. These funds are divided into units of equal value and allocated amongst policies in proportion to their investment in the fund.
“WPOP”	means With-Profits Operating Principles, a document required for Irish with-profits funds that aims to explain how a firm manages its with-profits business.
“WPF”	means with-profits fund, a pooled investment fund where the policyholders share a participating interest in the rewards and risks borne by the fund.

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