

IN THE ROYAL COURT OF JERSEY
SAMEDI DIVISION

IN THE MATTER OF ZURICH ASSURANCE LTD
and
IN THE MATTER OF SCOTTISH WIDOWS LIMITED
and
IN THE MATTER OF
THE INSURANCE BUSINESS (JERSEY) LAW 1996

JERSEY SCHEME

Pursuant to Article 27 of The Insurance Business (Jersey) Law 1996



SCHEME

This scheme is pursuant to Article 27 and Schedule 2 of The Insurance Business (Jersey) Law 1996 for the transfer to Scottish Widows Limited of certain long term business of Zurich Assurance Ltd carried on in or from within Bailiwick of Jersey (as such expression is interpreted for the purposes of the Insurance Business (Jersey) Law 1996).

PART A – DEFINITIONS AND INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

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

"Commission" means the Jersey Financial Services Commission;

"Excluded Jersey Liabilities" means:

- (a) any Misselling and Misadministration Liabilities in respect of the Transferred Jersey Business to the extent accrued or referable to the period up to and including the Jersey Effective Date;
- (b) all obligations, liabilities and Losses of the Transferor Group (except for the Transferred Jersey Liabilities), whether derived from contract law, regulation or otherwise, that relate to the Transferred Jersey Business to the extent accrued or referable to the period up to and including the Jersey Effective Date;
- (c) any liabilities of the Transferor relating to the Excluded Jersey Policies;
- (d) any liabilities in respect of any Tax attributable to any member of the Transferor Group in respect of the Transferred Jersey Business to the extent accrued or referable to the period up to and including the Jersey Effective Date; and
- (e) any liabilities which the Transferor and the Transferee have agreed in writing prior to the Jersey Effective Date should not be transferred pursuant to this Jersey Scheme;

"Excluded Jersey Policies" means any Excluded Policies which are also Jersey Policies;

"Guernsey Scheme" means the insurance business transfer scheme pursuant to section 44 of The Insurance Business (Bailiwick of Guernsey) Law, 2002 for, amongst other things, the transfer of certain long term insurance business of the Transferor to the Transferee, a copy of which is contained in Schedule 2 to this Jersey Scheme, subject to any modification, addition or condition which may be approved or imposed in accordance with its terms.

"Jersey" means the Bailiwick of Jersey;

"Jersey Business Contract" means any Business Contracts to the extent they relate to the Transferred Jersey Business;

"Jersey Court" means the Royal Court of Jersey;

"Jersey Court Order" means an order of the Jersey Court sanctioning this Jersey Scheme;

"Jersey Effective Date" means the time and date on which this Jersey Scheme will become effective in accordance with paragraph 4 of this Jersey Scheme;

"Jersey Insurance Business Law" means The Insurance Business (Jersey) Law 1996;

"Jersey Investment Assets" means all assets comprising the workplace insured funds held by or for the benefit of the Transferor, to the extent relating to the Transferred Jersey Business;

"Jersey Long-Term Insurance Business" means carrying on any class of long term insurance business set out in Part 1 of Schedule 1 to the Jersey Insurance Business Law;

"Jersey Policy" means any policy of the Transferor comprised within the Data under which any liability remains unsatisfied or outstanding at the Jersey Effective Date, which comprises long term

business carried on in or from within Jersey (as such expression is interpreted for the purposes of the Insurance Business (Jersey) Law 1996) and the transfer of which to the Transferee requires the sanction of the Jersey Court pursuant to Article 27 and Schedule 2 of the Jersey Insurance Business Law;

"Jersey Policyholders" means the holders of Jersey Policies;

"Jersey Records" means all Records to the extent they relate to the Transferred Jersey Business;

"Jersey Scheme" means this scheme in its original form, subject to any modification, addition or condition which may be approved or imposed in accordance with paragraph 5 below;

"long term business" means any class of long term insurance business set out in Part 1 of Schedule 1 to the Jersey Insurance Business Law;

"Regulatory Requirements" means any requirements of the Commission relating to the transfer of long term business as set out in the Jersey Insurance Business Law and any applicable regulations, instructions, rules, codes or guidance notes issued by the Commission in respect thereof;

"Relevant Date" means the Jersey Effective Date except in the case of any Residual Jersey Asset or Residual Jersey Liability in which case it means the applicable Subsequent Jersey Transfer Date;

"Residual Jersey Asset" means:

- (a) any asset comprised in or relating to the Transferred Jersey Business, the transfer of which pursuant to this Jersey Scheme:
 - (i) is agreed by the Transferor and the Transferee, or is proved by any third party to be subject to the law of any country or territory other than Jersey and in relation to which further steps, in addition to the Jersey Order, are required to secure that its transfer to the Transferee is fully effective under the law of that country or territory;
 - (ii) requires, at the Jersey Effective Date, (1) the consent of any third party; or (2) the waiver by any third party of any right to acquire, or be offered the right to, or offer to, acquire or procure the acquisition by some other person of, all or any part of such asset, being a right which directly or indirectly arises or is exercisable as a consequence of such transfer being proposed or taking effect; or
 - (iii) would result in a third party having a right to terminate an agreement with the Transferor or to claim compensation in damages or otherwise,

and which the Jersey Court either does not have jurisdiction to transfer pursuant to Article 27 of the Jersey Insurance Business Law without such steps being taken as are referred to in paragraph (a)(i) of this definition or in relation to which the Jersey Court has determined not to disapply any entitlement referred to in paragraphs (a)(ii) or (a)(iii) of this definition, but in any case to the extent only of that part of the interest of the Transferor in any such asset the transfer of which requires such steps and/or consent and/or waiver;

- (b) any property of the Transferor that would be comprised in the Transferred Jersey Business (including any right, benefit or power of the Transferor under any Transferred Jersey Policy) but the transfer of which the Transferor and the Transferee agree in writing prior to the Jersey Effective Date is to be delayed until after the Jersey Effective Date;
- (c) any property of the Transferor that would be comprised in the Transferred Jersey Business but which cannot be transferred to or vested in the Transferee on the Jersey Effective Date for any other reason; or

- (d) 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 Jersey Effective Date but prior to any Subsequent Jersey Transfer Date in respect of any such property referred to in paragraphs (a) to (c) of this definition.

"Residual Jersey Liability" means any liability of the Transferor:

- (a) any liability comprised in or relating to the Transferred Jersey Business, the transfer of which:
 - (i) is agreed by the Transferor, or is proved by any third party, to be subject to the law of any country or territory other than Jersey and in relation to which further steps, in addition to the Jersey Order, are required to secure that its transfer to the Transferee is fully effective under the law of that country or territory; or
 - (ii) would result in a third party having a right to terminate an agreement with the Transferor or to claim compensation in damages or otherwise,

and which the Jersey Court either does not have jurisdiction to transfer pursuant to Article 27 of the Jersey Insurance Business Law without the necessary steps being taken or the termination and/or compensation rights being waived or which the Jersey Court determines not to transfer by virtue of the Jersey Order, but in any case to the extent only of that part of the liability the transfer of which requires such steps and/or waiver or which the Jersey Court determines not to transfer;

- (b) that would be comprised in the Transferred Jersey Liabilities but the transfer of which the Transferor and the Transferee agree in writing prior to the Jersey Effective Date is to be delayed until after the Jersey Effective Date;
- (c) that would be comprised in the Transferred Jersey Liabilities but which cannot be transferred to or vested in the Transferee on the Jersey Effective Date for any other reason; or
- (d) that is attributable to or connected with a Residual Jersey Asset or a Residual Jersey Liability referred to in paragraphs (a) to (c) above that arises at any time after the Jersey Effective Date but before the Subsequent Jersey Transfer Date applicable to that Residual Jersey Asset or Residual Jersey Liability;

"Residual Jersey Policies" means any Jersey Policy under which any liability remains unsatisfied or outstanding at the Jersey Effective Date to the extent that and for so long only as this Jersey Scheme has not yet received the sanction of the Jersey Court and become effective in accordance with the terms of this Jersey Scheme;

"Residual Policies Reinsurance Arrangement" means a reinsurance arrangement implemented in respect of the Residual Policies pursuant to and in accordance with paragraph 6.1 of the UK Scheme;

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

- (a) in respect of any Residual Jersey Asset or Residual Jersey Liability falling within paragraph (a) of the respective definitions thereof, and of any other Residual Jersey Liability which is attributable to or connected with any such Residual Jersey Asset, the date on which any impediment to its transfer shall have been removed or overcome;
- (b) in respect of any Residual Jersey Asset or Residual Jersey Liability falling within paragraph (b) of the respective definitions thereof, and of any other Residual Jersey

Liability which is attributable to or connected with any such Residual Jersey Asset, the date agreed in writing by the Transferor and the Transferee;

- (c) in respect of any Residual Jersey Asset or Residual Jersey Liability falling within paragraph (c) of the respective definitions thereof, the date on which such Residual Jersey Asset is received or earned by the Transferor or, in the case of a Residual Jersey Liability, the date on which such liability is incurred by the Transferor; and
- (d) in respect of any Residual Jersey Policy, the date on which sanction of the Jersey Court is obtained in respect of the relevant Jersey Policy.

"Transferee" means Scottish Widows Limited, a company incorporated in England and Wales with registered number 03196171;

"Transferor" means Zurich Assurance Ltd, a company incorporated in England and Wales with registered number 02456671;

"Transferred Jersey Assets" means:

- (a) all rights, benefits and powers of the Transferor under or by virtue of the Transferred Jersey Policies;
- (b) the Jersey Investment Assets;
- (c) all rights, benefits and powers of the Transferor under or by virtue of the Jersey Business Contracts;
- (d) the Jersey Records; and
- (e) all other property, rights and assets of the Transferor which are used exclusively in, or exclusively for the purposes of, the Transferred Jersey Business,

but excluding:

- (i) prior to each Subsequent Jersey Transfer Date, the relevant Residual Jersey Assets;
- (ii) all assets allocated immediately prior to the Jersey Effective Date to the Transferor Shareholder Fund; and
- (iii) prior to each Subsequent Jersey Transfer Date, any rights, benefits and powers under or relating to the Residual Jersey Policies or the Residual Policies Reinsurance Arrangement;

"Transferred Jersey Business" means all or any of the Transferred Business to the extent that the same comprises Jersey Long-Term Insurance Business as at the Jersey Effective Date, including:

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

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

"Transferred Jersey Liabilities" means:

- (a) all obligations of the Transferor under each Jersey Business Contract and Transferred Jersey Policy to the extent they are to be performed on or after the Jersey Effective Date; and
- (b) all obligations, liabilities and Losses of the Transferor, whether derived from contract, law, regulation or otherwise, that relate to the ownership of a Transferred Jersey Asset or the operation of the Transferred Jersey Business by any member of the Transferee Group on or after the Jersey Effective Date,

but excluding:

- (i) the Excluded Jersey Liabilities;
- (ii) the Excluded Jersey Policies;
- (iii) prior to each Subsequent Jersey Transfer Date, the relevant Residual Jersey Liabilities;
- (iv) prior to each Subsequent Jersey Transfer Date, any liabilities under or relating to the relevant Residual Jersey Policies or the Residual Policies Reinsurance Arrangement; and
- (v) any liabilities allocated to the Transferor Shareholder Fund;

"Transferred Jersey Policies" means every Jersey Policy under which any liability remains unsatisfied or outstanding at the Jersey Effective Date, together with:

- (a) Jersey Policies written by the Transferor which have lapsed (or which have been treated by the Transferor as having lapsed) on or before the Jersey Effective Date and which are reinstated by the Transferee on or after the Jersey Effective Date; and
- (b) all proposals, offers, plans, schemes and frameworks for insurance in place or received by or on behalf of the Transferor before the Jersey Effective Date which would have become Jersey Policies if the Transferor had determined to accept them,

but excluding Excluded Jersey Policies; and

"UK Scheme" means the insurance business transfer scheme pursuant to Part VII of, and Schedule 12 to, FSMA for, amongst other things, the transfer of certain long term insurance business of the Transferor to the Transferee, a copy of which is contained in Schedule 1 to this Jersey Scheme, subject to any modification, addition or condition which may be approved or imposed in accordance with its terms.

1.2 Words and expressions not defined above but used as defined terms shall bear the meanings given to them in the UK Scheme.

1.3 Subject to paragraph 1.2 above and except where the context requires otherwise, words and expressions used in the Jersey Insurance Business Law or in any regulations made under it shall have the same meanings in this Jersey Scheme.

1.4 Unless the contrary intention is expressed, the principles of interpretation set out in paragraph 1.2 of the UK Scheme shall be incorporated by reference into and shall form part of this Jersey Scheme as if reproduced herein, *mutatis mutandis*.

1.5 In this Jersey Scheme:

- (a) **"property"** or **"assets"** includes (without limitation) 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 to the extent that Tax relates to the Transferred Jersey Business) 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; and

- (b) any reference to any rules or regulations issued by the Commission shall be deemed to include a reference to such rules or regulations as amended or replaced from time to time.

PART B – INTRODUCTION

2. INTRODUCTION

- 2.1 The Transferor is a company incorporated in England and Wales with registered number 02456671. The registered office of the Transferor is at The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 8XX.
- 2.2 The Transferee is a company incorporated in England and Wales with registered number 03196171. The registered office of Transferee is at 25 Gresham Street, London, EC2V 7HN.
- 2.3 Each of the Transferor and the Transferee has a permission under Part 4A of FSMA to carry on Long-Term Business in the United Kingdom in classes I (Life and annuity), II (Marriage and birth), III (Linked long-term), IV (Permanent health), VI (Capital redemption contracts) and VII (Pension fund management) set out in Part II of Schedule 1 to the RAO.
- 2.4 The carrying on of long-term business in Jersey is prohibited under Article 5 of the Jersey Insurance Business Law unless the Commission issues the insurer with a permit under Article 7 of the Jersey Insurance Business Law. Insurers authorised by the relevant supervisory authority in their home jurisdiction may apply to the Commission under Article 7 of the Jersey Insurance Business Law for a Category A Permit to conduct long-term business in Jersey. Both the Transferor and the Transferee are regulated by the FCA and PRA in the United Kingdom, and both the Transferor and the Transferee have been granted Category A Permits to conduct insurance business in Jersey.
- 2.5 It is proposed that the whole of the Transferred Business, all of which is carried on in the United Kingdom, other than the Excluded Policies, shall, in accordance with the UK Scheme, be transferred to the Transferee.
- 2.6 The Transferred Jersey Business forms part of the Transferred Business. It is proposed that the whole of the Transferred Jersey Business, other than the Excluded Jersey Policies, shall, in accordance with this Jersey Scheme, be transferred to the Transferee on the Jersey Effective Date by a Jersey Court Order in accordance with Article 27 and Schedule 2 of the Jersey Insurance Business Law.
- 2.7 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 undertakes 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.

PART C – INCORPORATION OF UK SCHEME

3. INCORPORATION OF UK SCHEME

3.1 Subject to paragraphs 3.2 to 3.6 below and save as otherwise set out in this Jersey Scheme, the terms of:

- (a) paragraph 3 (*Transfer of Business*);
- (b) paragraph 4 (*Continuity of Proceedings*);
- (c) paragraph 5 (*Rights and Obligations under Transferred Policies and Business Contracts*);
- (d) paragraph 6 (*Residual Policies*);
- (e) paragraph 7 (*Premiums, Mandates and Other Payments*);
- (f) paragraph 8 (*Declaration of Trust by Transferor*);
- (g) paragraph 9 (*Indemnities in favour of Transferor*);
- (h) paragraph 12 (*Taxation*);
- (i) paragraph 13 (*Trading Suspension Period*);
- (j) paragraph 16 (*Effect of Transfer*);
- (k) paragraph 18 (*Evidence of Transfer*); and
- (l) paragraph 19 (*Successors and Assigns*),

of the UK Scheme shall be deemed to be part of this Jersey Scheme as if reproduced herein *mutatis mutandis*. For this purpose, the following definitions used in the UK Scheme shall be read and construed as follows:

- (i) "Business Contracts" shall be read as Jersey Business Contracts;
- (ii) "Effective Date" shall be read as Jersey Effective Date;
- (iii) "Excluded Assets" shall be read as Excluded Jersey Assets;
- (iv) "Excluded Liabilities" shall be read as Excluded Jersey Liabilities;
- (v) "Excluded Policies" shall be read as Excluded Jersey Policies;
- (vi) "Order" shall be read as Jersey Order;
- (vii) "Policy" shall be read as Jersey Policy;
- (viii) "Policyholders" shall be read as Jersey Policyholders;
- (ix) "Relevant Date" shall be read as Relevant Jersey Date;
- (x) "Residual Asset" shall be read as Residual Jersey Asset;
- (xi) "Residual Liability" shall be read as Residual Jersey Liability;
- (xii) "Residual Policies" shall be read as Residual Jersey Policies;

- (xiii) "Scheme" shall be read as Jersey Scheme;
- (xiv) "Subsequent Transfer Date" shall be read as Subsequent Jersey Transfer Date;
- (xv) "Transferred Asset" shall be read as Transferred Jersey Asset;
- (xvi) "Transferred Business" shall be read as Transferred Jersey Business;
- (xvii) "Transferred Liability" shall be read as Transferred Jersey Liability;
- (xviii) "Transferred Policy" shall be read as Transferred Jersey Policy; and
- (xix) all references to the Data Protection Laws shall be read as references to the equivalent provisions of The Data Protection (Jersey) Law 2018.

- 3.2 For the purpose of paragraph 3.1 above, sub-paragraph 6.4 of the UK Scheme shall not apply.
- 3.3 For the purpose of paragraph 3.1 above, sub-paragraph 9.1 of the UK Scheme shall be amended by deleting the words "*or by a vesting order pursuant to section 112(1) of FSMA (whether made before, on or after the Effective Date)*".
- 3.4 For the purpose of paragraph 3.1 above, sub-paragraph 13.3 of the UK Scheme shall be amended by deleting the words "*the Transferee shall notify the FCA and the PRA as soon as reasonably practicable after it becomes aware of the same and shall keep the FCA and the PRA reasonably informed about all steps which the Transferee is taking to complete the Trading Proving Processes and end the Trading Suspension Period*" and replacing them with the following words "*the Transferee shall notify the Commission as soon as reasonably practicable after it becomes aware of the same and shall keep the Commission reasonably informed about all steps which the Transferee is taking to complete the Trading Proving Processes and end the Trading Suspension Period*".
- 3.5 For the purpose of paragraph 3.1 above, sub-paragraph 16.1(b) of the UK Scheme shall be amended by deleting the words "*, but for section 112A of FSMA,*".
- 3.6 This Jersey Scheme is ancillary to the UK Scheme and is intended to transfer the Jersey Policies that would not otherwise be transferred 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 or the Guernsey Scheme.

PART D – MISCELLANEOUS PROVISIONS

4. JERSEY EFFECTIVE DATE

4.1 This Jersey Scheme shall become effective and the Jersey Effective Date shall occur simultaneously with the time and date at which the last of the following two conditions is met, namely:

- (a) the Jersey Court Order sanctioning the Jersey Scheme being made; and
- (b) the UK Scheme in relation to the Transferred Business becoming effective in accordance with its terms.

4.2 Unless this Jersey Scheme has become effective in its entirety on the date determined in accordance with paragraph 4.1 above, this Jersey Scheme shall lapse.

5. MODIFICATIONS, AMENDMENTS OR ADDITIONS

5.1 The Transferor and the Transferee may consent 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 Jersey Court may approve or impose.

5.2 Subject to paragraphs 5.3 and 5.4 the Transferee shall at any time after the sanction of this Jersey Scheme be at liberty to apply to the Jersey Court for consent to amend its terms, provided that in any such case:

- (a) the Commission shall be notified of, and have the right to be heard at, any hearing of the Jersey 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 security or reasonable expectations of the holders of Transferred Jersey Policies or Residual Jersey Policies or other Jersey Policies of the Transferee, in each case as they stood before the implementation of the proposed amendment.

If such consent is granted, the Transferee may amend the provisions of this Jersey Scheme in accordance with such consent.

5.3 The consent of the Jersey Court shall not be required in relation to:

- (a) minor and/or technical amendments to the provisions of this Jersey Scheme (including amendments to correct manifest errors), provided that the Commission has been notified of the same by the Transferee and has indicated that it does not object thereto within 30 days of such notification and the Transferee Board, has taken appropriate actuarial and/or legal advice, as relevant, in relation to the amendments;
- (b) amendments to the provisions of this Jersey Scheme which are reasonably considered by the Transferee Board to be necessary to ensure the provisions of this Jersey Scheme operate in the intended manner in circumstances where the provision to which the proposed variation applies will be materially affected by a variation of Regulatory Requirements (in this paragraph a "**Regulatory Change**"), provided that:
 - (i) the Commission has been notified of the proposed amendments by the Transferee and neither has objected thereto within 60 days of such notification; and
 - (ii) an independent actuary has provided the Transferee with a certificate to the effect that in his opinion the implementation of the proposed amendments will not materially adversely affect the security or reasonable expectations of relevant

SCHEDULE 1

UK SCHEME

SCHEDULE 2
GUERNSEY SCHEME