

ZURICH ASSURANCE LTD AND SCOTTISH WIDOWS LIMITED

SUMMARY OF KEY TERMS OF THE TRANSFER

Zurich Assurance Ltd (**Zurich**) and Scottish Widows Limited (**Scottish Widows**) are planning to complete the transfer of the majority of Zurich's workplace pensions and savings business to Scottish Widows (the **Transfer**). This includes the policies that comprise such business (the **Transferring Policies**) and their related assets and liabilities (together with the Transferring Policies, the **Transferring Business**).

This document is a summary of the key terms of the Transfer. The full terms of the Transfer are set out in a separate legal document (the **Scheme document**). You can obtain a copy of the Scheme document (free of charge) using the contact details set out at the end of this summary.

The parties are following a process set out in Part VII of the Financial Services and Markets Act 2000 in order to carry out the Transfer. This process requires that the Transfer is approved by the High Court of Justice in England and Wales (the **Court**).

If the Court approves the Transfer, the Transferring Business will automatically transfer to Scottish Widows on the date on which the Transfer takes effect, which is currently expected to be 1 July 2019 (the **Effective Date**).

Zurich and Scottish Widows will be seeking the permission of the Court to put in place a trading suspension period which will begin at 3pm on Tuesday 25 June 2019 and is expected to continue until 9am on Wednesday 3 July 2019, as explained further in the "*Trading Suspension Period*" section below.

Following the Effective Date, holders of Transferring Policies (which includes policies such as Occupational Money Purchase Plans, Group Personal Pensions, Group Stakeholder Pensions, Group Transfer Plans and Corporate Investment Plans) will continue to have the same rights, benefits and obligations under their policies as they had prior to the Effective Date. Except for the changes described in the "*Changes to Transferring Policies*" section below, the terms and conditions of the Transferring Policies will not change. This means that, with effect from the Effective Date:

- Scottish Widows, and not Zurich, will be liable to you in relation to your pension benefits;
- any future pension contributions will be payable to Scottish Widows and not Zurich (including any payments made by a trustee or administrator on behalf of scheme members);
- all rights and benefits of Zurich in respect of the Transferring Business, and all obligations and liabilities of Zurich in respect of the Transferred Business that are to be performed or relate to the period after the Effective Date, will be transferred to Scottish Widows;
- any pending or current proceedings in relation to the Transferring Business – including any complaints to the Financial Ombudsman Service – involving Zurich will be continued by or against Scottish Widows in place of Zurich and Scottish Widows will be entitled to any and

all defences, claims, counterclaims, settlements and rights of set-off that Zurich would have had; and

- any judgment, order or award relating to the Transferring Policies or Transferring Business which is not fully satisfied on or before the Effective Date will become enforceable by or against Scottish Widows in place of Zurich.

For members of the Scottish Widows Master Trust or the Retirement Saver plan, the Transferring Policies includes the policy that the trustee(s) of your plan has invested in on your behalf. This means that from the Effective Date the funds in which you have invested will be transferred to Scottish Widows. There will be no changes to your terms and conditions pursuant to the Scheme document, as the changes detailed in "*Changes to Transferring Policies*" below relate to the investment policy held by the trustees of your plan and other Transferring Policies only. However, members of the Retirement Saver plan should refer to the covering letter sent to them which sets out information regarding terms and conditions.

Excluded Policies

Certain Zurich policies are classified as "**Excluded Policies**" including:

- certain policies issued to trustees resident in the Channel Islands;
- "with-profits" policies or policies that allow investment in with-profits funds;
- policies that are invested in the Zurich Secure Managed Fund or that may be in the future due to a 'lifestyling' option; and
- any other policies that are not Transferring Policies (including certain policies that Zurich and Scottish Widows agree are Excluded Policies).

Excluded Policies will not transfer to Scottish Widows and will remain with Zurich.

Changes to Transferring Policies

With effect from the Effective Date, any references to Zurich and the Zurich Group in the Transferring Policies will become references to Scottish Widows and Lloyds Banking Group.

If the Court approves the Transfer, the Court can also exercise its powers with respect to such incidental, consequential and supplementary matters as are, in the Court's opinion, necessary to secure that the Transfer is fully and effectively carried out. Zurich and Scottish Widows will be asking the Court to exercise its powers to make certain changes to the terms and conditions of the Transferring Policies.

At the moment, some types of Transferring Policy (namely Occupational Money Purchase Plans, Group Stakeholder Pension Plans and Group Transfer Plans) refer to certain aspects of the administration of the policy being carried out by either Sterling ISA Managers Limited ("**SIML**") (namely the role of "platform operator" and "website provider") or Scottish Widows Administration Services Limited ("**SWASL**") (namely the role of "payment agent").

Scottish Widows proposes that, after the Effective Date, it should be responsible for carrying out all aspects of the administration of these Transferring Policies (other than the policy issued to the trustees of the Scottish Widows Master Trust, for which SWASL will continue to act as platform operator) although it may delegate aspects of the administration to other group companies or service providers from time to time. The Scheme document will therefore also make minor amendments to the terms and conditions of these types of Transferring Policy to remove references to SIML and SWASL and to provide for Scottish Widows (or SWASL, in the case of the Master Trust policy) to carry out all of the relevant activities in their place. A table that sets out the proposed amendments to the terms of the Occupational Money Purchase Plans, Group Stakeholder Pension Plans and Group Transfer Plans is available from Zurich's website at www.zurich.co.uk/transfer or on request.

In addition, the Scheme document will make equivalent changes to the client service agreements with trustees who have taken out Occupational Money Purchase Plans, so that, after the Effective Date, Scottish Widows will be responsible for performing all aspects of those contracts.

Other than these changes, there will be no changes to the terms and conditions of the Transferring Policies as a result of the Transfer. In particular:

- there will be no change to the policy number(s) of any Transferring Policies;
- the entitlements under the Transferring Policies will not change;
- any mandates, including direct debits, standing orders or other instructions or authorities, payable to or from Zurich in respect of the Transferring Business will be payable to or from Scottish Widows instead; and
- Scottish Widows shall succeed to all rights, liabilities and obligations of Zurich in respect of any personal data which relates to the Transferring Business and which is subject to data protection legislation and will be under the same duty to respect the confidentiality and privacy of such information as Zurich was before the Transfer.

Insured funds

Zurich and Scottish Widows have made arrangements for all of the insured funds to which the value of Transferring Policies is linked to continue to be available, on similar terms, once the Transfer is implemented. On the Effective Date, all assets and liabilities of the Transferring Policies will transfer from Zurich to Scottish Widows, where they will be allocated to new corresponding funds established by Scottish Widows with the same investment exposure and similar charges. There will therefore be no change to the insured investments of the Transferring Policies as a result of the Transfer (although, as is currently the case within Zurich, Scottish Widows will be entitled to make changes to the funds which it offers and to the applicable charges from time to time after the Effective Date, in accordance with the terms of the Transferring Policies).

The insured funds which are available to Transferring Policies include a small number of funds which are managed by Zurich itself (rather than a third party insurer or fund manager) (the **Zurich Mandated Funds**). Scottish Widows and Zurich have agreed to provide ongoing access to the Zurich

Mandated Funds immediately following the Effective Date by means of a reinsurance arrangement between Zurich and Scottish Widows. To ensure that this reinsurance arrangement does not increase the risks to which policyholders invested in the Zurich Mandated Funds immediately prior to the Effective Date are exposed, the Scheme document includes provisions that require Scottish Widows to ensure that, in the unlikely event Zurich was to become insolvent and was not able to meet its obligations in respect of investments in the Zurich Mandated Funds, those policyholders receive no less than the amount they would have received had their units in the funds been cancelled on the business day immediately prior to the date Zurich went insolvent.

Trading Suspension Period

In order to enable the Transfer to take place, Zurich and Scottish Widows need to suspend certain services for a period over the Effective Date (the **Trading Suspension Period**). The Trading Suspension Period will begin at 3pm on Tuesday 25 June 2019 and is expected to continue until 9am on Wednesday 3 July 2019. During the Trading Suspension Period, Transferring Policyholders and certain other customers of Scottish Widows, including members of the Scottish Widows Master Trust and customers with Retirement Saver plans, will not be able to carry out transactions including making contributions, switching investments and taking benefits. Automatic transactions such as the taking of fund-based charges and lifestyle rebalancing will also not be processed during the Trading Suspension Period.

Following the end of the Trading Suspension Period, Scottish Widows will process transactions that were not able to be processed during the Trading Suspension Period as soon as reasonably practicable.

In the event that Scottish Widows considers that it needs to extend the Trading Suspension Period (for example, to allow for further systems testing), it will notify the Financial Conduct Authority (the **FCA**) and the Prudential Regulation Authority (the **PRA**) and keep them informed about the Trading Suspension Period.

As noted above, if the Court approves the Transfer, the Court can also exercise its powers with respect to such incidental, consequential and supplementary matters as are, in the Court's opinion, necessary to secure that the Transfer is fully and effectively carried out. Zurich and Scottish Widows will be asking the Court to exercise its powers to permit the Trading Suspension Period to take place. As part of this Zurich and Scottish Widows will be asking the Court to approve provisions in the Scheme document which will mean that the implementation of the Trading Suspension Period will not constitute a breach of the terms and conditions of Transferring Policies by Zurich or Scottish Widows.

Excluded Liabilities

Zurich and Scottish Widows have agreed that certain liabilities relating to the Transferring Policies will be specifically excluded from the Transfer and will be retained by Zurich and will not transfer to Scottish Widows. These "Excluded Liabilities" include:

- liabilities arising in relation to the sale and administration of relevant policies prior to the

Effective Date, including actions taken by regulatory authorities against Zurich; and

- taxation for which Zurich is primarily liable and is attributable to the period prior to the Effective Date.

However, the fact that Zurich will retain certain legacy liabilities in respect of the Transferring Business will not affect the day-to-day operation of the Transferring Policies which, following the Effective Date, will be carried out by Scottish Widows rather than Zurich.

Residual Policies

If it is not possible to transfer any Transferring Policy or group of Transferring Policies from Zurich to Scottish Widows on the Effective Date, Zurich and Scottish Widows will treat those policies for all practical purposes in the same way as if they had transferred, by way of a reinsurance arrangement between Zurich and Scottish Widows.

Residual Assets and Liabilities

If, for technical reasons, it is not possible to transfer any assets and liabilities related to the Transferring Business from Zurich to Scottish Widows on the Effective Date, Zurich will hold such assets on trust for Scottish Widows and Scottish Widows will discharge on Zurich's behalf or, failing that, indemnify Zurich against any such liabilities, in each case until such time as they can be transferred.

Subsequent changes to the terms of the Transfer

The Transfer is governed by English law. Any material changes to the terms of the Transfer after it is approved at the final Court hearing will require the further approval of the Court, and must be notified to the PRA and the FCA.

Jersey and Guernsey policyholders

The Transfer includes a small number of Transferring Policies which comprise insurance business carried on in, or from within Jersey, or which were issued to residents of Guernsey. These policies will transfer under either the **Jersey Transfer** or the **Guernsey Transfer** (each a way of transferring portfolios of insurance policies between two insurers under the laws of the relevant jurisdiction).

The Jersey Transfer

The court hearing for the Jersey Transfer is expected to be held at 9.00am on 20 June 2019 at the Royal Court of Jersey located at Judicial Greffe, Royal Court House, Royal Square, St Helier, Jersey, JE1 1JG.

The terms of the Jersey Transfer are substantially the same as described in relation to the Transfer above. The Jersey Transfer is governed by Jersey law.

You can inspect and obtain copies (free of charge) of the documents relating to the Jersey Transfer between 9:00am and 5:30pm Monday to Friday at the offices of Collas Crill, Gaspé House, 66-72 Esplanade, St Helier, Jersey, JE1 4XD up to the date of the court hearing relating to the Jersey

Transfer. The documents relating to the Jersey Transfer will also be available free of charge on Zurich's website, www.zurich.co.uk/transfer, and Scottish Widows' website, www.scottishwidows.co.uk/swtransfer2019.

You may also phone or write to us using the contact details set out at the end of this summary.

The Guernsey Transfer

The court hearing for the Guernsey Transfer is expected to be held at 9.30am on 21 June 2019 at the Royal Court of Guernsey located at The Royal Court House, St Peter Port, Guernsey, GY1 2NZ.

The terms of the Guernsey Transfer are substantially the same as described in relation to the Transfer above. The Guernsey Transfer is governed by Guernsey law.

You can inspect and obtain copies (free of charge) of the documents relating to the Guernsey Transfer between 9:00am and 5:30pm Monday to Friday at the offices of Collas Crill LLP, Gategny Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 4EW. The documents relating to the Guernsey Transfer will also be available free of charge on Zurich's website, www.zurich.co.uk/transfer, and Scottish Widows' website, www.scottishwidows.co.uk/swtransfer2019.

You may also phone or write to us using the contact details set out at the end of this summary.

Contact details

If you would like further information about the Transfer, please contact Zurich or Scottish Widows using the details set out below.

Zurich Corporate Savings
PO Box 1308
Cheltenham
GL50 9BY
United Kingdom

Scottish Widows Limited
PO Box 1315
Cheltenham
GL50 9DL
United Kingdom

Telephone:

0800 678 3515 (if calling from the United Kingdom)

+44 1242 664 016 (if calling from overseas)

*(Available Monday to Friday
8am to 6:30pm (excluding bank
holidays) and 9:30am to 12:30pm
Saturday)*

Website: www.zurich.co.uk/transfer

Telephone:

0800 678 3515 (if calling from the United Kingdom)

+44 1242 664 016 (if calling from overseas)

*(Available Monday to Friday
8am to 6:30pm (excluding bank
holidays) and 9:30am to 12:30pm
Saturday)*

Website: www.scottishwidows.co.uk/swtransfer2019