



# Explanatory Booklet

## Part B

This is Part B of your Explanatory Booklet. It gives you more detailed information about the offer. We recommend reading Part A first, and then Part B for more detailed information.

We use some technical terms in your **Explanatory Booklet**. We've highlighted them all with initial capitals and italics. You'll find explanations for each of these terms in the glossary in **Appendix 4** of this booklet.

We've tried to make the information in this booklet easy to understand. If you have any questions or need any further support, please call us on **1800 00 11 52** (or **00 353 1 429 3301** if you're calling from outside Ireland). Our friendly consultants are here to help you.

You can also find support on our website at [royallondon.ie/LiverIreland](https://royallondon.ie/LiverIreland)

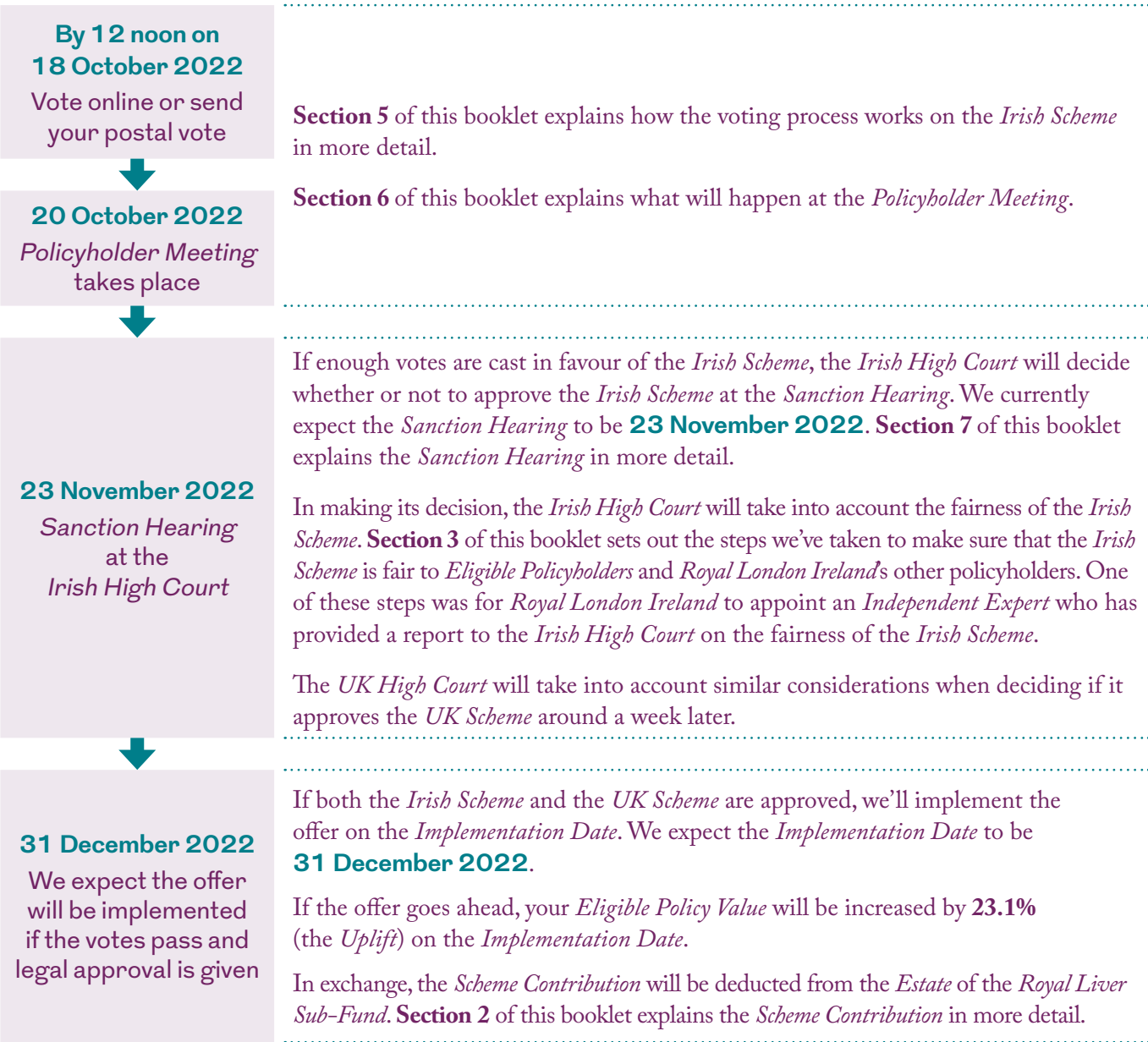
# Welcome

This booklet (Part B) gives more detailed information about the technical aspects of the offer being made. The offer affects you and certain other policyholders holding policies managed in Ireland by *Royal London Ireland* (or ‘us’) and certain other policyholders holding policies managed in the UK by *Royal London UK*. Both groups of policyholders will vote on the offer under separate legal processes.

In Ireland, we’re making the offer through a legal process called a *Scheme of Arrangement* under Part 9 of the Companies Act 2014. Throughout your *Voting Pack*, we call it the *Irish Scheme*. The legal process gives *Eligible Policyholders* the right to have a say on the *Irish Scheme* through a formal vote.

*Eligible Policyholders* are the holders of certain policies managed in Ireland in the *Liver Ireland Sub-Fund*. **Section 4** of this booklet explains about *Eligible Policyholders* and **Section 5** explains the voting process.

Certain policyholders holding policies managed by *Royal London UK* will vote separately on the offer on substantially the same terms. We call this the *UK Scheme*.



# What you’ll find inside

This booklet contains the following sections:

SECTION	PAGE
1. Recap of the offer	4
2. The <i>Scheme Contribution</i>	6
3. How you can be sure that the <i>Irish Scheme</i> is fair	10
4. Who can vote on the <i>Irish Scheme</i>	14
5. Voting on the <i>Irish Scheme</i>	17
6. The <i>Policyholder Meeting</i>	22
7. The <i>Sanction Hearing</i>	24
8. How the offer affects your tax position	26
9. Changes to the <i>With Profits Operating Principles</i> of the <i>Liver Ireland Sub-Fund</i>	27
10. Changes to the <i>2019 Transfer Scheme</i>	29

## APPENDICES

1. The <i>Irish Scheme</i>	31
2. Summary of the <i>Independent Expert’s</i> report	40
3. Summary of the <i>Head of Actuarial Function’s</i> Report	43
4. Glossary	44

We use some technical terms in this booklet. We’ve highlighted them all with initial capitals and italics, e.g. ‘*Estate*’, and you’ll find them explained here.

If you have any questions about the information in your *Voting Pack*, you can call us on **1800 00 11 52** (or **00 353 1 429 3301** if you’re calling from outside Ireland) between 8am and 6pm Monday to Friday (excluding bank holidays). Please have your policy number(s) to hand. A trusted friend or family member may call on your behalf. Just make sure that you’re with them when they call.

**Part A** and **Part B** of your **Explanatory Booklet** and your **Personalised Illustration(s)** make up the explanatory statement for the purposes of section 452 of the Companies Act 2014 in relation to the *Irish Scheme*.

An *Independent Expert* has been appointed to consider whether the *Irish Scheme* is fair and reasonable to *Eligible Policyholders* and to other *Royal London Ireland* policyholders. This **Part B** includes a summary of the *Independent Expert’s* report and a copy of the *Irish Scheme*.

# 1. Recap of the offer

This section recaps the key details of the offer being made.



You should read this section if you need a recap of the key information about the offer which we explained in **Section 3 of Part A** of your **Explanatory Booklet**.

We've included this recap to help you understand the more detailed information about the offer in the subsequent sections of this booklet.

## 1.1 What is the offer?

As shown in your letter, you have a *Contingent Bonus Policy* or a policy with a *With Profits* investment. Your policy has an underlying value which we call your *Policy Value*. This is used to determine how much to pay out when your policy is claimed. Your *Policy Value* can change over time.

Your policy is invested in the *Liver Ireland Sub-Fund*. However, your policy entitles you to share in distributions from the *Estate* of the *Royal Liver Sub-Fund*. The *Estate* is a pot of money held back to protect you and other policyholders against future risks, and to meet regulatory rules. You can think of the *Estate* as a 'rainy day fund'.

Whenever there is more money in the *Estate* than is required, the excess is distributed to policyholders who are entitled to share in distributions from the *Estate*.

When we refer to policyholders who are entitled to share in distributions from the *Estate*, we mean:

- You and certain other policyholders holding policies in the *Liver Ireland Sub-Fund*; and
- Certain policyholders holding policies in the *Royal Liver Sub-Fund*.

Currently, some of the *Estate* of the *Royal Liver Sub-Fund* can be distributed by increasing your *Policy Value* from time to time. This should increase the size of your *Final Bonus* when your policy is claimed.

The amount your *Policy Value* can be increased by from the *Estate* of the *Royal Liver Sub-Fund* is **uncertain** and could even be zero. The offer is about giving you certainty over your distribution from the *Estate* of the *Royal Liver Sub-Fund* and giving it to you sooner.

In exchange for a payment from the *Estate* of the *Royal Liver Sub-Fund* to the *Royal London Open Fund* (we call this payment the *Scheme Contribution*), the offer is:

- to distribute the *Estate* of the *Royal Liver Sub-Fund* by applying a one-off increase to your *Eligible Policy Value* of **23.1%** (we call this percentage the *Uplift*) on the *Implementation Date*; and
- if you have a policy with a *With Profits* investment, to top up your *Eligible Policy Value* by applying the same **23.1% Uplift** for any *Eligible Payments* you make into your *Eligible Policy Value* after the offer is implemented, as and when you make them. The amount you pay into your policy won't be affected by the offer.

This would allow the *Estate* of the *Royal Liver Sub-Fund* to be distributed sooner and in a way which we think is even fairer than how this is currently done.

The *Uplift* under the offer would only apply to the part of your *Policy Value* which is eligible for the offer (your *Eligible Policy Value*) and any payments you make which are eligible for the offer (your *Eligible Payments*). We explain these in more detail in **Section 3 of Part A** of your **Explanatory Booklet**.

Remember, we're making the offer in Ireland using a legal process called a *Scheme of Arrangement* (or the *Irish Scheme*). This process requires *Eligible Policyholders* to vote on the exchange set out above. As the offer also applies to certain policyholders with policies managed by *Royal London UK*, *Royal London UK* is also separately following a similar legal process in the UK. In your *Voting Pack*, we refer to the UK legal process as the *UK Scheme*.

By voting for the *Irish Scheme*, *Eligible Policyholders* of the *Irish Scheme* would permit *Royal London Ireland* to consent to the *UK Scheme*, including the payment of the *Scheme Contribution* to the *Royal London Open Fund*.

Regardless of whether the offer goes ahead or not, your *Eligible Policy* will still be managed in the *Liver Ireland Sub-Fund*. If the offer goes ahead, the *Royal Liver Sub-Fund* will merge into the *Royal London Open Fund*. As a result, the *Liver Reinsurance Agreement* would be updated on the *Implementation Date* so under the *Liver Reinsurance Agreement* an amount is paid from the *Royal London Open Fund* to *Royal London Ireland* to pay out your claim.

The terms and conditions of your policy will remain unchanged, and we'll continue to manage it in the same way as we do currently.

## 1.2 Are all policyholders with policies allocated to the *Liver Ireland Sub-Fund* eligible for the offer and eligible to vote on the *Irish Scheme*?

No. **Section 4.1** explains who is eligible to vote on the *Irish Scheme* and who is an *Eligible Policyholder*. Certain policies in the *Liver Ireland Sub-Fund* which are entitled to distributions from the *Estate* of the *Royal Liver Sub-Fund* are excluded from the *Irish Scheme* (we refer to these as *Excluded Policies*). **Section 4.3** explains which policies are *Excluded Policies*, and why we've chosen to exclude them.





# 2. The Scheme Contribution

The offer means you give up a portion of the *Estate* of the *Royal Liver Sub-Fund* to gain certainty over your distribution from it.

We call the portion of the *Estate* of the *Royal Liver Sub-Fund* we’re asking you and other policyholders to give up the *Scheme Contribution*. This section outlines the three parts of the *Scheme Contribution*, and why it is appropriate that the *Estate* of the *Royal Liver Sub-Fund* pays them.

## 2.1 What is the *Scheme Contribution*?

**i** This question recaps the breakdown of the *Scheme Contribution* given in **Section 3** of **Part A** of your **Explanatory Booklet**. We’ve included this recap to help you understand the more detailed information about the *Scheme Contribution* in the rest of this Section.

If the offer goes ahead, a payment called the *Scheme Contribution* will be paid out of the *Estate* of the *Royal Liver Sub-Fund* to the *Royal London Open Fund* immediately before the *Estate* of the *Royal Liver Sub-Fund* is distributed. The *Scheme Contribution* has been fixed, giving you certainty over the *Uplift* that would be applied to your *Eligible Policy Value* if the offer goes ahead.

By voting for the *Irish Scheme*, *Eligible Policyholders* of the *Irish Scheme* would permit *Royal London Ireland* to consent to the *UK Scheme*, including the payment of the *Scheme Contribution* to the *Royal London Open Fund*. It’s under the *UK Scheme* that the *Scheme Contribution* would be paid to the *Royal London Open Fund*. You can find further details on the *UK Scheme* at [royallondon.com/LiverUK](http://royallondon.com/LiverUK)

Your *Policy Value* will not be reduced, and you won’t be asked to make more frequent or larger payments into your policy to pay for the *Scheme Contribution*. The *Scheme Contribution* is made up of the following three parts:

1. Closed Fund Contribution

Part of the *Scheme Contribution* will cover the cost to the *Royal London Open Fund* of taking on responsibility for holding back enough money in its *Estate* to protect you and other policyholders against future risks and to meet regulatory rules. We call this part of the *Scheme Contribution* the *Closed Fund Contribution*.  
The *Closed Fund Contribution* has been fixed on **31 March 2022** (the *Calculation Date*).

2. Project Costs Allowance

The offer is part of a wider programme of changes. Part of the *Scheme Contribution* covers the cost of these changes which apply to policyholders who are entitled to distributions from the *Estate* of the *Royal Liver Sub-Fund*. We call this part of the *Scheme Contribution* the *Project Costs Allowance*. These costs include, but are not limited to, the following:

- the cost of producing documentation for the *UK High Court*, the *Irish High Court* and the *Voting Packs* for policyholders;
- the cost of appointing each *Independent Expert* to review the fairness of the *Irish Scheme* and *UK Scheme*; and
- the cost of working with internal and external technical experts to produce the terms of the offer and responding to questions from policyholders.

### 2. Project Costs Allowance continued

The *Project Costs Allowance* was fixed at the start of the programme. This means it is based on an estimate of the expected costs of implementing the changes described above. By fixing this amount, you can be given certainty over the *Uplift* which can be applied to your *Eligible Policy Value*.

If the costs end up being higher than allowed for, then the extra costs wouldn’t be charged to *Included Policyholders*. Instead, the *Royal London Open Fund* would cover these extra costs. The *Project Costs Allowance* includes an amount to reflect the risk the *Royal London Open Fund* is taking on in relation to costs being higher than allowed for in the *Project Costs Allowance* between now and the end of the project. If the project costs end up being lower than allowed for, then the *Royal London Open Fund* would retain the difference.

### 3. Payment Uplift Contribution

If you’re currently paying into your policy, the payment amounts you make won’t be affected by the offer. However, if you have a policy with a *With Profits* investment, the *Royal London Open Fund* will top up your *Eligible Policy Value* by applying the same **23.1% Uplift** for any *Eligible Payments* you make into your *With Profits* investment after the *Implementation Date* as and when you make them.

As the number of *Eligible Payments* that will be made in the future is unknown, the expected value across all policies invested in *With Profits* still making *Eligible Payments* has been estimated. The *Estate* of the *Royal London Open Fund* will be provided with this value by the *Estate* of the *Royal Liver Sub-Fund*, which we call the *Payment Uplift Contribution*.

In exchange, it will agree to top up *Eligible Policy Values* by applying the *Uplift* for *Eligible Payments* made into *With Profits* investments after the *Implementation Date* as and when these are made. The *Royal London Open Fund* will apply the *Uplift* for these *Eligible Payments*, whether or not the *Payment Uplift Contribution* ends up being large enough to *Uplift* all the *Eligible Payments* made into *With Profits* investments in the future.

## 2.2 How much of the *Estate* of the *Royal Liver Sub-Fund* is being given up through the *Scheme Contribution*?

The value of the *Scheme Contribution* is fixed in monetary terms. We fixed the *Scheme Contribution* in monetary terms to give you certainty over the *Uplift* that would be applied to your *Eligible Policy Value* if the offer goes ahead.

We currently expect the *Scheme Contribution* to be about 22% of the value of the *Estate* of the *Royal Liver Sub-Fund*. However, the exact percentage will vary between now and the *Implementation Date* because the size of the *Estate* of the *Royal Liver Sub-Fund* varies over time in response to investment markets and other factors.

## 2.3 Why is it appropriate that the *Estate* of the *Royal Liver Sub-Fund* pays the *Scheme Contribution*?

As explained in **Section 2.1**, the *Scheme Contribution* is made up of three parts. The answers to the following three questions explain why it’s appropriate that the *Estate* of the *Royal Liver Sub-Fund* pays each part.

## 2.4 Why is it appropriate that the *Estate* of the *Royal Liver Sub-Fund* pays the *Closed Fund Contribution*?

At the moment, enough money needs to be held back in the *Estate* of the *Royal Liver Sub-Fund* to protect you and other policyholders against future risks and to meet regulatory rules. If the offer goes ahead, the *Royal Liver Sub-Fund* will be merged into the *Royal London Open Fund*, which will take on this responsibility.

The purpose of the *Closed Fund Contribution* is to compensate the *Royal London Open Fund* for taking on this responsibility.

If the *Royal London Open Fund* did not take on this responsibility, it would not be possible to distribute more of the *Estate* of the *Royal Liver Sub-Fund* under the offer.

The *Closed Fund Contribution* has been calculated so that it reflects the cost to the *Royal London Open Fund* of bearing this responsibility up to, but not beyond, the point when the *Royal Liver Sub-Fund* is expected to be merged into the *Royal London Open Fund* in the absence of the offer. This is in around 15 to 20 years' time.

In the absence of the offer, similar changes would eventually be needed when there aren't enough policies left in the *Royal Liver Sub-Fund* to manage it effectively as a separate fund. At that point, we'd look to merge the *Royal Liver Sub-Fund* into the *Royal London Open Fund* i.e. in around 15 to 20 years' time.

 The *Independent Expert* has reviewed the approach to calculating the *Closed Fund Contribution*, and believes it is fair.

**2.5 Why is it appropriate that the *Estate* of the *Royal Liver Sub-Fund* pays the *Project Costs Allowance*?**

The offer is part of a wider project to consolidate several *With Profits Funds* into the *Royal London Open Fund*.

As a *Mutual Organisation*, the costs of making changes like this are borne, directly or indirectly, by policyholders. So, it's important that we believe the changes will benefit policyholders, and that we structure the project in a way that minimises the cost faced by each policyholder.

We believe it is appropriate that the *Estate* of the *Royal Liver Sub-Fund* covers a fair proportion of the costs of the wider project as part of the offer. This is because we expect the policyholders eligible for the offer to benefit from the changes.

The *Project Costs Allowance* reflects the *Estate* of the *Royal Liver Sub-Fund's* share of the estimated total costs associated with all the proposed fund consolidations. These estimated costs will be allocated across these *With Profits Funds* based on the relevant value of the relevant policies in the funds, and the size of the *Estate* of the funds.

This means that project costs are shared proportionally based on the size of policies within each *With Profits Fund*, and the benefits expected to be gained by those policyholders.

 The *Independent Expert* has reviewed the approach to calculating the *Project Costs Allowance*, and believes it is fair.

**2.6 Why is it appropriate that the *Estate* of the *Royal Liver Sub-Fund* pays the *Payment Uplift Contribution*?**

The *Estate* of the *Royal Liver Sub-Fund* is currently distributed among policyholders entitled to distributions from the *Estate* by increasing their *Eligible Policy Values* from time to time.

If you have a *Contingent Bonus Policy* and the offer goes ahead, we'll apply the *Uplift* to your *Eligible Policy Value*. Your *Eligible Policy Value* allows for all the payments we expect you'll make into your policy. Therefore, by applying the *Uplift* to your *Eligible Policy Value*, we will have already applied the *Uplift* for payments you're expected to make into your policy in the future. If you stop making payments into your *Eligible Policy* before they're no longer due, we'll reduce your *Eligible Policy Value* to reflect the payments you'll no longer make.

However, if you have a policy with a *With Profits* investment, your *Eligible Policy Value* only allows for *Eligible Payments* you've made to date. Therefore, to be fair to holders of policies with *With Profits* investments, if the offer goes ahead, we'll apply the same *Uplift* percentage for any *Eligible Payments* you make into your *With Profits* investment after the offer is implemented, as and when you make them.

If the offer doesn't go ahead, *Eligible Policyholders* who have a policy with a *With Profits* investment could continue to receive a distribution from the *Estate* of the *Royal Liver Sub-Fund* in respect of any *Eligible Payments* they make in the future.

So, if the offer does go ahead, we believe it is appropriate for *Included Policyholders* who have a policy with a *With Profits* investment, and are still making *Eligible Payments*, to receive a distribution from the *Estate* in relation to those future *Eligible Payments*.

Therefore, the *Royal London Open Fund* will top up your *Eligible Policy Value* by applying the same 23.1% *Uplift* for any *Eligible Payments* you make into your *With Profits* investment after the *Implementation Date* as and when you make them.

The *Royal London Open Fund* will receive the *Payment Uplift Contribution* from the *Estate* of the *Royal Liver Sub-Fund* to cover the expected cost of applying the *Uplift* to *Eligible Policy Values* for all future *Eligible Payments* as and when they're made.

This means that, after the *Implementation Date*, any further *Eligible Payments* which are made into your *With Profits* investment will also benefit from a distribution from the *Estate* of the *Royal Liver Sub-Fund*. This would not increase the amount of any payments required to be made under your policy.

 The *Independent Expert* has reviewed the approach to calculating the *Payment Uplift Contribution*, and believes it is fair.





# 3. How you can be sure that the Irish Scheme is fair

Remember, certain policyholders in Ireland holding policies managed by *Royal London Ireland* and certain policyholders holding policies in the UK managed by *Royal London UK* are eligible for the offer.





You are an *Eligible Policyholder* of the *Irish Scheme* being carried out by *Royal London Ireland* as you hold an *Eligible Policy* managed in the *Liver Ireland Sub-Fund*. Therefore, this section focuses on the steps we've taken to ensure the *Irish Scheme* is fair to *Eligible Policyholders*.

*Royal London UK* have taken similar steps to ensure the *UK Scheme* is fair to its policyholders.

The following section builds on the fairness considerations we set out in **Section 6** of **Part A** of your **Explanatory Booklet**.

## 3.1 How can you be sure the Irish Scheme is fair?

The following table summarises the steps taken to make sure the *Irish Scheme* is fair.







<div>Independent Expert review</div> <div></div>	<p>We've appointed an <i>Independent Expert</i>, Mr Michael Culligan of <i>Milliman</i>, to review the <i>Irish Scheme</i>. The <i>Independent Expert</i> is an experienced senior <i>Actuary</i> who is independent of <i>Royal London Ireland</i>. He thinks the <i>Irish Scheme</i> is fair and reasonable to <i>Eligible Policyholders</i> and <i>Royal London Ireland's</i> other policyholders.</p> <p>To come to this assessment, the <i>Independent Expert</i> has developed a number of <i>Fairness Tests</i> against which to assess the <i>Irish Scheme</i>. <b>Section 3.2</b> below sets out a description and the result of each <i>Fairness Test</i>.</p>
<div>Royal London Ireland governance</div> <div></div>	<p>The <i>Head of Actuarial Function</i> has reviewed the <i>Irish Scheme</i>. The <i>Royal London Ireland Board</i> has taken into account their opinion on the fairness of the <i>Irish Scheme</i>.</p> <p><b>Section 3.4</b> below sets out the role carried out by the <i>Head of Actuarial Function</i> and their opinion on the <i>Irish Scheme</i>.</p>
<div>Oversight from our Regulator</div> <div></div>	<p><i>Royal London Ireland</i> is regulated by the <i>Central Bank of Ireland (CBI)</i>. We call the <i>CBI</i> our <i>Regulator</i>. Our <i>Regulator</i> has provided oversight on the <i>Irish Scheme</i>.</p> <p><b>Section 3.6</b> below provides more information about our <i>Regulator's</i> involvement in the <i>Irish Scheme</i> process.</p>
<div>Irish High Court approved process</div> <div></div>	<p>The <i>Irish High Court</i> must be satisfied that the <i>Irish Scheme</i> is a fair offer for all <i>Eligible Policyholders</i> and will decide whether or not this is the case at the <i>Sanction Hearing</i>.</p> <p>The <i>Irish Scheme</i> can only be implemented if a majority in number, representing 75% by value, of <i>Eligible Policyholders</i> voting on the <i>Irish Scheme</i> vote in favour and the <i>Irish High Court</i> approves it. Remember, the offer will only be implemented if the same thresholds are also met on the <i>UK Scheme</i> and the <i>UK High Court</i> approves it.</p> <p><i>Eligible Policyholders</i> can make representations to the <i>Irish High Court</i> either in person or through a representative. If <i>Eligible Policyholders</i> want to object to the <i>Irish Scheme</i>, they can do so. We'll submit your objections to the <i>Irish High Court</i>.</p> <p>We give more details on what the <i>Irish High Court</i> does and how it determines if the <i>Irish Scheme</i> is fair in <b>Section 3.7</b> below.</p>

## 3.2 How does the Independent Expert decide if the Irish Scheme is fair?

The *Independent Expert* has concluded that the *Irish Scheme* is fair and reasonable. In reaching this conclusion, the *Independent Expert* has considered:

- (i) the impact of the *Irish Scheme* on *Eligible Policyholders* and *Royal London Ireland's* other policyholders;
- (ii) the fairness of the *Irish Scheme* under a range of circumstances and scenarios; and
- (iii) the information that has been provided to *Eligible Policyholders* and the approach to voting.

The *Independent Expert* has used six tests, referred to as the *Fairness Tests*, to conclude that the *Irish Scheme* is fair. These are defined in the *Independent Expert's* report as follows:

Fairness Test	Has the test been passed?
<b>1 The Security of Benefits Test</b> Under this test the <i>Independent Expert</i> considers the effect of the <i>Irish Scheme</i> on the security of the guaranteed benefits payable to policyholders under the policies of <i>Royal London Ireland</i> .	
<b>2 The Policyholder Outcomes Test</b> Under this test the <i>Independent Expert</i> considers whether the effects of the <i>Irish Scheme</i> are fair and reasonable in respect of outcomes for different groups of policyholders in <i>Royal London Ireland</i> . This test focuses on: <ul style="list-style-type: none"><li>Policyholders' reasonable benefit expectations; and</li><li>The standards of servicing, administration, management and governance experienced by the policyholders.</li></ul>	
<b>3 The Adverse Scenarios Test</b> Under this test the <i>Independent Expert</i> considers whether the proposals would remain fair and reasonable under a range of circumstances and scenarios.	
<b>4 The Policyholder Communications Test</b> Under this test the <i>Independent Expert</i> considers whether the information that is provided to <i>Eligible Policyholders</i> in respect of the <i>Irish Scheme</i> is clear, concise, and of an appropriate level of detail, and has been provided to <i>Eligible Policyholders</i> with sufficient time for them to assess the proposals and make an informed decision regarding the policyholder vote.	
<b>5 The Policyholder Vote Test</b> A policyholder vote is required before the <i>Irish Scheme</i> can be sanctioned by the <i>Irish High Court</i> and implemented. Under this test the <i>Independent Expert</i> considers the fairness of the various features of the policyholder vote. These features include the number of voting <i>Classes</i> , the composition of those <i>Classes</i> , <i>Voting Values</i> and the requirements for the proposals to be approved.	
<b>6 The Fair Conduct Test</b> Under this test the <i>Independent Expert</i> considers whether the conduct of <i>Royal London Ireland</i> in relation to the proposed <i>Irish Scheme</i> is fair and reasonable to all policyholders. In particular, the approach to eligibility for the offer, the treatment of uncontactable policyholders, and the compulsion involved if the <i>Irish Scheme</i> were to go ahead.	

The *Independent Expert's* report contains further information about the *Fairness Tests* and why he considers them to be important and sets out the *Independent Expert's* conclusions. A summary of the *Independent Expert's* report is set out in **Appendix 2** of this booklet.

You can obtain a copy of the *Independent Expert’s* full report from our website at **royallondon.ie/LiverIreland** or by calling **1800 00 11 52** (or **00 353 1 429 3301** if you’re calling from outside Ireland between 8am and 6pm Monday to Friday (excluding bank holidays)). You’ll need your policy number(s) which you can find at the top of the letter included in your *Voting Pack*.

3.3 Will all this be kept under review?

To ensure that the *Irish Scheme* remains fair and reasonable to *Eligible Policyholders*, the *Independent Expert* will also review the *Fairness Tests* before the *Sanction Hearing* in his supplementary report.

You’ll be able to obtain a copy of the *Independent Expert’s* supplementary report at least a week before the *Sanction Hearing* from our website at **royallondon.ie/LiverIreland** or by calling **1800 00 11 52** (or **00 353 1 429 3301** if you’re calling from outside Ireland) between 8am and 6pm Monday to Friday (excluding bank holidays). You’ll need your policy number(s) which you can find at the top of the letter included in your *Voting Pack*.

3.4 How does the Royal London Ireland Board decide if the Irish Scheme is fair?

The *Royal London Ireland Board* believes the *Irish Scheme* is fair and reasonable for *Eligible Policyholders*. They’ve reached this conclusion by taking account of the opinion of a number of experts including the *Independent Expert* and the *Head of Actuarial Function*.

Ciara Regan is the *Head of Actuarial Function* for *Royal London Ireland*. She is responsible for the work of the actuarial function with respect to the financial position of the company and is required to opine on the appropriateness of the reserves held and the reinsurance arrangements in place to the *Royal London Ireland Board* on an annual basis. She is responsible for setting bonuses for the *Royal London Ireland* business and supports the *Royal London Ireland Board* in managing the risks associated with its funds and considering the fairness for all *Royal London Ireland’s* policyholders.

The *Head of Actuarial Function* has considered the impact of the *Irish Scheme* on the holders of the policies in the *Liver Ireland Sub-Fund* and other policyholder groups within *Royal London Ireland* with particular reference to the fairness criteria established by *Royal London Ireland* to assess the *Irish Scheme*. She has concluded that the *Irish Scheme* will not have a material adverse effect on the security of the benefits or the benefit expectations of the holders of the policies in the *Liver Ireland Sub-Fund*, or the holders of other policies within *Royal London Ireland*. A summary of her report is set out in **Appendix 3** of this booklet.

The *Head of Actuarial Function* will review her conclusions in a supplementary report prior to the *Sanction Hearing*.

You can obtain a copy of the *Head of Actuarial Function’s* full report now and her supplementary report at least a week before the *Sanction Hearing* from our website at **royallondon.ie/LiverIreland** or by calling us on **1800 00 11 52** (or **00 353 1 429 3301** if you’re calling from outside Ireland) between 8am and 6pm Monday to Friday (excluding bank holidays). You’ll need your policy number(s) which you can find at the top of the letter included in your *Voting Pack*.

3.5 What interests do the directors of Royal London Ireland have in the offer?

The directors of *Royal London Ireland* are as follows:

Name	Position
Walter Beatty	Chairman, Independent Non-Executive Director
Noel Freeley	Chief Executive Officer, <i>Royal London Ireland</i>
Viviana Pascoletti	Chief Financial Officer, <i>Royal London Ireland</i>
Daniel Cazeaux	Group Chief Financial Officer, <i>Royal London UK</i>
Catherine Johnson	UK Product Director, <i>Royal London UK</i>
Tom Browne	Independent Non-Executive Director
Ruth Sullivan	Independent Non-Executive Director

None of the directors hold or have any interest in the *Eligible Policies*. In addition, none of the directors hold a policy allocated to the *Liver Ireland Sub-Fund* or the *Royal Liver Sub-Fund*.

Although *Royal London Ireland* operates incentive plans under which benefits are linked to the performance of *Royal London Ireland* or *Royal London UK*, none of the directors have been, or are, specifically remunerated and/or incentivised in relation to the offer.

3.6 Has the Regulator been involved?

We’ve shared information about the *Irish Scheme* with our *Regulator*, the *Central Bank of Ireland*, including a copy of the *Voting Pack* we’ve sent to you.

The *Central Bank of Ireland* has the opportunity to attend the *Sanction Hearing* if it wishes and to raise any concerns that it may have about the impact the *Irish Scheme* would have on *Eligible Policyholders*.

3.7 What does the Irish High Court do and how does it determine if the Irish Scheme is fair?

Without *Irish High Court* approval, the offer cannot be implemented. The *Sanction Hearing* will only go ahead if the required majority of votes in favour are received on the *Irish Scheme* and the *UK Scheme*. The *Irish High Court* will look at the result of the vote when it is asked to approve the *Irish Scheme*.

The key matters that the *Irish High Court* will consider in deciding whether the *Irish Scheme* should be sanctioned are:

- whether all legal and statutory requirements have been satisfied, in particular whether the required majority of *Eligible Policyholders* have voted in favour of the *Irish Scheme*;
- whether the voting was undertaken in good faith and *Eligible Policyholders* who voted fairly represented the whole of the *Class* of the *Eligible Policyholders* whose rights would be changed by the *Irish Scheme*;
- whether there is any other technical reason why it should not let the *Irish Scheme* go ahead; and
- generally, whether an intelligent and honest person, acting in their own interest, might reasonably approve the *Irish Scheme*.

In its consideration, the *Irish High Court* will take into account any objections received from *Eligible Policyholders*.

We’ll make sure that any objections we’ve received from *Eligible Policyholders* are passed to the *Irish High Court*. The *Irish High Court* will also hear what anyone who wishes to attend the hearing has to say. Finally, they’ll consider any updates from those involved in the process including the *Independent Expert*.



## 4. Who can vote on the *Irish Scheme*

This section explains who can vote on the *Irish Scheme*. It explains who the *Eligible Policyholders* and *Included Policyholders* are, and what the voting arrangements are if your policy has been assigned to someone else, or if you have a power of attorney arrangement or Ward of Court order in place.

### 4.1 How do you know if you are an *Eligible Policyholder*?

Only *Eligible Policyholders* may vote on the *Irish Scheme*. An *Eligible Policy* is a policy with a *With Profits* investment or a *Contingent Bonus Policy* allocated to the *Liver Ireland Sub-Fund*:

- (a) which is entitled to receive distributions from the *Estate* of the *Royal Liver Sub-Fund*;
- (b) which is not an *Excluded Policy*;
- (c) which will not have reached its scheduled maturity date prior to **11:59pm on 31 December 2022**;
- (d) which has not been claimed in full (or come into payment in full) on maturity, retirement, surrender, transfer or death, (in each case in accordance with the terms of the policy) as at the *Calculation Date* or as at the date of the *Policyholder Meeting*; and
- (e) in respect of which the *Eligible Policyholder* has not (in accordance with the terms of the policy) ceased to be entitled to receive benefits as at the *Calculation Date* or as at the date of the *Policyholder Meeting*.

When we refer to your policy in your **Explanatory Booklet**, we are referring to all your *Eligible Policies* if you have more than one.

*Eligible Policyholders* are the legal owners of the *Eligible Policies*. We're only writing to *Eligible Policyholders* about the offer, and only *Eligible Policyholders* can vote on the *Irish Scheme*.

### 4.2 If you are an *Eligible Policyholder* does that mean that the *Irish Scheme* will apply to you when it is implemented?

Not necessarily. If the *Irish Scheme* goes ahead, it will only apply to what we call the *Included Policies*.

These are the same as the *Eligible Policies* but excluding those *Eligible Policies* which have been claimed or come into payment in full, whether on maturity, retirement, surrender, transfer or death in accordance with their terms, before **11:59pm on 31 December 2022**.

### 4.3 Which policies are excluded and why does the *Irish Scheme* not apply to them?



This question recaps why some policies with a *With Profits* investment in the *Liver Ireland Sub-Fund* are excluded from the *Irish Scheme*, as explained in **Section 3 of Part A** of your **Explanatory Booklet**.

We've included this recap as a reminder before we explain how we've determined which of these policies are excluded.

The *Irish Scheme* only applies to certain policies in the *Liver Ireland Sub-Fund* that are entitled to share in distributions from the *Estate* of the *Royal Liver Sub-Fund*.

Some policies with *With Profits* investments in the *Liver Ireland Sub-Fund* have valuable guaranteed benefits which we expect to pay out on retirement, death or maturity.

We expect this will still be the case even if their *Eligible Policy Value* is increased by the *Uplift* under the offer, so we expect the offer will have no effect on the amount we'd pay on retirement, death or maturity. As we expect the offer won't increase the amount payable under these policies, we've decided to exclude these policies from the *Irish Scheme*. We call these policies the *Excluded Policies*.

To determine which policies are the *Excluded Policies*, we've projected the underlying value of all policies (including their *Eligible Policy Value* allowing for the *Uplift* on the *Implementation Date*), using our best estimate of future assumptions (e.g. future investment returns) to an expected date of claim. We've then compared the projected value of the policy with the expected value of their guaranteed benefits.

We've excluded policies where the projected value of the policy is below their guaranteed benefits when we expect the policy to be claimed even taking into account the *Uplift*. If the offer does go ahead, then the *Uplift* would also be applied to the *Excluded Policies* even though we don't expect it would increase the amount we expect to pay out under these policies.



The *Independent Expert's* report concludes the way that we're treating the *Excluded Policies* is fair.

### 4.4 Can you opt out of the *Irish Scheme*, and have your policy and distribution from the *Estate* of the *Royal Liver Sub-Fund* continue as it is now, even if the offer is implemented?

No. The offer will result in the distribution of the *Estate* of the *Royal Liver Sub-Fund*. Therefore, if the offer is implemented, it will apply to all *Included Policyholders*. As a result, it is very important that you vote on the *Irish Scheme* and make your views known.

### 4.5 What happens if you have assigned your policy?

If you've assigned your *Eligible Policy*, and we've confirmed to you in writing that we have accepted that assignment before the *Policyholder Meeting*, then you won't be eligible to vote on the *Irish Scheme* in respect of that policy as you're no longer the policyholder.

The person that you've assigned the policy to is the *Eligible Policyholder* for that *Eligible Policy* and will be eligible to vote. We've sent a *Voting Pack* to that person in respect of that *Eligible Policy*.

If you hold another *Eligible Policy* that you have not assigned, you will still be eligible to vote in respect of that policy. If you're planning to assign your *Eligible Policy* before the *Policyholder Meeting*, please contact us so that we can discuss the options available to you.

### 4.6 What happens if a Bank or Building Society has noted their interest in my policy?

A Bank or Building Society may have noted their interest in your *Eligible Policy*. For example, if your *Eligible Policy* is an *Endowment Policy* you may have used it to support a mortgage on your home.

Unless our records show that you have actually assigned your *Eligible Policy* to a Bank or Building Society, we'll continue to treat you as the *Eligible Policyholder* for the purpose of the *Irish Scheme* in respect of that policy.

### 4.7 What should you do if the *Eligible Policyholder* or *Life Covered* has died?

We're very sorry to hear this. Please get in touch with us on **1800 00 11 52** (or **00 353 1 429 3301** if you're calling from outside Ireland) and we'll talk you through what you need to do. Alternatively, you can go to our website at **royallondon.ie/LiverIreland** and complete the online form.

### 4.8 What happens if you've given us a letter of authority for your policy?

If we've received a letter of authority from you, we are still writing to you, and not to the person named under the letter of authority. Unless you appoint that person as your *Proxy* or appoint them under a power of attorney, you should arrange to vote on the *Irish Scheme* yourself as they won't be allowed to vote for you.



4.9 What happens if you have been divorced?

If you have a *Pension Policy*, divorce proceedings may have resulted in a court issuing a pensions adjustment order against your *Eligible Policy* in favour of your former spouse. If this applies to you, we recommend that you review and consider the terms of the order when deciding how you wish to vote. Your former spouse may be entitled, either solely or jointly, to vote on the *Irish Scheme*. If you think this might be the case, please draw your former spouse’s attention to the contents of this *Voting Pack* and contact us as soon as possible.

4.10 What happens if you’ve been declared bankrupt?

The position depends upon the type of benefits which your *Eligible Policy* provides.

If you’ve been declared bankrupt, ownership of your *Eligible Policy* may have automatically transferred to the official assignee. This may mean that the official assignee will be entitled to vote in your place. This is because they have been appointed to administer your affairs by a court. If this applies to you, you should share the *Voting Pack* with them. If you’ve been declared bankrupt recently or you think we may not be aware of your bankruptcy, please get in touch with us.

If you’ve been declared bankrupt, you may continue to be the *Eligible Policyholder* and the person entitled to vote on the *Irish Scheme* in relation to your *Eligible Policy*. If our records indicate that this is the case, we’ve sent the *Voting Pack* to you. If our records indicate that your *Pension Policy* automatically transferred to the official assignee, we’ve sent the *Voting Pack* to the official assignee. If your *Eligible Policy* provides retirement benefits and your official assignee may have an interest in it, you should share this pack with them.

4.11 What happens if a person has been appointed to act for you in relation to your Eligible Policy, under a power of attorney or further to a Ward of Court application?

A validly appointed attorney under a power of attorney arrangement, or Committee appointed further to a Ward of Court Order, can effectively step into the shoes of the *Eligible Policyholder* and, subject to the terms of the power of attorney or Ward of Court Order, can exercise all of the *Eligible Policyholder’s* rights on their behalf, including voting on the *Irish Scheme*.

If you’ve appointed a person under a power of attorney, but haven’t told us yet, please call us on **01 429 3440**. You should then tell your power of attorney about the offer and discuss this information pack with them. Your power of attorney is able to see a copy of this *Voting Pack* on our website at **royallondon.ie/LiverIreland**

4.12 You’ve been appointed as an Eligible Policyholder’s attorney under a power of attorney arrangement or Committee appointed further to a Ward of Court application. What should you do now?

If you’re an attorney/Committee who has received this *Voting Pack* on behalf of the *Eligible Policyholder*, then you can vote on the *Irish Scheme* on their behalf. You may not be the only attorney to have been appointed to act on behalf of the policyholder and may (for example) have been appointed jointly with others. Please check the terms of your appointment to confirm the basis on which you were appointed and are entitled to act.

Please note that we’ve only sent this *Voting Pack* to you. This is because our records show that you are the most recently registered attorney or, where more than one attorney was recorded at the same time, you’re listed first.

If you’ve been appointed to act on behalf of the *Eligible Policyholder* ‘jointly’ with any other attorneys/Committees, then you will all need to agree on how to vote. You should consider and discuss this *Voting Pack* with the other joint attorneys/Committees in accordance with the terms of your appointment, and one of you should complete and sign the **Voting Form**. By completing and signing the **Voting Form** we will take it that you have made the decision together with the other joint attorneys/Committees on behalf of the *Eligible Policyholder*, and that you are entitled to complete and sign the **Voting Form** in accordance with the terms of your appointment.

If you’ve been appointed to act on behalf of the *Eligible Policyholder* ‘jointly and severally’ with any other attorneys/Committees, you can act on your own, and should not need the agreement of any other attorneys/Committees. However, you may wish to consider and discuss this *Voting Pack* with them in any case. You should complete and sign the **Voting Form**. By completing and signing the **Voting Form** we will take it that you have made the decision on behalf of the *Eligible Policyholder* and are entitled to do so in accordance with the terms of your appointment.

5. Voting on the Irish Scheme

Remember, certain policyholders holding policies in Ireland managed by *Royal London Ireland* and certain policyholders holding policies in the UK managed by *Royal London UK* are eligible for the offer.




You are an *Eligible Policyholder* of the *Irish Scheme* being carried out by *Royal London Ireland* as you hold an *Eligible Policy* managed in the *Liver Ireland Sub-Fund*. Therefore, this section focuses on how voting on the *Irish Scheme* will work.

A similar process is being followed for policyholders who are eligible for the *UK Scheme*.

5.1 How does voting on the Irish Scheme work?

**i** This question recaps the voting process given in **Section 7** of **Part A** of your **Explanatory Booklet**. We’ve included this recap to help you understand the more detailed information about the voting process in the rest of this Section.

You can vote for or against the *Irish Scheme*:

-  online;
-  by post; or
-  at the *Policyholder Meeting*.

To vote online, visit **cesvotes.com/LiverIreland** and log in using your Security Code Part 1 & 2 as shown on the first page of your letter and on your **Voting Form**. To vote by post, please complete and sign your **Voting Form** and return it to us in the postage paid envelope in your *Voting Pack*.

Please go online or return your **Voting Form** to record your decision as soon as possible. Whether you vote online or by post, your vote will only count if it reaches us by **12 noon** on **18 October 2022**.

Alternatively, you or your *Proxy* can vote in person at the *Policyholder Meeting*. We’ll count the vote that is submitted at the *Policyholder Meeting*, rather than any vote made before it. If you or your *Proxy* plan to attend the *Policyholder Meeting* in person, it would be helpful if you could let us know before **18 October 2022** by calling us on **1800 00 11 52** (or **00 353 1 429 3301** if you’re calling from outside Ireland). Also, you or your *Proxy* should remember to bring the **Attendance Card** to the meeting. Alternatively, you can attend the *Policyholder Meeting* virtually as explained in **Section 7** of **Part A** of your **Explanatory Booklet**.

We suggest you also vote either online, or by post beforehand. This is to ensure that your vote counts, just in case your plans change and you or your *Proxy* can no longer attend the *Policyholder Meeting*.

Unless you or your *Proxy* attend the *Policyholder Meeting*, if you vote online, or by post beforehand, the chairman of the *Policyholder Meeting* will act as your *Proxy* and vote on your behalf in the way you’ve indicated online or on your **Voting Form**.

There is more information about appointing a *Proxy* in **Section 5.3**.

It’s important that as many *Eligible Policyholders* as possible vote so the *Irish High Court* can be sure there’s a fair representation of the opinions of the *Eligible Policyholders*. If the offer goes ahead, it will apply to your *Included Policy* regardless of whether or not you voted. Therefore, it’s important that you make your views known.

After the *Policyholder Meeting*, *Civica Election Services* will count up all the votes that were cast. In order for the vote to pass:

- the *Irish Scheme* must be approved by more than half (50%) of the *Eligible Policyholders* who voted (we call this the *Number Test*); and
- that majority in number must represent three quarters (75%) or more of the total *Voting Value* of the *Eligible Policyholders* who voted (we call this the *Value Test*).

If the vote passes, we'll move to the final stage, the *Sanction Hearing*, where the *Irish High Court* will decide whether to approve the *Irish Scheme*. If the vote doesn't pass, we won't proceed to the *Sanction Hearing* and the offer won't go ahead. For more details on the *Irish High Court's* role in the *Irish Scheme* please see **Section 7**.

Even if the *Irish Scheme* is approved, the offer will not take effect if the required majority of policyholders do not vote in favour of the *UK Scheme* or the *UK High Court* does not approve the *UK Scheme*.

5.2 Do you have to appoint a Proxy?

You do not have to appoint a *Proxy*. However, voting online or by post ahead of the *Policyholder Meeting* will result in the chairman of the *Policyholder Meeting* acting as your *Proxy* and voting on your behalf at the *Policyholder Meeting* in the way you indicated.

5.3 Who can you appoint as your Proxy?

Voting online or by post ahead of the *Policyholder Meeting* will result in the chairman of the *Policyholder Meeting* acting as your *Proxy* and voting on your behalf at the *Policyholder Meeting* in the way you indicated. Alternatively, you can appoint someone else to act as your *Proxy* by providing their details and returning the **Voting Form** using the postage paid envelope or online by visiting **cesvotes.com/LiverIreland**. Your *Proxy* can also bring these details to the *Policyholder Meeting*, provided that we can verify that they have been validly appointed.

If you appoint someone other than the chairman of the *Policyholder Meeting*, you need to know that they'll attend the *Policyholder Meeting* in person. If neither you nor your *Proxy* attends in person and you haven't voted by post or online ahead of the *Policyholder Meeting*, your vote won't be cast.

5.4 Why is there one Class of Eligible Policyholders?

As explained in the pack we sent to you earlier in the year, we've considered whether all *Eligible Policyholders* should vote together as a single *Class*, or whether they should vote in separate *Classes*.

*Policyholders* can vote together in a single *Class* if their existing rights and the way the *Irish Scheme* will affect them are sufficiently similar, and we think that is the case here. In reaching that decision, we've considered a number of points, including the fact that the *Irish Scheme* covers different types of *Eligible Policies*. However, our view is that the *Irish Scheme* operates in the same way for all *Eligible Policies*, and the effect of the *Irish Scheme* will be sufficiently similar across all *Eligible Policyholders* to enable them to vote as a single *Class*.

At the *Convening Hearing*, the *Irish High Court* agreed with us and ordered that a single meeting of *Eligible Policyholders* be convened to consider and vote on the *Irish Scheme*.

5.5 Can you get help to complete the Voting Form?

Yes. If you need help to complete the **Voting Form**, you can call us on **1800 00 11 52** (or **00 353 1 429 3301** if you're calling from outside Ireland) between 8am and 6pm Monday to Friday (excluding bank holidays). You'll need your policy number(s) which you can find at the top of the letter included in your *Voting Pack*.

5.6 What happens if you don't return your Voting Form using the postage paid envelope?

We have discretion to accept completed **Voting Forms** which are not returned using the postage paid envelope – for example, if you send your completed **Voting Form** to our registered office. However, if you do this, your **Voting Form** may not get to the right team or be processed in time, which may mean that we are not able to take your views into account.

If you cannot vote online and lose your postage paid envelope, or need any help returning your **Voting Form** by the deadline, please get in touch with us on **1800 00 11 52** (or **00 353 1 429 3301** if you're calling from outside Ireland) between 8am and 6pm Monday to Friday (excluding bank holidays). You'll need your policy number(s) which you can find at the top of the letter included in your *Voting Pack*.

5.7 If you vote against the Irish Scheme and the offer is implemented, what will happen to your Eligible Policy?

If the vote passes at the *Policyholder Meeting*, we'll ask for the *Irish High Court's* approval of the *Irish Scheme*. If the *Irish High Court* approves it, and the *UK High Court* also approves the *UK Scheme*, the offer will be binding on all *Included Policyholders*, even if you vote against it or don't vote at all. Therefore, it is really important that you vote on the offer.

5.8 How will we work out the value of your vote?

The value of your vote for the purposes of the *Value Test* will be based on:

Policy type	Contingent Bonus Policy	Policy with a With Profits Investment
Endowment Policy	The Eligible Death Value of your Eligible Policies	The Eligible Cash In Value of your Eligible Policies, plus the sum of any future Eligible Payments due into your Eligible Policies (only if you're still making Eligible Payments)
Whole of Life Policy	The Eligible Death Value of your Eligible Policies	The Eligible Death Value of your Eligible Policies, plus the sum of any future Eligible Payments due into your Eligible Policies (only if you're still making Eligible Payments)
Pension Policy	n/a	The Eligible Transfer Value of your Eligible Policies, plus the sum of any future Eligible Payments due into your Eligible Policies (only if you're still making Eligible Payments)

Your *Voting Value* was calculated as at **31 March 2022**. We don't intend to recalculate your *Voting Value* before the *Policyholder Meeting*.

In the event an *Eligible Policyholder* votes and then their *Eligible Policy* is claimed (either on maturity, retirement, surrender, transfer or death) before the *Policyholder Meeting*, they will be removed from the final voting population provided the claim is made before the record date (6pm two business days prior to the *Policyholder Meeting*). The voting population and the overall value of all eligible votes cast will be updated to reflect just those *Eligible Policies* in force at the record date.



5.9 What happens if you have more than one Eligible Policy?

If you have multiple *Eligible Policies*, you’ll usually have one vote for the purpose of the *Number Test*.

The value of your vote for the purpose of the *Value Test* will be the total *Voting Value* of all of your *Eligible Policies*. You can find your *Voting Value* at the top of the **Voting Form** we’ve sent you.

However, the position is slightly different if you hold one or more *Eligible Policies* in your own name, and also hold one or more *Eligible Policies* jointly with someone else. If this applies to you, please see **Section 5.11**.

5.10 What happens if you hold an Eligible Policy jointly with someone else?

Some *Endowment Policies* or *Whole of Life Policies* are jointly owned by two *Eligible Policyholders*. If you own an *Eligible Policy* jointly with another person, you’ll both need to cast a single joint vote for your vote to count. We explain this more in the table below:

Address information	Voting by post	Voting online	Vote at the Policyholder Meeting
We hold a <u>single address</u> for the owners of the <i>Eligible Policy</i>	We’ve sent a single <i>Voting Pack</i> to the address we hold. This includes one <b>Voting Form</b> , which requires both owners of the <i>Eligible Policy</i> to sign for their vote to count.	Both owners of the <i>Eligible Policy</i> complete the online voting form together using their Security Code 1 & 2 shown on their <b>Voting Form</b> .  The owners of the <i>Eligible Policy</i> will be required to submit a declaration indicating that they both agree their voting instruction.	If they want to vote at the <i>Policyholder Meeting</i> , both owners of the <i>Eligible Policy</i> would need to attend the <i>Policyholder Meeting</i> in person or virtually.
We hold a <u>different address</u> for each owner of the <i>Eligible Policy</i>	We’ve sent a separate <i>Voting Pack</i> to each address. This includes a separate <b>Voting Form</b> showing a different Security Code 1 & 2 for each owner. Both forms must be returned and completed in the same way (i.e. both owners of the <i>Eligible Policy</i> must vote in the same way) for their vote to count.	Both owners of the <i>Eligible Policy</i> can complete the online voting form separately, each using their unique Security Code 1 & 2 shown on their individual <b>Voting Form</b> .  Both online forms must be completed in the same way (i.e. both owners of the <i>Eligible Policy</i> must vote in the same way) for their vote to count.	Both owners can appoint a <i>Proxy</i> to vote on their behalf in person at the <i>Policyholder Meeting</i> by both completing and signing the relevant section of their <b>Voting Form</b> .

5.11 What happens if you have an Eligible Policy which you hold in your own name and one which you hold jointly with someone else?

You’ll receive one **Voting Form** and one vote by number for all of the *Eligible Policies* which you hold in your own name. The total *Voting Value* of all of those *Eligible Policies* will be added together for the purposes of the *Value Test*. If you also hold an *Eligible Policy* jointly with someone else, you’ll receive a separate **Voting Form** and vote for those *Eligible Policies*.

Any *Eligible Policies* held jointly with someone else will be counted separately for the *Number Test* and the *Value Test*. **Section 5.10** explains how the vote will work for joint *Eligible Policyholders*.

5.12 What happens if you don’t complete the Voting Form properly?

If you don’t fill in the **Voting Form** correctly, either the independent voting registrar (*Civica Election Services*) or *Royal London Ireland* will try to contact you and ask you to confirm your decision. However, if that is not possible, your vote will not count if:

- (i) the **Voting Form** is unsigned, but the vote section is complete;
- (ii) the **Voting Form** is unsigned, and the vote section is incomplete;
- (iii) the **Voting Form** is signed but the vote section is incomplete;
- (iv) the **Voting Form** is signed but the *Eligible Policyholder* has ticked both boxes, to vote for and against the *Irish Scheme*;
- (v) the **Voting Form** is unsigned, and the *Eligible Policyholder* has ticked both boxes, to vote for and against the *Irish Scheme*; or
- (vi) for a jointly owned policy, only one of the *Eligible Policyholders* has signed the **Voting Form**.

The above is not a definitive list of reasons why a **Voting Form** might be rejected.



# 6. The Policyholder Meeting

This section explains what the *Policyholder Meeting* is and how to attend.

## 6.1 What is the Policyholder Meeting?

The *Policyholder Meeting* is where votes will be formally cast by *Eligible Policyholders* on the *Irish Scheme*. *Royal London Ireland's* Chief Executive Officer, Noel Freeley, will act as chairman of the *Policyholder Meeting* (or if he is unable to attend, an appropriate alternative will be appointed).

A similar meeting will be held in the UK where votes will be formally cast for the *UK Scheme*.

You or your *Proxy* can vote at the *Policyholder Meeting* in person. Alternatively, you can attend and vote at the *Policyholder Meeting* virtually. The *Policyholder Meeting* will also provide *Eligible Policyholders* with the opportunity to consider the *Irish Scheme* among themselves and with representatives of *Royal London Ireland*.

You don't need to attend the *Policyholder Meeting* in order to vote if you have already voted online beforehand or submitted your **Voting Form** by post. If you've voted online, or by post, then the chairman of the *Policyholder Meeting* will act as your *Proxy* and will vote on your behalf at the *Policyholder Meeting* in the way you indicated.

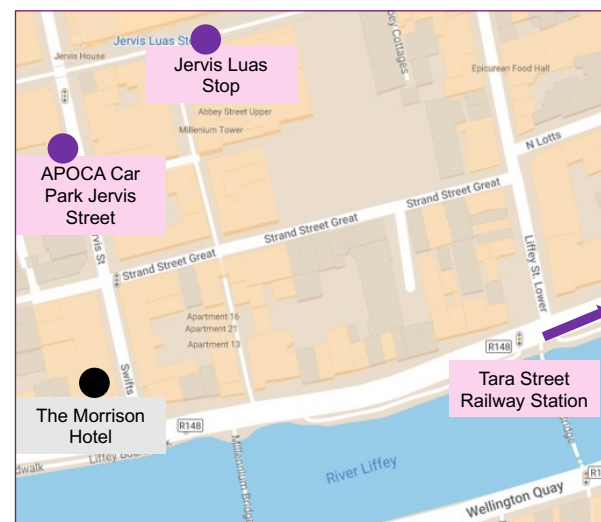
Alternatively, you can appoint someone else to act as your *Proxy* by providing their details and returning the **Voting Form** using the postage paid envelope or online by visiting [cesvotes.com/LiverIreland](https://cesvotes.com/LiverIreland). A *Proxy* can also be registered by bringing a validly completed **Voting Form** to the *Policyholder Meeting*. If you appoint someone other than the chairman of the *Policyholder Meeting*, you need to know that they'll attend the *Policyholder Meeting* in person. If neither you nor your *Proxy* attend in person and you haven't voted by post, online or virtually, your vote won't be cast.

## 6.2 When and where is the Policyholder Meeting?

The *Policyholder Meeting* will be held at The Morrison Hotel (a DoubleTree by Hilton), Ormond Quay Lower, Dublin 1, D01 K5X5 on **20 October 2022** at **11:00am**. In deciding where the *Policyholder Meeting* will be held, we have tried to find a location which would be convenient to the majority of *Eligible Policyholders*.

Alternatively, you can attend the *Policyholder Meeting* at [attend.cesjoinin.com/login](https://attend.cesjoinin.com/login)

To join the meeting, please enter the Meeting ID 30127, and your Security Code Part 1 & 2 shown on the first page of your letter.



## 6.3 What do you or your Proxy need to bring to the Policyholder Meeting?

If you're attending the *Policyholder Meeting* in person you should bring the **Attendance Card** included in your *Voting Pack*. If you've appointed a *Proxy* other than the chairman of the *Policyholder Meeting*, they must bring the *Attendance Card* and evidence of their identity such as their driving licence or passport. They must also bring the form appointing them as *Proxy* unless you have already returned it by post or appointed the *Proxy* online.

## 6.4 Has Royal London Ireland told all of the Eligible Policyholders about the Policyholder Meeting?

We've written to every *Eligible Policyholder* for whom we have an address held on our records. There are some *Eligible Policyholders* who we don't have an address for (for example because they have changed address and not told us). We've placed notices in a range of daily and Sunday newspapers to try to bring the *Irish Scheme* to their attention.

## 6.5 Who will manage the formal vote and the Policyholder Meeting?

We've appointed *Civica Election Services (CES)* as voting registrar. *CES* are an independent firm of registrars. They have a well-established history working as both independent scrutineers and independent assessors for a wide range of financial institutions and public companies.

All **Voting Forms** will be returned to them, and they'll manage the online voting. *CES* will also attend the *Policyholder Meeting* to ensure that the voting at the meeting is properly managed and will provide evidence to the *Irish High Court* about how the vote was carried out.

## 6.6 How can you or your Proxy vote at the Policyholder Meeting?

At the beginning of the *Policyholder Meeting*, the chairman of the *Policyholder Meeting* will explain how to vote and when the voting will close.

- If you or your *Proxy* are attending in person, you can vote at the *Policyholder Meeting* either by completing a paper voting form or using a smart phone. Our voting registrar (*CES*) will explain the voting process at the registration desk ahead of the meeting. They'll also issue you with a new paper voting form if you'd like to vote in this way.
- If you're attending virtually, then you'll be able to vote through the *CES* join in platform ([attend.cesjoinin.com/login](https://attend.cesjoinin.com/login)). We'll give detailed instructions of how to use this platform when you log in.

## 6.7 How can you or your Proxy ask a question at the Policyholder Meeting?

At the beginning of the *Policyholder Meeting*, the chairman of the *Policyholder Meeting* will explain how and when questions can be asked.

- If you or your *Proxy* are attending in person, you'll be able to raise your hand to ask a question to the panel.
- If you're attending virtually, then you'll be able to ask a question to the panel through webchat on the *CES* join in platform ([attend.cesjoinin.com/login](https://attend.cesjoinin.com/login)). We'll give detailed instructions of how to use the webchat on the platform when you log in.

## 6.8 Can you vote at the Policyholder Meeting if you have already voted online or by post?

Yes. If you vote at the *Policyholder Meeting*, it is that vote which will count.

## 6.9 When will the results of the vote at the Policyholder Meeting be announced?

After the *Policyholder Meeting*, *CES* will count up the votes that were made by post, online and at the *Policyholder Meeting*. The result will be announced shortly after the *Policyholder Meeting* on our website at [royallondon.ie/LiverIreland](https://royallondon.ie/LiverIreland)

# 7. The Sanction Hearing

This section gives more information about the *Sanction Hearing*, including when it is, how you can make your views known to the *Irish High Court*, and what will happen afterwards.

## 7.1 When is the Sanction Hearing?

If the votes on both the *Irish Scheme* and the *UK Scheme* are passed, we currently expect the *Sanction Hearing* to be held at the Irish High Court, Four Courts, Inns Quay, Dublin 7 on **23 November 2022**. We'll confirm the date of the *Sanction Hearing* on our website at [royallondon.ie/LiverIreland](https://royallondon.ie/LiverIreland), and through advertisements in national newspapers.

Around a week later, *Royal London UK* would also go to the High Court of Justice of England and Wales (the *UK High Court*) and ask for it to approve the *UK Scheme*.

## 7.2 Who can attend the Sanction Hearing?

All *Eligible Policyholders* and anyone else with an interest in the *Irish Scheme* can attend the *Sanction Hearing*.

If you wish to attend the *Sanction Hearing*, then please contact us to let us know, ideally before **9 November 2022**.

You can do this by writing to us at FAO Fund Consolidation Team, Royal London Insurance DAC, PO Box 12995, Dublin 2. Or you can call us on **1800 00 11 52** (or **00 353 1 429 3301** if you're calling from outside Ireland) between 8am and 6pm Monday to Friday (excluding bank holidays).

## 7.3 What happens if coronavirus restrictions stop me from attending the Sanction Hearing?

If at the time of the *Sanction Hearing* there are restrictions in Ireland on gatherings and movement of people, and *Eligible Policyholders* who would like to attend the *Sanction Hearing* aren't able to as a result, then we'd intend to put in place arrangements to allow you to participate virtually. These will need to be agreed with the *Irish High Court*, and we'll put them in place where it is reasonably practicable to do so. If required, we'll publish details of these arrangements on our website at [royallondon.ie/LiverIreland](https://royallondon.ie/LiverIreland)

## 7.4 How can you tell the Irish High Court what you think?

All *Eligible Policyholders* or anyone else with an interest in the *Irish Scheme* can ask to speak at the *Sanction Hearing*, either personally or via a representative. If there is an objection in relation to the fact that there is a single voting *Class*, the *Irish High Court* will expect the relevant individual to have good reasons why that objection was not made at the *Convening Hearing*.

You do not need to attend the *Sanction Hearing* to tell the *Irish High Court* what you think. If you wish to object to or make a comment on the *Irish Scheme*, then you can do. If you wish to do so, it would be helpful if you could contact us, ideally before **9 November 2022**. We'll pass all objections and comments we receive relating to the *Irish Scheme* to the *Irish High Court* at the *Sanction Hearing*.

You can write to us at FAO Fund Consolidation Team, Royal London Insurance DAC, PO Box 12995, Dublin 2. Or you can call us on **1800 00 11 52** (or **00 353 1 429 3301** if you're calling from outside Ireland) between 8am and 6pm Monday to Friday (excluding bank holidays).

## 7.5 When will you know what the Irish High Court's decision is?

We expect to hear the outcome shortly after the *Sanction Hearing*. Once we know the decisions of the *Irish High Court* and the *UK High Court*, we'll post them on our website at [royallondon.ie/LiverIreland](https://royallondon.ie/LiverIreland)

If the offer is implemented and your policy is an *Included Policy*, then we'll write to you early in **2023** to confirm the effect of the offer on your *Included Policy*.

## 7.6 What happens if the Irish Scheme isn't sanctioned by the Irish High Court and/or the UK Scheme isn't sanctioned by the UK High Court?

If the *Irish Scheme* isn't sanctioned by the *Irish High Court* and/or the *UK Scheme* isn't sanctioned by the *UK High Court*, then the changes proposed under the offer won't be implemented.

We'll confirm that on our website at [royallondon.ie/LiverIreland](https://royallondon.ie/LiverIreland)

You can also call us on **1800 00 11 52** (or **00 353 1 429 3301** if you're calling from outside Ireland between 8am and 6pm Monday to Friday (excluding bank holidays) to find out the outcome of the *Sanction Hearing*.

## 7.7 What happens if the Irish Scheme is sanctioned by the Irish High Court and the UK Scheme is sanctioned by the UK High Court?

If the *Irish Scheme* is sanctioned by the *Irish High Court* and the *UK Scheme* is also sanctioned by the *UK High Court*, we'll file a copy of the Irish Court Order with the Companies Registration Office and the terms of the *Irish Scheme* will become effective on the date on which it is filed.

## 7.8 Could the Irish High Court make any changes to the Irish Scheme after all the votes have been cast?

Your **Voting Form** asks whether or not you want the *Irish Scheme*, in its original form or with or subject to any modification(s), addition(s) or condition(s) approved or imposed by the *Irish High Court* to be approved.

If the *Irish High Court* considers approving or imposing any modifications, additions or conditions to the *Irish Scheme* at the *Sanction Hearing*, the *Irish High Court* may direct that the *Eligible Policyholders* should be asked to vote again on the amended *Irish Scheme* before it's implemented.

If further approval from *Eligible Policyholders* is needed and *Royal London Ireland* decides to proceed with the amended *Irish Scheme*, we'll write to you again to explain what you'd need to do.

## 7.9 If the offer goes ahead, when will the changes take effect?

On the day of the *Implementation Date*:

- **At 11:58pm:** the *Scheme Contribution* will be deducted from the *Estate* of the *Royal Liver Sub-Fund* and paid to the *Royal London Open Fund*; and
- **At 11:59pm:** the *Uplift* will be applied to the *Eligible Policy Value* of each *Included Policy*.

The payments being made into *Included Policies* won't be affected by the offer. However, we'll top up the *Eligible Policy Value* of *Included Policies* with *With Profits* investments by applying the same *Uplift* for any *Eligible Payments* made into *With Profits* investments after the offer is implemented, as and when they're made.



# 8. How the offer affects your tax position

We're asking you to make an important decision affecting your policy. This section sets out the changes the offer could make to your tax position. Please note that the information contained in your **Explanatory Booklet** is based on our understanding of tax law and pensions law at the date it is issued. Both of these may change in the future. If you live outside of Ireland, you should seek advice on your tax position.

## 8.1 Will the offer have an impact on your tax situation?

If your *Eligible Policy* is an *Endowment Policy* or a *Whole of Life Policy*, the offer will not impact the tax treatment of your *Eligible Policy* for Irish tax purposes.

If your *Eligible Policy* is a *Pension Policy*, the offer will change the value of your *Included Policy*. This may impact how the proceeds of your *Eligible Policy* are treated for Irish tax purposes. This will depend on your personal circumstances so it is important that you consider the impact of the changes if the *Irish Scheme* is implemented and whether you should take financial advice on them.

Further information is given below which explains the potential Irish tax implications on an *Included Policy* which is a *Pension Policy*.

## 8.2 Can you still take 25% of your retirement savings in tax-free cash?

Yes, when you make a claim on your *Pension Policy*, you will still be able to take 25% of your retirement savings in tax-free cash.

## 8.3 If the offer increases your Eligible Policy Value could this affect your contribution limit?

No, the increases to retirement savings that would happen if the offer goes ahead are not treated as contributions and so would not have an impact on your annual allowance. The contribution limit is the maximum amount that can be contributed to your retirement savings each year. The limit which applies to you depends on your age and is subject to a maximum limit.

## 8.4 If the offer goes ahead could you be affected by the lifetime limit on pension funds?

If the offer goes ahead, and the *Uplift* applied to your *Eligible Policy Value* takes the total amount of all of your retirement savings over the standard fund threshold (or your higher personal fund threshold, if applicable) at the time you take your retirement savings, then you would be charged extra tax for going over the lifetime allowance.

The standard fund threshold is currently €2,000,000. A higher threshold (known as the personal fund threshold) will apply instead of the standard fund threshold where an individual has received a personal fund threshold certificate from the Revenue Commissioners. The Standard Fund Threshold may be changed in the future.

The chargeable excess tax is subject to an upfront income tax charge of 40% under Case IV of Schedule D in the year of assessment in which the benefit crystallisation event giving rise to the chargeable excess occurs.

Should the value of all of your retirement savings (including your *Included Policy*) approach or exceed the standard fund threshold (or your higher personal fund threshold, if applicable) when totalled together or if you're in any doubt about how this may impact your particular circumstances then you should speak to a financial broker.

# 9. Changes to the With Profits Operating Principles of the Liver Ireland Sub-Fund

Our *With Profits Operating Principles (WPOP)* document describes how we manage our *With Profits Funds*. Your policy is covered by the *Liver Ireland Sub-Fund WPOP*.

We'll update this *WPOP* to reflect the changes described in your **Explanatory Booklet**.

The *WPOP* is a technical document. The terminology used below is explained in the glossary of the full *WPOP* document, rather than the glossary of this document. Please note, when we refer to the Royal London Main Fund below, this is another name for the *Royal London Open Fund*. The latest version of the *Liver Ireland Sub-Fund WPOP* can be found on our website at [royallondon.ie/LiverIreland](http://royallondon.ie/LiverIreland)

The table below summarises the key changes that will be made to each section of the *Liver Ireland Sub-Fund WPOP*. We won't know until close to the end of 2022 whether all of these changes will go ahead. This is because some of the changes are dependent on the outcome of the offer:

## 1. About this WPOP

- Additional wording will be added to explain that the assets and liabilities of the Royal Liver Sub-Fund have been consolidated into the Royal London Main Fund and that that Liver Ireland Sub-Fund policies are now reinsured back into the Royal London Main Fund. Note that the Royal London Main Fund is the same fund as the Royal London Open Fund.
- References to the Royal Liver Sub-Fund have been replaced with Royal London Main Fund.
- References to the Royal Liver PPFM have been replaced with Royal London PPFM.
- An explanation has been added to state that the Royal London PPFM should be read as also applying, indirectly, to the Liver Ireland Sub-Fund policies.

## 3. How do you decide the return on my policy?

- References to the Royal Liver PPFM have been replaced with Royal London PPFM.

## 4. What investments do you hold to back my policy?

- References to the Royal Liver Sub-Fund have been replaced with Royal London Main Fund.

## 5. How do you cushion my policy from the ups and downs of the stock market?

- References to the Royal Liver Sub-Fund have been replaced with Royal London Main Fund.

## 6. What affects my policy's bonuses?

- References to the Royal Liver Sub-Fund have been replaced with Royal London Main Fund.



<b>8. How do you decide bonuses?</b> <ul style="list-style-type: none"><li>References to the Royal Liver Sub-Fund have been replaced with Royal London Main Fund.</li></ul>
<b>9. What risks are there in investing in the Fund?</b> <ul style="list-style-type: none"><li>References to the Royal Liver Sub-Fund have been replaced with Royal London Main Fund.</li></ul>
<b>10. What is the Estate of the Royal Liver Sub-Fund and what is it used for?</b> <ul style="list-style-type: none"><li>This section will be split into two;</li><li><b>10. What was the Estate of the Royal Liver Sub-Fund and what was it used for?</b> This section will explain what the Estate of the Royal Liver Sub-Fund was; and</li><li><b>11. What is the Estate of the Royal London Main Fund and what is it used for?</b> This section will explain what the Estate of the Royal London Main Fund is.</li></ul>
<b>11. How do you decide how much I get if I cash in my policy early?</b> <ul style="list-style-type: none"><li>This section will be re-numbered as section 12.</li><li>References to the Royal Liver Sub-Fund have been replaced with Royal London Main Fund.</li><li>References to the Royal Liver PPFM have been replaced with Royal London PPFM.</li></ul>
<b>12. How can I find out more?</b> <ul style="list-style-type: none"><li>This section will be re-numbered as section 13.</li></ul>



# 10. Changes to the 2019 Transfer Scheme

In 2019, *Royal London UK* transferred the policies in the *Royal Liver Sub-Fund* originally sold in Ireland to *Royal London Ireland*. This was done so that *Royal London Ireland* could administer these policies following the withdrawal of the UK from the European Union.

This section explains the changes we'd make to the *2019 Transfer Scheme* only if the offer goes ahead.

## 10.1 What changes would be made to the 2019 Transfer Scheme?

We provided a summary of the key terms of the transfer when we wrote to you in 2018 about the transfer. If the offer goes ahead, the majority of the *2019 Transfer Scheme* will remain unchanged and applicable. However, we'd need to make some changes to the *2019 Transfer Scheme* to reflect the offer if it goes ahead, including the distribution of the *Estate* of the *Royal Liver Sub-Fund* and the *Royal Liver Sub-Fund* merging into the *Royal London Open Fund*.

The table below summarises the key changes that would be made to the *2019 Transfer Scheme* if the offer goes ahead:

<b>Removal of references to distributions from the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i>.</b> <ul style="list-style-type: none"><li>If the offer goes ahead, all of the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i> would be distributed. Therefore, the <i>2019 Transfer Scheme</i> would be updated to remove references to distributions from the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i>.</li></ul>
<b>Removal of references to the <i>Royal Liver Sub-Fund</i> and updates to the <i>Liver Reinsurance Agreement</i>.</b> <ul style="list-style-type: none"><li>If the offer goes ahead, the <i>Royal Liver Sub-Fund</i> will merge into the <i>Royal London Open Fund</i>. As a result, the <i>Liver Reinsurance Agreement</i> would be updated to remove references to the <i>Royal Liver Sub-Fund</i> and replace them with appropriate references to the <i>Royal London Open Fund</i>.</li></ul>
<b>Update references to the <i>Liver Ireland Sub-Fund WPOP</i></b> <ul style="list-style-type: none"><li>As part of the transfer, <i>Royal London Ireland</i> established the <i>Liver Ireland PPFM Guide</i> which detailed how the <i>Liver Ireland Sub-Fund</i> would be managed.</li><li>When the terms of the <i>2019 Transfer Scheme</i> were prepared, the regulations requiring a <i>With Profits Operating Principles (WPOP)</i> document to be produced had not been established.</li><li>However, the production of the <i>Liver Ireland Sub-Fund WPOP</i> now supersedes the <i>Liver Ireland PPFM Guide</i>. Therefore, the <i>2019 Transfer Scheme</i> would be updated to refer to the <i>Liver Ireland Sub-Fund WPOP</i> rather than the <i>Liver Ireland PPFM Guide</i>.</li></ul>
<b>Remove references to the <i>Liver Supervisory Committee</i></b> <ul style="list-style-type: none"><li>If the offer goes ahead, the <i>Royal Liver Sub-Fund</i> will merge into the <i>Royal London Open Fund</i>. As a result, the <i>Liver Supervisory Committee</i> will no longer be required.</li></ul>
<b>Clarify future approach to calculating per policy charges</b> <ul style="list-style-type: none"><li>If the offer goes ahead, the <i>2019 Transfer Scheme</i> will be updated to reflect the future approach to calculating per policy charges. When <i>Royal London UK</i> acquired <i>Royal Liver</i> in 2011, it was intended that the approach to calculating per policy charges would continue until such time as the <i>Royal Liver Sub-Fund</i> would be too small to manage effectively. The <i>2019 Transfer Scheme</i> would be updated to reflect that the current approach would continue until that time (<b>31 December 2039</b>) and to clarify the approach thereafter.</li></ul>

Update references to the *Royal London PPFM*

- The *Liver Reinsurance Arrangement* means that the management of the *Liver Ireland Sub-Fund* is currently linked with the management of the *Royal Liver Sub-Fund*. The way *Royal London UK* manage the *Royal Liver Sub-Fund* is described in its *Principles and Practices of Financial Management (PPFM)* document.
- If the offer goes ahead, the *Royal Liver Sub-Fund* will merge into the *Royal London Open Fund*.
- As a result, the *2019 Transfer Scheme* would be updated to refer to the *Royal London Open Fund PPFM* rather than the *Royal Liver Sub-Fund PPFM*. The *Royal London Open Fund PPFM* sets out the way that *Royal London UK* manages the *Royal London Open Fund*. If the offer goes ahead, the *Royal London Open Fund PPFM* will be updated appropriately to take account of the fact that the *Royal Liver Sub-Fund* has been merged with the *Royal London Open Fund*.

10.2 How do you get more information about the proposed changes to the 2019 Transfer Scheme?

You can obtain a copy of the proposed changes to the *2019 Transfer Scheme* from our website at [royallondon.ie/LiverIreland](http://royallondon.ie/LiverIreland) or by calling us on **1800 00 11 52** (or **00 353 1 429 3301** if you’re calling from outside Ireland) between 8am and 6pm Monday to Friday (excluding bank holidays). You’ll need your policy number(s) which you can find at the top of the letter included in your *Voting Pack*.

10.3 How will these proposed changes be implemented?

We’ve applied to the *UK High Court* to implement the changes to the *2019 Transfer Scheme*. Remember, this would only be done if the offer goes ahead. We currently expect the Court hearing to be held at the High Court of Justice of England and Wales, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL, United Kingdom on **5/6 December 2022**. We’ll confirm the date of the *UK High Court* hearing on our website at [royallondon.com/LiverUK](http://royallondon.com/LiverUK)

The application has been made to the *UK High Court* rather than the *Irish High Court* as it was the *UK High Court* who approved the *2019 Transfer Scheme*.

If you wish to make an objection or comment to the *UK High Court* about the changes to the *2019 Transfer Scheme*, then you can do so. We’ll make sure that any objections or comments that we’ve received are passed to the *UK High Court*. The *UK High Court* will also hear what anyone who wishes to attend the hearing has to say.

You can write to us at FAO Fund Consolidation Team, Royal London Insurance DAC, PO Box 12995, Dublin 2 or call us on **1800 00 11 52** (or **00 353 1 429 3301** if you’re calling from outside Ireland) between 8am and 6pm Monday to Friday (excluding bank holidays). You’ll need your policy number(s) which you can find at the top of the letter included in your *Voting Pack*.

10.4 How do you know that the proposed changes to the 2019 Transfer Scheme are fair?

The proposed changes to the *2019 Transfer Scheme* will only be made if the offer goes ahead.

The *Independent Expert* and the *Head of Actuarial Function* have reviewed the proposed changes to the *2019 Transfer Scheme* and believe they’re fair. You can find more details of their opinions on the proposed changes to the *2019 Transfer Scheme* in their full reports.

You can obtain a copy of their full reports from our website at [royallondon.ie/LiverIreland](http://royallondon.ie/LiverIreland) or by calling **1800 00 11 52** (or **00 353 1 429 3301** if you’re calling from outside Ireland between 8am and 6pm Monday to Friday (excluding bank holidays). You’ll need your policy number(s) which you can find at the top of the letter included in your *Voting Pack*.

Appendix 1

The Irish Scheme

This section sets out in full the *Irish Scheme*. This is a very important part of your **Explanatory Booklet** and you should read the full terms of the *Irish Scheme* carefully. The following section uses terminology that is defined in the *Irish Scheme* itself (page 34 onwards) rather than the Glossary of this booklet. A summary of the *Irish Scheme* is available to read on our website at [royallondon.ie/LiverIreland](http://royallondon.ie/LiverIreland)

THE HIGH COURT

2022 No. 112 COS  
(2022 No. 53 COM)

IN THE MATTER OF

THE COMPANIES ACT 2014 (AS AMENDED)

AND IN THE MATTER OF

A SCHEME OF ARRANGEMENT  
PURSUANT TO PART 9 OF THE  
COMPANIES ACT 2014

BETWEEN

ROYAL LONDON INSURANCE DAC

AND

THE INCLUDED RLI DAC LIVER  
POLICYHOLDERS (AS DEFINED IN  
THE SCHEME)

CONTENTS

INTRODUCTION

THE COMPROMISE

ONGOING RIGHTS AND MANAGEMENT

MISCELLANEOUS PROVISIONS

SCHEDULE – DEFINITIONS AND INTERPRETATION

INTRODUCTION

1. BACKGROUND

1.1 RLMIS (the parent company of RLI DAC) is undertaking a project to, inter alia, simplify its fund structure by combining and therefore reducing the number of separate closed funds (the “**Closed Funds**”) that it maintains (the “**Fund Consolidation Project**”). This Scheme is being proposed by RLI DAC as part of the Fund Consolidation Project.

1.2 RLI DAC is an Irish incorporated designated activity company. RLI DAC is authorised to carry on life insurance business in Ireland in classes I (Life assurance and contracts to pay annuities on human life, but excluding classes II and III), class III (Life assurance and contracts to pay annuities on human life, which are linked to investment funds), class IV (Permanent health insurance contracts) and class VII (Management of group pension funds) under the 2015 Regulations.

1.3 Business underwritten by Liver was transferred from Liver to RLMIS, on 1 July 2011 pursuant to the RLMIS IoT. All of the policies (and the assets and liabilities arising pursuant to the terms and conditions of those policies) transferred pursuant to the RLMIS IoT were allocated to the Liver Sub-Fund. The Liver Sub-Fund has been closed to new business since 1 July 2011.

1.4 On 7 February 2019, and as part of RLMIS’ preparation for the United Kingdom’s exit from the European Union, the RLI DAC Liver Policies were transferred to the Liver Ireland Sub-Fund of RLI DAC under the terms of the RLI DAC Part VII Transfer and reinsured back to the Liver Sub-Fund pursuant to the terms of the Liver Reinsurance Agreement.

1.5 Under the Liver Reinsurance Agreement, RLMIS, through the Liver Sub-Fund, reinsures the liabilities relating to the RLI DAC Liver Policies. The Liver Reinsurance Agreement was put in place between RLMIS and RLI DAC in order to, among other things, ensure the equitable distribution of the Liver Sub-Fund Estate as between those eligible policies allocated to RLMIS’ Liver Sub-Fund and RLI DAC’s Liver Ireland Sub-Fund. Policies allocated to the Liver Ireland Sub-Fund have no direct contractual rights, as against RLMIS, in respect of the distribution of amounts representing the Liver Sub-Fund Estate; however, RLI DAC has such a right pursuant to the Liver Reinsurance Agreement and that right inures for the benefit of RLI DAC Liver Policyholders.

1.6 This Scheme is being undertaken as a scheme of arrangement pursuant to Part 9 of the Companies Act and seeks to compromise the rights of certain policies of RLI DAC allocated to the Liver Ireland Sub-Fund which are eligible for distributions from the Liver Sub-Fund Estate (such policies being the Eligible RLI DAC Liver Policies).

1.7 Separately, it is intended that RLMIS will undertake the RLMIS Scheme in order to compromise the rights of Eligible RLMIS Liver Policies held by Eligible RLMIS Liver Policyholders which also have an entitlement to participate in distributions of the Liver Sub-Fund Estate. In particular, the Scheme Contribution to be deducted from the Liver Sub-Fund Estate pursuant to the RLMIS Scheme has been calculated in respect of both Eligible RLI DAC Liver Policyholders and Eligible RLMIS Liver Policyholders.

1.8 Paragraph 31.3 of the RLI DAC Part VII Transfer provides that RLMIS and RLI DAC shall consult with each other in relation to any proposed distributions of the Liver Sub-Fund Estate having regard to the interests and fair treatment of With-Profits Policies and Contingent Bonus Policies allocated to the Liver Ireland Sub-Fund and With-Profits Policies and Contingent Bonus Policies allocated to the Liver Sub-Fund. This Scheme and the RLMIS Scheme shall each be undertaken on terms such that the Eligible RLI DAC Liver Policyholders and the Eligible RLMIS Liver Policyholders shall be treated equivalently in respect of the distribution of the Liver Sub-Fund Estate.



1.9 This Scheme and the RLMIS Scheme are interconditional such that neither scheme may be implemented unless (i) this Scheme is sanctioned by the Court and (ii) the RLMIS Scheme is sanctioned by the UK High Court and following the sanction of the respective courts referred to in (i) and (ii) having been obtained, this Scheme and the RLMIS Scheme shall be implemented simultaneously on the Implementation Date in accordance with their respective terms.

1.10 RLI DAC and RLMIS have entered into an implementation deed (the “**Implementation Deed**”) pursuant to which they have each agreed to perform (or procure the performance of) all further acts and things as may be required by law or as the other may reasonably require, to implement and/or give effect to the Scheme and the RLMIS Scheme and the transactions contemplated by them. The obligations of RLMIS and RLI DAC pursuant to the Implementation Deed are conditional upon RLI DAC and RLMIS upon the implementation of this Scheme and the RLMIS Scheme. It is proposed that RLI DAC will provide its consent (on behalf of the Eligible RLI DAC Liver Policyholders) within the Implementation Deed to the deduction of the Scheme Contribution from the Liver Sub-Fund Estate pursuant to the RLMIS Scheme.

1.11 Upon implementation of this Scheme and the RLMIS Scheme, the Liver Sub-Fund will be merged into the Royal London Open Fund. The merger of the Liver Sub-Fund into the Royal London Open Fund will be undertaken in accordance with the terms of the RLMIS IoT.

1.12 If this Scheme and the RLMIS Scheme are implemented, then RLMIS and RLI DAC intend to make certain amendments to the Liver Reinsurance Agreement, to reflect the distribution of the Liver Sub-Fund Estate pursuant to this Scheme and the RLMIS Scheme.

**2. THE PROPOSALS TO ELIGIBLE RLI DAC LIVER POLICYHOLDERS**

2.1 RLI DAC is offering each Eligible RLI DAC Liver Policyholder an Uplift to their Eligible Benefits by way of an acceleration of the distribution of the Liver Sub Fund Estate (less the Scheme Contribution) and (in respect of any Eligible RLI DAC Liver Policy which is a With-Profits Policy) to increase (by the Percentage Increase) any Premium Amounts paid in respect of Eligible Contractual Regular Premiums on or after the Implementation Date.

2.2 Any additional amounts payable to an Eligible RLI DAC Liver Policyholder by RLI DAC in accordance with paragraph 2.1 above will constitute a reinsured liability, subject to the terms of the Liver Reinsurance Agreement.

2.3 If this Scheme becomes effective in accordance with its terms (and in particular subject to the condition in paragraph 12.1):

- 2.3.1 the Liver Sub-Fund Estate shall be reduced by the amount of:
- (a) the payment of the Scheme Contribution to the Royal London Open Fund;

(b) the Uplift applied by RLI DAC to the Eligible Benefits in respect of each Included RLI DAC Liver Policy;

(c) the RLMIS Uplift applied by RLMIS to RLMIS Eligible Benefits in respect of each Included RLMIS Liver Policy;

2.3.2 all the Included RLI DAC Liver Policies allocated to the Liver Ireland Sub-Fund immediately prior to the Implementation Date shall remain allocated to the Liver Ireland Sub-Fund; and

2.3.3 the Royal London Open Fund shall assume the reinsurance obligations set out in, and subject to the terms of, the Liver Reinsurance Agreement.

2.4 RLI DAC proposes that:

2.4.1 in consideration of the Royal London Open Fund assuming the Capital Requirements, the Closed Fund Contribution (which forms part of the Scheme Contribution) shall, on and with effect from the Scheme Contribution Date, be debited from the Liver Sub-Fund and credited to the Royal London Open Fund pursuant to the RLMIS Scheme;

2.4.2 the Project Costs Allowance (which forms part of the Scheme Contribution) shall, on and with effect from the Scheme Contribution Date, be debited from the Liver Sub-Fund and credited to the Royal London Open Fund pursuant to the RLMIS Scheme and the Royal London Open Fund shall, on and with effect from the Scheme Contribution Date pursuant to and in accordance with paragraph 8, assume any and all liability for Project Costs and the Eligible Benefits of the Included RLI DAC Liver Policies shall have no further liability for Project Costs;

2.4.3 the Payment Uplift Contribution (which forms part of the Scheme Contribution) shall, on and with effect from the Scheme Contribution Date, be debited from the Liver Sub-Fund and credited to the Royal London Open Fund pursuant to the RLMIS Scheme;

2.4.4 RLI DAC shall provide its consent to the RLMIS Scheme within the Implementation Deed and in accordance with the terms of paragraph 4.1 of this Scheme; and

2.4.5 RLI DAC shall, in respect of each Eligible Contractual Regular Premium, on each Premium Date increase the Premium Amount by the Percentage Increase and apply the Premium Amount (as so increased) to the relevant Asset Share of an Included RLI DAC Liver Policy which is a With-Profits Policy pursuant to and in accordance with paragraph 5.3.

**3. INTERPRETATION**

Save as otherwise provided, definitions and other provisions relating to interpretation of this Scheme are set out in the Schedule.

**THE COMPROMISE**

**4. THE COMPROMISE**

4.1 RLI DAC shall consent to the implementation of the RLMIS Scheme in accordance with the terms of the Implementation Deed so that on and with effect from the Scheme Contribution Date, the following actions shall be each undertaken pursuant to the RLMIS Scheme:

- 4.1.1 the Liver Sub-Fund Estate shall be debited with the full amount of the Scheme Contribution; and
- 4.1.2 the full amount of the Scheme Contribution shall be credited to the Royal London Open Fund,

so that upon implementation of the RLMIS Scheme, the liability for the Scheme Contribution shall notwithstanding any term and condition of an Included RLI DAC Liver Policy or any provision of any other document (including the RLMIS Scheme, the RLMIS IoT, the RLI DAC Part VII Transfer, the WPOP and the Liver Sub-Fund PPFM) to the contrary be allocated to, and assets equal to such liability shall be deducted from, the Liver Sub-Fund Estate and credited to the Royal London Open Fund.

4.2 On and with effect from the Implementation Date and in accordance with the Scheme:

4.2.1 the Liver Sub-Fund Estate shall be debited with the aggregate of the Uplift Amounts and each Uplift Amount shall be applied by RLI DAC to the Eligible Benefits in respect of each Included RLI DAC Liver Policy in accordance with paragraphs 5.1 and 5.2;

4.2.2 in respect of any Eligible Contractual Regular Premium, on each Premium Date, RLI DAC shall increase the Premium Amount by the Percentage Increase, and the Premium Amount, as so increased, shall be applied to the Asset Share of the relevant Included RLI DAC Liver Policy on the relevant Premium Date in accordance with paragraph 5.3;

and in order to give effect to paragraph 4.2.1, the liability for the aggregate of the Uplift Amounts shall in accordance with the terms and conditions of the Included RLI DAC Liver Policies be borne by RLI DAC and allocated to the Liver Ireland Sub-Fund, and assets equal to such liability shall pursuant to the RLMIS Scheme be deducted from, the Liver Sub-Fund Estate and credited to the Royal London Open Fund to meet any reinsured liability of RLMIS to RLI DAC pursuant to the Liver Reinsurance Agreement,

(the compromise set out in paragraphs 4.1 and 4.2 being the “**Compromise**”).

**5. THE UPLIFT AND INCREASES TO THE PREMIUM AMOUNTS**

5.1 On and with effect from the Implementation Date, RLI DAC shall apply the Uplift to each Included RLI DAC Liver Policy by increasing the Eligible Benefits attributable to that Policy as at the Implementation Date by the Uplift Amount, calculated in accordance with paragraph 5.2.

5.2 The Uplift Amount in respect of an Included RLI DAC Liver Policy shall be calculated as the value of that Included RLI DAC Liver Policy’s Eligible Benefits as at the Implementation Date multiplied by the Percentage Increase, and for the purposes of such calculation, the Uplift Amount shall be rounded to the nearest cent, with such rounding applied on the basis that amounts of 0.5 cents or more shall be rounded upward to the nearest cent and any amounts less than 0.5 cents rounded downward to the nearest cent.

5.3 On and with effect from the Implementation Date, on each Premium Date, RLI DAC shall increase the Premium Amount by the Percentage Increase, and the Premium Amount, as so increased, shall be applied and allocated to the relevant Included RLI DAC Liver Policy’s Asset Share as at the relevant Premium Date. For the purposes of the calculation of any such increase to the Premium Amount, such increase shall be rounded to the nearest cent with such rounding applied on the basis that amounts of 0.5 cents or more shall be rounded upward to the nearest cent and any amounts less than 0.5 cents rounded downward to the nearest cent.

5.4 For the avoidance of doubt:

- 5.4.1 the application of paragraph 5.3 shall not result in any increase in the amount of Eligible Contractual Regular Premium payable under a relevant Included RLI DAC Liver Policy; and
- 5.4.2 the Liver Ireland Sub-Fund shall assume liability for any Percentage Increase in respect of any Premium Amount applied pursuant to paragraph 5.3.

**6. NO RE-ALLOCATION**

All of the Included RLI DAC Policies (including all assets, liabilities, rights, powers and benefits relating thereto) allocated to the Liver Ireland Sub-Fund immediately prior to the Implementation Date shall remain allocated to the Liver Ireland Sub-Fund upon the implementation of this Scheme on the Implementation Date.

**ONGOING RIGHTS AND MANAGEMENT**

**7. MANAGEMENT OF INCLUDED RLI DAC LIVER POLICIES**

7.1 On and with effect from the Implementation Date:

7.1.1 the Liver Ireland Sub-Fund shall retain all liability and responsibility to the Eligible RLI DAC Liver Policyholders for the Cost of Smoothing in relation to the Included RLI DAC Liver Policies which are With-Profits Policies;

7.1.2 Smoothing of pay-outs in respect of With-Profits Policies in the Liver Ireland Sub-Fund (including, for the avoidance of doubt, the Included RLI DAC Liver Policies which are With-Profits Policies) shall be calculated and applied in accordance with the WPOP; and

7.1.3 RLI DAC:

(a) shall continue to have recourse to all management actions with respect to the Included RLI DAC Liver Policies that it considers appropriate (acting reasonably and in good faith) in order to facilitate the effective management of the RLI DAC Liver Sub-Fund; and

(b) without prejudice to paragraph 7.1.3(a), may make changes in respect of exceptional events to the Eligible Benefits of the Included RLI DAC Liver Policies in accordance with Schedule 4 – Part 3 of the Amended RLI DAC Part VII Transfer,

provided that RLI DAC shall not take any management action (including that referred to at paragraph (b)) to reduce the Eligible Benefits of the Included RLI DAC Liver Policies nor make any change to the WPOP in relation to the determination of benefits payable under the Included RLI DAC Liver Policies unless (i) the Head of Actuarial Function and (ii) the RLI DAC Board is satisfied that such action is fair and reasonable taking into account the advice of the Head of Actuarial Function, the rationale for this Scheme and for the calculation of the Closed Fund Contribution and the associated representations made by RLI DAC in respect of this Scheme to Included RLI DAC Liver Policyholders.

7.2 For a period of 12 months following the Implementation Date, Smoothing shall not apply to any Uplift Amount.

**8. PROJECT COSTS**

8.1 On and with effect from the Implementation Date:

8.1.1 the Royal London Open Fund shall assume any and all liability for Project Costs (whether incurred before, on or after the Implementation Date); and

8.1.2 the Included RLI DAC Liver Policies (in respect of their Eligible Benefits or otherwise) shall have no further liability for Project Costs.

**9. RIGHTS TO OPEN FUND ESTATE**

9.1 On and with effect from the Implementation Date, the Included RLI DAC Liver Policyholders shall have no interest, entitlement, right or expectation to any distributions from the Open Fund Estate.



MISCELLANEOUS PROVISIONS

10. MODIFICATIONS, AMENDMENTS OR ADDITIONS

10.1 RLI DAC may consent for and on behalf of itself and all other persons concerned (other than the Regulator) to any modification of or addition to this Scheme or to any further condition or provision affecting the same which, prior to the sanction of this Scheme, the Court may approve or impose (for the avoidance of doubt, without prejudice to the position which the Regulator may take in relation to any such modification or addition).

10.2 The consent of the Court shall not be required in relation to clerical and/or typographical amendments to the terms of this Scheme (including amendments to correct manifest errors), which may be approved by the RLI DAC Board upon:

10.2.1 RLI DAC having consulted with the RLMIS Board a reasonable period in advance of the implementation of the proposed amendment to the Scheme and taken into account the reasonable comments of the RLMIS Board with respect to the proposed amendment; and

10.2.2 the RLI DAC Board having taken account of advice from the Head of Actuarial Function;

provided that the Regulator has been notified of the terms of the amendment proposed at least 60 days in advance of the amendment being made and have not objected thereto (unless the Regulator has confirmed its non-objection prior to that date).

11. EFFECTIVE DATE OF THE SCHEME

11.1 RLI DAC may, in its absolute discretion, withdraw this Scheme at any time prior to its sanction by the Court.

11.2 This Scheme shall become effective when a copy of the Court Order has been delivered for registration to the Registrar of Companies in accordance with section 454(1) of the Companies Act.

12. IMPLEMENTATION OF THIS SCHEME

12.1 Save as expressly stated otherwise, the Compromise and other provisions of this Scheme shall apply on and from the Implementation Date subject to:

12.1.1 this Scheme having been sanctioned by the Court; and

12.1.2 the RLMIS Scheme having been sanctioned by the UK High Court.

12.2 The Implementation Date shall be 23:59:01 on 31 December 2022 (or such later date and time specified by RLI DAC being no later than the date referred to in paragraph 12.3) (the “**Implementation Date**”) and provided that, if the equivalent Implementation Date of the RLMIS Scheme is delayed for any reason pursuant to paragraph 12.2 thereof, the Implementation Date for the purposes of this Scheme shall occur on the same date and time as (and for the avoidance of doubt, shall occur no earlier than) the equivalent Implementation Date of the RLMIS Scheme. If the Implementation Date for the purposes of this Scheme is to be delayed from 23:59:01 on 31 December 2022 pursuant to this paragraph 12.2, RLI DAC shall notify the Regulator and comply with its requirements, if any, as to notification of Included RLI DAC Liver Policyholders of the delay.

12.3 Unless the Implementation Date shall have occurred on or before 23:59:00 on 31 March 2023, this Scheme shall lapse and none of its terms shall apply.

13. CONFLICTS

In the event of any conflict between the provisions of this Scheme and the RLMIS IoT, the provisions of this Scheme shall prevail.

14. GOVERNING LAW

14.1 This Scheme shall be governed by, and construed in accordance with, Irish law. Subject to paragraph 14.2, the Included RLI DAC Liver Policyholders agree that the Court shall have exclusive jurisdiction to hear and determine any Proceedings and to settle any dispute which may arise out of or in connection with this Scheme and any documents sent to or any communications with any of the Included RLI DAC Liver Policyholders in relation to:

14.1.1 the Compromise between RLI DAC and the Included RLI DAC Liver Policyholders to be implemented pursuant to this Scheme; and

14.1.2 any action taken or omitted to be taken under this Scheme or the administration of this Scheme,

and for such purposes the Included RLI DAC Liver Policyholders irrevocably submit to the jurisdiction of the Court provided however that nothing in this paragraph 14 shall affect the validity of any provisions determining governing law and/or jurisdiction between RLI DAC and any of the Included RLI DAC Liver Policyholders whether or not contained in any Policy.

14.2 Nothing in this Scheme shall limit or otherwise affect any rights which any person (including any Included RLI DAC Liver Policyholder) may have to refer any complaint to the Financial Services and Pension Ombudsman or any jurisdiction which the Financial Services and Pension Ombudsman may have to consider and determine any such complaint or any complaint currently with the Financial Services and Pension Ombudsman. Accordingly, and without prejudice to the generality of the foregoing, Included RLI DAC Liver Policyholders shall be entitled to submit any complaint to the Financial Services and Pension Ombudsman regarding the application of this Scheme by RLI DAC (including any action taken or determination made by RLI DAC pursuant to this Scheme) which falls within the jurisdiction of the Financial Services and Pension Ombudsman.

SCHEDULE – DEFINITIONS AND INTERPRETATION

1. DEFINITIONS

In this Scheme, unless the context otherwise requires or otherwise expressly provides, the following terms bear the following meanings:

“ <b>2015 Regulations</b> ”	means the European Union (Insurance and Reinsurance) Regulations 2015;
“ <b>Amended RLI DAC Part VII Transfer</b> ”	means the amended version of the RLI DAC Part VII Transfer which shall be effective from 23.59.02 on the Implementation Date;
“ <b>Asset Share(s)</b> ”	in relation to an Eligible RLI DAC Liver Policy which is a With-Profits Policy, means (in respect of that Policy’s With-Profits Benefits) a retrospective accumulation, at the rates of investment return earned on the assets backing such Asset Share, of the premiums paid under the Policy less the costs and charges attributable to the Policy and allowance for Taxation, enhancements and deductions as determined by the RLI DAC Board in a manner consistent with the terms of the Amended RLI DAC Part VII Transfer Scheme. Such an Asset Share may be an estimate of the Asset Share of the relevant With-Profits Policy derived from the Asset Share of one or more specimen With-Profits Policies, which have been selected to represent a group of the With-Profits Policies. References to Asset Share shall also include, where appropriate, references to an alternative measure of benefits as permitted by the provisions of paragraph 9 of the Core Principles of Financial Management contained in schedule 3 of the Amended Part VII Transfer Scheme;
“ <b>Calculation Date</b> ”	means 31 March 2022;
“ <b>Capital Requirements</b> ”	means the capital required to be held by RLMIS from time to time in respect of the business allocated or reassured to the Liver Sub-Fund immediately prior to the Implementation Date and in accordance with the UK Solvency II Requirements;
“ <b>CB Claim Value</b> ”	in relation to an Eligible RLI DAC Liver Policy which is a Contingent Bonus Policy, means the total value of any guaranteed benefits together with any attaching contingent bonuses allocated to such Policy;
“ <b>Closed Fund Contribution</b> ”	means the amount of STG £43,240,000 (forty-three million two hundred and forty thousand pounds Sterling) which, as a component of the overall Scheme Contribution, is to be debited from the Liver Sub-Fund Estate and credited to the Royal London Open Fund pursuant to the RLMIS Scheme;
" <b>Closed Funds</b> "	has the meaning given to it at paragraph 1.1;
“ <b>COBS</b> ”	means the Conduct of Business Sourcebook issued by the FCA and forming part of the FCA Rules;
“ <b>Companies Act</b> ”	means the Companies Act 2014 (as amended);
“ <b>Compromise</b> ”	has the meaning given to it in paragraph 4.2;
“ <b>Contingent Bonus Policy</b> ”	means a non-profit Policy under which the holder has eligibility to participate in discretionary distributions from the Liver Sub-Fund Estate, payable by the addition of final bonuses to such Policy, as documented in the RLMIS IoT and the Liver Sub-Fund PPFM and provided for in paragraph 31.1 of the RLI DAC Part VII Transfer Scheme;
“ <b>Cost of Smoothing</b> ”	means any additional liability that arises as a result of Smoothing;
“ <b>Court</b> ”	means the High Court of Ireland;
“ <b>Court Order</b> ”	means an order made by the Court sanctioning this Scheme (including any subsequent order);
“ <b>Cut-off Date</b> ”	means 23:59:00 on 31 December 2021;
“ <b>Eligible Benefits</b> ”	means: (a) in respect of an Eligible RLI DAC Liver Policy which is a With-Profits Policy, such Policy’s Asset Share as at the Implementation Date which shall (i) include any regular premium paid in accordance with the terms of the Eligible RLI DAC Liver Policy following the Cut-Off Date and prior to the Implementation Date and (ii) disregard any additional premium paid or top-ups, increments or switches made after the Cut-Off Date or in respect of any period after the Cut-Off Date; and (b) in respect of an Eligible RLI DAC Liver Policy which is a Contingent Bonus Policy, such Policy’s CB Claim Value as at the Implementation Date;
“ <b>Eligible Contractual Regular Premiums</b> ”	means any regular premium due and paid on or after the Implementation Date pursuant to the terms and conditions of an Included RLI DAC Liver Policy which is a With-Profits Policy, and excluding; (a) any additional premium paid, or top-ups, increments or switches made, after the Cut-Off Date or in respect of any period after the Cut-Off Date; and (b) any premium paid in respect of any unit-linked or other benefit that does not relate to With-Profits Benefits;

<b>“Eligible RLI DAC Liver Policy”</b>	means a With-Profits Policy or a Contingent Bonus Policy allocated to the Liver Ireland Sub-Fund which is not an Excluded Policy and: (a) which will not have reached its scheduled maturity prior to the Reference Date; (b) which has not been claimed in full (or come into payment in full) on maturity, retirement, surrender, transfer or death (in each case in accordance with the terms of the Policy) as at the Calculation Date or as at the date of the Policyholder Meeting; and (c) in respect of which the Eligible RLI DAC Liver Policyholder has not (in accordance with the terms of the Policy) ceased to be entitled to receive benefits as at the Calculation Date or as at the date of the Policyholder Meeting, and excluding, for the avoidance of doubt, any policy allocated to the Liver Sub-Fund;
<b>“Eligible RLI DAC Liver Policyholders”</b>	means any person who is the legal holder of an Eligible RLI DAC Liver Policy as at the Calculation Date;
<b>“Eligible RLMIS Liver Policy”</b>	shall have the meaning given to it in the RLMIS Scheme;
<b>“Eligible RLMIS Liver Policyholders”</b>	shall have the meaning given to it in the RLMIS Scheme;
<b>“Encumbrance”</b>	means any mortgage, charge, pledge, security assignment, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, any other encumbrance or security interest of any kind and any other type of preferential arrangement (including title transfer and retention agreements) having a similar effect;
<b>“Excluded Policy”</b>	means: (a) a With-Profits Policy allocated to the Liver Ireland Sub-Fund immediately prior to the Calculation Date in respect of which, based on RLI DAC’s best estimate assumptions applied as at the Calculation Date, the projected value of the benefits payable under the With-Profits Policy as at the expected date of claim is not expected to be increased by the application of the Uplift and, if applicable, the increase in the Premium Amounts under this Scheme; and (b) any other Policy allocated to the Liver Ireland Sub-Fund which is not an Eligible RLI DAC Liver Policy;
<b>“FCA”</b>	means the Financial Conduct Authority, or such other governmental, statutory or other authority as shall from time to time carry out such functions in relation to long-term insurance business carried on in the United Kingdom as were at the date of this Scheme allocated to the Financial Conduct Authority under FSMA;
<b>“FCA Rules”</b>	means the rules and guidance contained in the FCA Handbook of Rules and Guidance;
<b>“FSMA”</b>	means the Financial Services and Markets Act 2000 of the United Kingdom;
<b>“Fund Consolidation Project”</b>	has the meaning given to it in paragraph 1.1;
<b>“Head of Actuarial Function”</b>	means the head of actuarial function of RLI DAC appointed in accordance with the “Domestic Actuarial Regime and Related Governance Requirements” issued by the Central Bank of Ireland;
<b>“Implementation Date”</b>	has the meaning given to it in paragraph 12.2;
<b>“Implementation Deed”</b>	has the meaning given to it in paragraph 1.10;
<b>“Included RLI DAC Liver Policy”</b>	means an Eligible RLI DAC Liver Policy; (a) which has not been claimed in full (or come into payment in full) on maturity, retirement, surrender, transfer or death (in each case in accordance with the terms of the Policy); and (b) in respect of which the Eligible RLI DAC Liver Policyholder has not (in accordance with the terms of the Policy) ceased to be entitled to receive benefits; in each case as at the Reference Date;
<b>“Included RLI DAC Liver Policyholder”</b>	means any person who is the legal holder of an Included RLI DAC Liver Policy as at the Reference Date;
<b>“Included RLMIS Liver Policy”</b>	has the meaning given to it in the RLMIS Scheme;
<b>“Liver”</b>	means Royal Liver Assurance Limited, a friendly society originally incorporated under the Friendly Societies Act, 1992 of the United Kingdom which had its registered office at Royal Liver Building, Pier Head, Liverpool L3 1HT and which was an original party to the RLMIS IoT and which was dissolved on 6 March 2012;
<b>“Liver Ireland Sub-Fund”</b>	means the with-profits sub-fund of RLI DAC bearing the name “Liver Ireland Sub-Fund”;

<b>“Liver Reinsurance Agreement”</b>	means the reinsurance agreement entered into between RLMIS (as reinsurer) and RLI DAC (as cedant) dated 6 February 2019 (with an effective date of 1 January 2019) in relation to the 100% quota share reinsurance by RLMIS of the RLI DAC Liver Policies, and as amended from time to time;
<b>“Liver Sub-Fund”</b>	means the with-profits sub-fund of RLMIS established pursuant to the RLMIS IoT in connection with the transfer of the business of Liver to RLMIS and bearing the name “Royal Liver Sub-Fund”;
<b>“Liver Sub-Fund Estate”</b>	means an amount representing the total realistic value of the aggregate of the assets within the Liver Sub-Fund less the total realistic value of the aggregate of the liabilities of the Liver Sub-Fund and excluding any surplus in respect of any employee pension schemes allocated to the Liver Sub-Fund;
<b>“Liver Sub-Fund PPFM”</b>	means the Principles and Practices of Financial Management of the Liver Sub-Fund, dated October 2020;
<b>“Open Fund Estate”</b>	means the excess of the assets realistically required to meet the current expectations of policyholders with policies allocated to the Royal London Open Fund and to settle other liabilities relating to each class of business allocated to the Royal London Open Fund;
<b>“Payment Uplift Contribution”</b>	means the amount of STG £3,300,000.00 (three million three hundred thousand pounds Sterling), which, as a component of the overall Scheme Contribution, is to be debited from the Liver Sub-Fund Estate and credited to the Royal London Open Fund pursuant to the RLMIS Scheme;
<b>“Percentage Increase”</b>	means 23.1 per cent;
<b>“Policy”</b>	means a contract of life insurance or a contract effected to provide pension (including an annuity), lump sum, gratuity or other like benefit given or to be given on or in relation to retirement, death or by virtue of a pension sharing order or provision, underwritten by (i) RLMIS and allocated to the Liver Sub-Fund (whether originally written by, or transferred to, RLMIS) or (ii) RLI DAC and allocated to the Liver Ireland Sub-Fund (as appropriate) and as amended from time to time;
<b>“Policyholder”</b>	means the holder of a Policy;
<b>“Policyholder Meeting”</b>	means the meeting of Eligible RLI DAC Liver Policyholders convened by the Court for the purpose of considering and, if thought fit, approving, this Scheme;
<b>“PPFM”</b>	means the principles and practices of financial management document prepared and maintained by RLMIS from time to time in respect of, inter alia, the Royal London Open Fund as required by COBS 20.3.1R;
<b>“PRA”</b>	means the Prudential Regulation Authority or such other governmental, statutory or other authority as shall from time to time carry out such functions in relation to providers of long-term insurance business carried on in the United Kingdom as were at the date of this Scheme allocated to the Prudential Regulation Authority under FSMA;
<b>“PRA Rulebook”</b>	means the rules and guidance contained in the rulebook issued by the PRA;
<b>“Premium Amount”</b>	means the amount of any Eligible Contractual Regular Premium;
<b>“Premium Date”</b>	means any date on or after the Implementation Date upon which any Eligible Contractual Regular Premium is paid;
<b>“Proceedings”</b>	means any action or other legal or administrative proceedings or step (whether direct or indirect, by way of a claim, demand, legal proceedings, execution of judgment, arbitration, complaint or otherwise) including arbitration, mediation, adjudication, any other dispute resolution procedure (whether or not it involves submission to any court), any judicial, quasi-judicial, administrative or regulatory review or process or any complaint or claim to any court, authority or ombudsman, including the Financial Services and Pension Ombudsman, or other proceedings for the resolution of a dispute or claim, in each case whether current, future, pending, threatened or otherwise (including those not yet in contemplation);
<b>“Project Costs”</b>	means the costs, expenses and liabilities (actual or best estimated) in respect of, inter alia, actuarial, legal, communications and project management costs and regulatory fees incurred or to be incurred in respect of the Fund Consolidation Project and certain product changes applicable to the Closed Funds;
<b>“Project Costs Allowance”</b>	means the amount of STG £7,200,000 (seven million two hundred thousand pounds Sterling), being the portion of the Project Costs, including an amount in consideration of the assumption by the Royal London Open Fund of liability pursuant to paragraph 8.1.1, which as a component of the overall Scheme Contribution, is to be debited from the Liver Sub-Fund Estate and credited to the Royal London Open Fund pursuant to the RLMIS Scheme;
<b>“Reference Date”</b>	means 23:59:00 on 31 December 2022;
<b>“Registrar of Companies”</b>	means the Registrar of Companies in Ireland;
<b>“Regulator”</b>	means the Central Bank of Ireland;
<b>“RLI DAC”</b>	means Royal London Insurance D.A.C, a designated activity company registered in Ireland with number 630146, whose registered office is at 47-49 St. Stephen’s Green, Dublin 2 Ireland;



“RLI DAC Board”	means the board of directors of RLI DAC or any duly constituted committee or representative thereof;
“RLI DAC Liver Policies”	means those Policies allocated to the Liver Ireland Sub-Fund at the Calculation Date;
“RLI DAC Liver Policyholders”	means the holders of RLI DAC Liver Policies;
“RLI DAC Part VII Transfer”	means the scheme of transfer pursuant to Part VII of the Financial Services and Markets Act 2000, between RLMIS and RLI DAC which took effect on 1 January 2019 and, for the avoidance of doubt, disregarding any amendments made to the terms of that scheme of transfer proposed to be made by way of separate application in conjunction with this Scheme;
“RLMIS”	means The Royal London Mutual Insurance Society Limited, a company limited by guarantee and not having a share capital and incorporated in England and Wales with registered number 99064, whose registered office is at 55 Gracechurch Street, London EC3V 0RL;
“RLMIS Eligible Benefits”	has the meaning given to the term “Eligible Benefits” in the RLMIS Scheme;
“RLMIS IoT”	means the instrument of transfer under the Friendly Societies Act 1992 between Liver and RLMIS with an effective date of 1 July 2011 (as amended and restated with effect from 7 February 2019 and as further amended and restated with effect from 23:59:02 on the Implementation Date), pursuant to which all of the long-term business of Liver was transferred to RLMIS;
“RLMIS Scheme”	means the scheme of arrangement to be made pursuant to Part 26 of the UK Companies Act 2006 in the UK High Court by RLMIS in respect of Eligible RLMIS Liver Policies allocated to the Liver Sub-Fund on or around the date of this Scheme with or subject to any modification, amendment or addition made in accordance with its terms;
“RLMIS Uplift”	means the increase to the RLMIS Eligible Benefits of each Included RLMIS Liver Policy in the Liver Sub-Fund calculated in respect of and allocated to each Included RLMIS Liver Policy in accordance with the RLMIS Scheme;
“Royal London Open Fund”	means the with-profits fund of Royal London that bears the name “Royal London Open Fund”;
“Scheme”	means this scheme of arrangement made pursuant to Part 9 of the Companies Act with or subject to any modification, amendment or addition made in accordance with its terms;
“Scheme Contribution”	means the aggregate of the Closed Fund Contribution, the Project Costs Allowance and the Payment Uplift Contribution;
“Scheme Contribution Date”	means 23:58:00 on the day on which the Implementation Date occurs;
“Smoothing”	means the mechanism by which surpluses are distributed fairly and smoothly amongst With-Profits Policies from one period to the next, as applied in accordance with the WPOP and the PPFM;
“UK High Court”	means the High Court of Justice in England and Wales;
“UK Solvency II”	means Directive 2009/138/EC of the European Parliament and the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance as enacted in the law of the United Kingdom by the European Union (Withdrawal Agreement) Act 2020 and subordinate legislation;
“UK Solvency II Requirements”	means UK Solvency II and any legislation, regulation, decision, order, decree, determination, award, standard, guidance or rule which implements, gives effect to or is made pursuant to UK Solvency II including the PRA Rulebook or any such other legislation or enactment as shall from time to time enact the same provisions as any of the foregoing in the United Kingdom;
“Uplift”	means the increase to the Eligible Benefits of each Included RLI DAC Liver Policy calculated, in respect of each Included RLI DAC Liver Policy, in accordance with paragraph 5.2 and allocated to each Included RLI DAC Liver Policy pursuant to paragraph 5.1;
“Uplift Amount”	means, in respect of an Included RLI DAC Liver Policy, the amount of the Uplift;
“With-Profits Benefits”	in respect of a With-Profits Policy, means that part of such Policy which confers an entitlement to participate in discretionary distributions from a with-profits fund;
“With-Profits Policy”	means a Policy (or part thereof) which is not a Contingent Bonus Policy which entitles the holder to participate in discretionary distributions based on profits arising from the Liver Ireland Sub-Fund’s business and distributions from the Liver Sub-Fund Estate, payable by the addition of bonuses to the Policy; and
“WPOP”	means the With-Profits and Operating Principles of the Liver Ireland Sub-Fund prepared by RLI DAC in accordance with the “Domestic Actuarial Regime and Related Governance Requirements under Solvency II” issued by the Central Bank of Ireland.

2. INTERPRETATION

In this Scheme and its Schedule, unless the context otherwise requires or otherwise expressly provides:

- 2.1 “**asset**” includes assets, loans, real property, cash, Encumbrances, causes of actions, rights and powers of every description (whether present or future, actual or contingent), including income or interest accrued but unpaid, and includes property held on trust and securities, benefits, powers of any description and any interest whatsoever in any of the foregoing;
- 2.2 any reference to “including” or “includes” means “including without limitation” or “includes without limitation” (as the case may be);
- 2.3 any reference to the singular shall include a reference to the plural and vice versa and any reference to the masculine shall include a reference to the feminine and neuter and vice versa;
- 2.4 any reference to an enactment, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, statutory provision or subordinate legislation as amended, replaced or re-enacted from time to time whether before or after the Implementation Date (as applicable) and to any instrument or order made whether before or after the Implementation Date (as applicable) under such enactment, statutory provision or subordinated legislation;
- 2.5 any reference to any rules or regulations issued by the Regulator shall be deemed to include a reference to such rules or regulations as amended, replaced or re-enacted from time to time whether before or after the Implementation Date (as applicable);
- 2.6 any reference to this Scheme shall include the Schedule to it and, unless otherwise specified, references to paragraphs, Parts or the Schedule are to paragraphs, Parts or Schedule to this Scheme;
- 2.7 any reference to (or to any specified provision of) this Scheme shall be construed as a reference to this Scheme (or that provision) as in force for the time being and as modified in accordance with the terms of this Scheme;
- 2.8 any reference to a calculation, decision, determination or opinion of any of the RLI DAC Board (or any similar expression) shall be deemed to include a calculation, decision, determination or opinion of a duly constituted committee or duly authorised representative of the RLI DAC Board;
- 2.9 if a period of time is specified from a given day or date or from the day or date of an actual event, it shall be calculated exclusive of that day or date;
- 2.10 any reference to a time shall be construed as a reference to that time according to GMT or (if applicable) BST;
- 2.11 the expression “**variation**” shall include any variation, supplement, deletion, replacement or termination, however effected;
- 2.12 headings are inserted for convenience only and shall not affect the interpretation of this Scheme;
- 2.13 any reference to a person shall include a reference to an individual, firm, partnership (whether or not having separate legal personality), company, body corporate, an unincorporated association or body of persons, or to a person’s executors or administrators, and for the avoidance of doubt, shall include a trustee;
- 2.14 any reference to writing shall include any modes of reproducing words in a legible and non-transitory form; and
- 2.15 any reference to an amount shall be exclusive of any applicable value added or other tax.

End.

# Appendix 2

## Summary of the *Independent Expert's Report*

The following summary of the *Independent Expert's Report* uses terminology that is defined in the *Independent Expert's Report* rather than the Glossary of this booklet. **Section 3** of this booklet explains how you can access a copy of the *Independent Expert's* full report.

### MY ROLE AS THE INDEPENDENT EXPERT

- 1.1** There is no requirement in law to appoint an independent expert to report on a scheme of arrangement. However, RLI DAC has chosen to appoint an independent expert to consider the Liver Ireland Scheme and to:
- Assist policyholders in forming a view on the Scheme when deciding how they should vote;
  - Assist the regulators in their assessment of the Scheme; and
  - Assist the Irish High Court in its assessment of the terms of Scheme.
- 1.2** RLI DAC has appointed me, Michael Culligan, a Principal with Milliman Limited ('Milliman'), to perform the role of independent expert in relation to the proposed Liver Ireland Scheme ('Independent Expert').
- 1.3** I am a Fellow of the Society of Actuaries in Ireland ('SAI') and have over 30 years' experience in the Irish life insurance industry. I have served as the Head of Actuarial Function (and, previously, the Appointed Actuary) to a number of Irish insurers. I have also previously fulfilled the role of Independent Actuary on a number of occasions in relation to transfers of insurance business that required the approval of the Irish High Court.
- 1.4** In relation to my independence:
- I am not a member of RLMIS;
  - I do not have any policies with RLI DAC, RLMIS, or any affiliated companies; and,
  - I am not a member of a pension scheme administered by RLI DAC, RLMIS or any affiliated companies.

### THIS REPORT

- 1.5** I have produced a report, as Independent Expert, on the Liver Ireland Scheme (the 'Main Report'). My Main Report will be presented to the Irish High Court and will be made available to policyholders and others via the RLI DAC website.
- 1.6** This report is a summary of my Main Report ('Summary Report'). It contains various technical terms which I need to use in assessing the proposed Scheme. Those terms are written in bold font when first used in this Report and are also defined in the glossary in Appendix B of my Main Report.
- 1.7** The purpose of this Summary Report is to provide an overview of my views on the proposed Liver Ireland Scheme and its likely effect on, and fairness to, all RLI DAC policyholders (including, but not limited to, the RLI DAC policyholders with policies whose benefits are reinsured into the Liver Fund).
- 1.8** In assessing the impact of the implementation of the proposed Liver Ireland Scheme on the policyholders of RLI DAC, and whether those policyholders would be treated fairly and reasonably if the proposed Scheme were to be implemented, I have developed a number of criteria against which I assess the terms and conduct of the Liver Ireland Scheme, and the fairness and reasonableness of any proposed product changes that may apply.

- 1.9** My Main Report sets out my analysis of the Liver Ireland Scheme in detail. I will produce a further report (my 'Supplementary Report') prior to the Sanction Hearing which will update the conclusions in my Main Report in light of updated financial information and any other new or updated information available at the time.

### SUMMARY OF THE IMPACT OF THE PROPOSED UK LIVER FUND CONSOLIDATION ON RLI DAC

- 1.10** If both schemes are approved they will take effect on the 'Implementation Date' (expected to be 31 December 2022 but which can be delayed by RLMIS to no later than 31 March 2023) and will apply to eligible policyholders whose eligible policies remain in-force on the Implementation Date. In the case of the Liver Ireland Scheme, these policyholders are referred to as 'Ireland Included Policyholders', and their policies that are within the scope of the Schemes are referred to as 'Ireland Included Policies'.
- 1.11** In summary, the proposals with respect to RLI DAC in relation to the Liver Ireland Business are as follows:
- The Liver Ireland Sub-Fund will be retained.
  - The Liver Ireland Business would continue to be fully reinsured to RLMIS, with the cover provided by the RL Open Fund rather than the Liver Fund. The reinsurance would continue to support the capital requirements of the Liver Ireland Sub-Fund in line with the internal capital management framework. The reinsurance would continue to be supported by collateral, provided by the RL Open Fund, and the collateral terms would be largely unchanged.
  - RLI DAC will make an offer to eligible Liver Ireland Business policyholders whereby, in return for agreeing that an amount would be deducted from the estate of the Liver Fund (the 'Scheme Contribution') and paid to the RL Open Fund, they would receive an immediate one-off percentage increase of 23.1% to their prospective benefits.
  - The eligible Liver Ireland Business policies would benefit from the distribution of the Liver Fund Estate in the same way as the eligible UK Liver policyholders (in keeping with the principle of both being treated the same).
  - There would be no change to the bonus setting arrangements, including the ability to apply management actions, currently in operation (although there would be no further estate distributions).
- 1.12** More details on the proposed Scheme are provided in sections 5 and 6 of my Main Report.

### MY APPROACH TO ASSESSING THE PROPOSED SCHEME

- 1.13** In section 8 of my Main Report, I set out the approach I take in assessing the proposed Scheme.
- 1.14** The purpose of my assessment is to form an opinion on whether the policyholders of RLI DAC are being treated fairly and reasonably as a result of the implementation of the Liver Ireland Scheme.
- 1.15** In assessing the proposed Scheme, I have considered the extent to which the Scheme meets a series of tests which I have adopted and which I term 'Fairness Tests'. Those tests cover the following topics:
- Security of policyholders' benefits;
  - Policyholder outcomes;
  - Adverse scenarios;
  - Policyholder communications
  - Policyholder vote; and,
  - Fair conduct.



**1.16** The details of the Fairness Tests are set out in section 8 of my Main Report.

**1.17** I consider the implications of the proposed Scheme separately for the following groups:

- Ireland Included Policyholders who would remain as policyholders of the Liver Ireland Sub-Fund if the Scheme is implemented;
- Policyholders of the Liver Ireland Sub-Fund who are not Ireland Included Policyholders; and,
- Policyholders of the other funds of RLI DAC, namely the RLI DAC Open Fund and the RLI DAC German Bond Sub-Fund.

**1.18** My assessment of the Scheme against each of the Fairness Tests is set out in sections 9 to 14 of my Main Report.

**MY CONCLUSIONS**

**1.19** In summary, I am satisfied that the implementation of the proposed Scheme would not have a material adverse effect on RLI DAC policyholders with regard to:

- the security of their guaranteed benefits;
- their reasonable benefit expectations; and
- their servicing, administration, management and governance arrangements.

**1.20** I am further satisfied that:

- The Scheme would remain fair and reasonable under a range of circumstances and scenarios.
- The information that has been or is to be provided to RLI DAC policyholders in respect of the Scheme is clear, concise, and of an appropriate level of detail, and will have been provided to RLI DAC policyholders with sufficient time for them to assess the proposals and make an informed decision regarding the vote.
- The proposal to include uncontactable policyholders within the scope of the Scheme is appropriate.
- The proposed approach to the policyholder vote is fair and reasonable.
- In respect of the following areas the conduct of RLI DAC in respect of the proposed Liver Ireland Scheme is fair and reasonable to all RLI DAC policyholders:
  - The approach to eligibility for the Offer.
  - The approach to the allocation of the costs of the Scheme and the wider Legacy Simplification Project.
  - The treatment of uncontactable policyholders.
  - The compulsion of non-respondents and those who vote against the Offer.

**1.21** I am therefore satisfied that the requirements of the Fairness Tests set out above have been met.

**Michael Culligan**  
19 May 2022

# Appendix 3

**Summary of the *Head of Actuarial Function’s* Report**

The following summary of the *Head of Actuarial Function’s* Report uses terminology that is defined in the *Head of Actuarial Function’s* Report rather than the Glossary of this booklet.

I am a Fellow of the Society of Actuaries in Ireland and in my role as Head of Actuarial Function, I am responsible for the actuarial function of RLI DAC. This involves ensuring that the risks that RLI DAC is exposed to are understood and monitored on a regular basis to ensure RLI DAC is able to meet its liabilities to policyholders and rules set by our regulators.

In addition, I have a professional and regulatory responsibility to consider the interests of policyholders, with specific reporting responsibilities in respect of the fair treatment of with-profits policyholders in RLI DAC. This responsibility covers all policyholders including those not directly impacted by the Irish Scheme.

Having considered the impact of the Irish Scheme on the holders of Liver Ireland Eligible policies, Liver Ireland Non-Eligible policies and Non-Liver Ireland policies, I am satisfied that:

- As it is proposed under the Irish Scheme that the LRA (albeit amended) remains in place:
  - the implementation of the Schemes does not have a material adverse effect on the security of benefits payable to Liver Ireland Policyholders;
  - the implementation of the Schemes does not have a material adverse effect on the financial benefit expectations of Liver Ireland Policyholders;
  - the implementation of the Schemes does not have a material adverse effect on the servicing and governance expectations of the Liver Ireland Policyholders;
  - the Scheme Terms have been set in such a way that supports fair outcomes for the Liver Ireland Policyholders;
  - the Scheme Terms have been executed in a way that continues to ensure fair outcomes for the Liver Ireland Policyholders (i.e. Scheme Conduct).
- If the Liver Reinsurance Agreement (LRA) were to cease at some future date:
  - I believe that there would potentially be a materially adverse impact on the benefit security of *Liver Ireland Policyholders* post-*Schemes* versus pre-*Schemes*. Nonetheless, as it is very unlikely that the LRA would be terminated, I am comfortable that the *Schemes* do not have a material adverse impact on the security of the benefits of the *Liver Ireland Policyholders*.
  - I am satisfied that there would not be a material adverse effect on the financial benefit expectations of *Liver Ireland Policyholders*;
  - I am satisfied that there would not be a material adverse effect on the servicing and governance expectations of the *Liver Ireland Policyholders*;
  - I am satisfied that the *Scheme* Terms have been set in such a way that supports fair outcomes for the *Liver Ireland Policyholders*;
  - I am satisfied that the *Scheme* Terms have been executed in a way that continues to ensure fair outcomes for the *Liver Ireland Policyholders* (i.e. *Scheme* Conduct).

Accordingly, I am supportive of the Irish Scheme being put forward to Eligible Policyholders in its current form.

**Ciara Regan**  
Head of Actuarial Function, RLI DAC

19 May 2022

# Appendix 4

## Glossary

Term	Definition
<b>2019 Transfer Scheme</b>	The document that transferred policies from <i>Royal London UK</i> to <i>Royal London Ireland</i> , and which took effect on <b>7 February 2019</b> .
<b>Actuary</b>	Someone who uses mathematical skills to measure risk and estimate its financial impact. The Society of Actuaries in Ireland is the professional body representing the actuarial profession in Ireland. Its website contains more information about the role of Actuaries (see <a href="http://web.actuaries.ie">web.actuaries.ie</a> ).
<b>Calculation Date</b>	<b>31 March 2022</b>
<b>Central Bank of Ireland</b>	Ireland’s central bank and the country’s regulator responsible for the regulation of insurers, like <i>Royal London Ireland</i> and other financial services firms. The Central Bank of Ireland’s mission is to serve the public interest by maintaining monetary and financial stability while ensuring the financial system operates in the best interests of consumers and the wider economy.
<b>Civica Election Services (CES)</b>	Civica Election Services have been appointed as the voting registrar. All <b>Voting Forms</b> will be returned to them, and they'll manage the online voting. They will also attend the <i>Policyholder Meeting</i> to ensure that the voting at the meeting is properly managed and will provide evidence to the <i>Irish High Court</i> about how the vote was carried out.
<b>Class</b>	The group of <i>Eligible Policyholders</i> who vote together on the <i>Irish Scheme</i> .
<b>Closed Fund Contribution</b>	Part of the <i>Scheme Contribution</i> will cover the cost to the <i>Royal London Open Fund</i> of taking on responsibility for holding enough money in its <i>Estate</i> to protect the <i>Included Policies</i> against future risks and to meet regulatory rules.
<b>Contingent Bonus Policy</b>	A policy designed to help you save for the future or help cover expenses when the <i>Life Covered</i> dies. Your <i>Policy Value</i> increases whenever some of the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i> is distributed. There is a <i>Guaranteed Minimum Amount</i> the policy will pay out in return for the payments you agree to make.
<b>Convening Hearing</b>	The Court hearing where the <i>Irish High Court</i> was asked to approve the convening of the <i>Policyholder Meeting</i> .
<b>Eligible Cash In Value</b>	The part of your <i>Cash In Value</i> which is based on your <i>Eligible Policy Value</i> .
<b>Eligible Death Value</b>	The part of your <i>Death Value</i> which is based on your <i>Eligible Policy Value</i> .
<b>Eligible Payments</b>	<i>Eligible Payments</i> are any payments made into your <i>With Profits</i> investment that aren’t <i>Non-Eligible Payments</i> .
<b>Eligible Policy</b>	A policy with a <i>With Profits</i> investment or a <i>Contingent Bonus Policy</i> allocated to the <i>Liver Ireland Sub-Fund</i> : (a) which is entitled to receive distributions from the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i> ; (b) which is not an <i>Excluded Policy</i> ; (c) which will not have reached its scheduled maturity date prior to <b>11:59pm on 31 December 2022</b> ; (d) which has not been claimed in full (or come into payment in full) on maturity, retirement, surrender, transfer or death (in each case in accordance with the terms of the policy) as at the <i>Calculation Date</i> or as at the date of the <i>Policyholder Meeting</i> ; and (e) in respect of which the <i>Eligible Policyholder</i> has not (in accordance with the terms of the policy) ceased to be entitled to receive benefits as at the <i>Calculation Date</i> or as at the date of the <i>Policyholder Meeting</i> .

<b>Eligible Policy Value</b>	Your <i>Policy Value</i> allowing only for <i>Eligible Payments</i> . If the offer goes ahead, we'll apply the <i>Uplift</i> to your <i>Eligible Policy Value</i> .
<b>Eligible Policyholder</b>	The legal owner of the <i>Eligible Policy</i> .
<b>Eligible Transfer Value</b>	The part of your <i>Transfer Value</i> which is based on your <i>Eligible Policy Value</i> .
<b>Endowment Policy</b>	A policy that pays out at the end of a set period of time or on the death of the <i>Life Covered</i> if earlier.
<b>Estate</b>	A pot of money which is held back in a <i>With Profits</i> Fund to protect policies against future risks and to meet regulatory rules.
<b>Excluded Policy</b>	A policy with a <i>With Profits</i> investment allocated to the <i>Liver Ireland Sub-Fund</i> immediately prior to the <i>Calculation Date</i> in respect of which, based on <i>Royal London Ireland</i> ’s best estimate assumptions applied as at the <i>Calculation Date</i> , the projected value of the benefits payable under the policy as at the expected date of claim is not expected to be increased by the application of the <i>Uplift</i> and the same percentage increase for <i>Eligible Payments</i> (if applicable) under the offer. You might hear the <i>Excluded Policies</i> referred to as ‘Heavily in the Money (HITM)’ policies.
<b>Fairness Test</b>	The tests developed by the <i>Independent Expert</i> for the purposes of assessing the fairness of the <i>Irish Scheme</i> .
<b>Final Bonus</b>	We aim to add a Final Bonus to your policy if your <i>Policy Value</i> is higher than your <i>Guaranteed Minimum Amount</i> when your policy is claimed.
<b>Guaranteed Minimum Amount</b>	The minimum amount that your <i>Contingent Bonus Policy</i> or <i>With Profits</i> investment will pay out as long as you’ve made the payments you agreed to make.
<b>Head of Actuarial Function</b>	The <i>Actuary</i> responsible for the work of the actuarial function with respect to the financial position of <i>Royal London Ireland</i> , supporting the <i>Royal London Ireland Board</i> in managing the risks associated with its funds, and considering the fairness for all of <i>Royal London Ireland</i> ’s policyholders.
<b>Implementation Date</b>	This is the date on which the offer will be implemented, if the votes are passed and legal approval is given. We currently expect the Implementation Date to be <b>11:59pm on 31 December 2022</b> .
<b>Included Policy</b>	An <i>Eligible Policy</i> allocated to the <i>Liver Ireland Sub-Fund</i> : (a) which has not been claimed in full (or come into payment in full) on maturity, retirement, surrender, transfer or death (in each case in accordance with the terms of the <i>Eligible Policy</i> ); and (b) in respect of which the <i>Eligible Policyholder</i> has not (in accordance with the terms of the <i>Eligible Policy</i> ) ceased to be entitled to receive benefits; in each case as at <b>11:59pm on 31 December 2022</b> .
<b>Included Policyholder</b>	A person who is a legal owner of an <i>Included Policy</i> and therefore a creditor for the purposes of the Irish Companies Act 2014.
<b>Independent Expert</b>	An experienced senior <i>Actuary</i> who will independently consider the fairness of the proposed changes impacting policyholders. For the <i>Irish Scheme</i> , the Independent Expert will review the fairness of the <i>Irish Scheme</i> and provide a report to the <i>Irish High Court</i> . The Independent Expert has a duty to the <i>Irish High Court</i> and does not work for <i>Royal London Ireland</i> .
<b>Irish High Court</b>	The Irish High Court, which will consider and, if thought fit, approve the <i>Irish Scheme</i> .
<b>Irish Scheme</b>	The separate <i>Scheme of Arrangement</i> that <i>Royal London Ireland</i> is seeking to use to implement its part of the offer.
<b>Life Covered</b>	The person or people on whose life a life insurance policy is based.
<b>Liver Ireland Sub-Fund</b>	A closed <i>With Profits</i> Fund. The Liver Ireland Sub-Fund is part of <i>Royal London Ireland</i> .



<b>Liver Reinsurance Agreement</b>	<p>A legal contract between <i>Royal London UK</i> and <i>Royal London Ireland</i> established in 2019 when <i>Royal London UK</i> transferred certain policies originally sold in Ireland from the <i>Royal Liver Sub-Fund</i> to the <i>Liver Ireland Sub-Fund</i>. The <i>Liver Ireland Sub-Fund</i> is managed by <i>Royal London Ireland</i>.</p> <p>Under the Liver Reinsurance Agreement, the policies which transferred to the <i>Liver Ireland Sub-Fund</i> are reinsured by <i>Royal London UK</i>. The current position is that the <i>Royal Liver Sub-Fund</i> covers reinsurance claims made by <i>Royal London Ireland</i> to meet claims made by policyholders whose policies transferred to the <i>Liver Ireland Sub-Fund</i>.</p>
<b>Liver Supervisory Committee</b>	A committee charged with considering the interests of all holders of policies in the <i>Royal Liver Sub-Fund</i> and <i>Liver Ireland Sub-Fund</i> . It exercises independent judgement when advising the <i>Royal London Ireland Board</i> on how to treat these policyholders fairly.
<b>Milliman</b>	An international actuarial and consulting firm. Milliman is among the world’s largest providers of actuarial and related products and services.
<b>Mutual Organisation</b>	A company which doesn’t have shareholders – its members are some of its customers. The profits of a Mutual Organisation may be shared amongst its policyholders and its members or used to give better returns or lower charges.
<b>Non-Eligible Payments</b>	Non-Eligible Payments are any payments that are made into your <i>With Profits</i> investment after <b>31 December 2021</b> and that are in excess of the level of payments that were due to be made into your <i>With Profits</i> investment at that date.
<b>Number Test</b>	One of the tests that must be passed in order for the <i>Irish Scheme</i> to be implemented. The Number Test is passed if more than half of the <i>Eligible Policyholders</i> who vote on the <i>Irish Scheme</i> vote in favour of the <i>Irish Scheme</i> .
<b>Payment Uplift Contribution</b>	Part of the <i>Scheme Contribution</i> will help cover the cost to the <i>Royal London Open Fund</i> of topping up the <i>Eligible Policy Values</i> by applying the <i>Uplift</i> for any <i>Eligible Payments</i> invested in <i>With Profits</i> after the <i>Implementation Date</i> .
<b>Pension Policy</b>	A policy used to build up retirement savings. You can normally choose to take your retirement savings any time after your 60th birthday.
<b>Policy Value</b>	<p>Your <i>Contingent Bonus Policy</i> or <i>With Profits</i> investment has an underlying value which we call your Policy Value and which we use to determine how much to pay out when your policy is claimed. Your Policy Value can change over time.</p> <p>The way we calculate your Policy Value, and what can cause it to go up and down, depends on whether you have a <i>Contingent Bonus Policy</i> or a policy with a <i>With Profits</i> investment. Your Policy Value, as referred to in this information pack, doesn’t include the value of any Unit Linked investments you might have.</p>
<b>Policyholder Meeting</b>	The meeting of <i>Eligible Policyholders</i> convened by the <i>Irish High Court</i> to consider and, if thought fit, to approve the <i>Irish Scheme</i> .
<b>Principles and Practices of Financial Management (PPFM)</b>	A document maintained by an insurer which describes how a <i>With Profits Fund</i> is managed in the UK.
<b>Project Costs Allowance</b>	The offer is part of a wider series of changes we plan to make over the next few years. Part of the <i>Scheme Contribution</i> covers the <i>Royal Liver Sub-Fund</i> ’s share of the cost of implementing these changes.
<b>Proxy</b>	A Proxy is someone appointed by you to vote in person at the <i>Policyholder Meeting</i> if you don’t want to attend the meeting yourself in person or virtually. Your Proxy votes on your behalf, in the way you’ve indicated on your <b>Voting Form</b> . The chairman of the <i>Policyholder Meeting</i> will act as your Proxy if you don’t want to appoint anyone else.
<b>Regulator</b>	The <i>Central Bank of Ireland (CBI)</i> .
<b>Royal Liver</b>	Royal Liver Assurance Limited, which was dissolved on 6 March 2012 and whose registered office was at the Royal Liver Building, Pier Head, Liverpool L3 1HT.

<b>Royal Liver Sub-Fund</b>	This is one of <i>Royal London UK</i> ’s closed <i>With Profits Funds</i> .
<b>Royal London Ireland</b>	Royal London Insurance DAC. A wholly owned subsidiary of <i>Royal London UK</i> , registered in Ireland.
<b>Royal London Ireland Board</b>	The board of directors of <i>Royal London Ireland</i> .
<b>Royal London Open Fund</b>	<i>Royal London UK</i> ’s largest <i>With Profits Fund</i> . This fund is still open to new policies.
<b>Royal London UK</b>	The Royal London Mutual Insurance Society Limited.
<b>Sanction Hearing</b>	The <i>Irish High Court</i> hearing where the <i>Irish High Court</i> will consider whether to sanction the <i>Irish Scheme</i> . We expect our Sanction Hearing to take place on <b>23 November 2022</b> .
<b>Scheme Contribution</b>	If the offer goes ahead, the <i>Royal London Open Fund</i> will take on responsibility for holding back enough money to protect policies like yours against future risks. In exchange for this, and to help cover costs associated with the offer, including the amount used to apply the <i>Uplift</i> to future <i>Eligible Payments</i> , a payment will be taken from the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i> and paid to the <i>Royal London Open Fund</i> . We call this payment the Scheme Contribution. The Scheme Contribution is made up of the <i>Closed Fund Contribution</i> , the <i>Project Costs Allowance</i> and the <i>Payment Uplift Contribution</i> .
<b>Scheme of Arrangement</b>	A legal process which allows a company like <i>Royal London Ireland</i> to enter into a compromise or arrangement with some or all of its creditors (in this case, the <i>Included Policyholders</i> ) to change legal rights under an existing agreement with those creditors.
<b>UK High Court</b>	The High Court of Justice of England and Wales, which will consider and, if thought fit, approve the <i>UK Scheme</i> .
<b>UK Scheme</b>	The separate <i>Scheme of Arrangement</i> that <i>Royal London UK</i> is seeking to use to implement its part of the offer.
<b>Uplift</b>	<p>If the offer goes ahead, we’ll increase your <i>Eligible Policy Value</i> by an Uplift of 23.116481% When we refer to the Uplift in this booklet, we refer to that figure rounded to the nearest 0.1%. This is 23.1%.</p> <p>If you have a <i>With Profits</i> investment, we’d also top up your <i>Eligible Policy Value</i> by applying the same Uplift percentage for any <i>Eligible Payments</i> you make into your <i>Eligible Policy Value</i> after the offer is implemented, as and when you make them. The amount you pay into your policy won’t be affected by the offer.</p>
<b>Value Test</b>	One of the tests that must be passed in order for the <i>Irish Scheme</i> to be implemented. The Value Test is passed if those <i>Eligible Policyholders</i> voting in favour of the <i>Irish Scheme</i> represent three quarters or more of the total <i>Voting Value</i> .
<b>Voting Pack</b>	The information pack that we’ve sent you and also made available at <b>royallondon.ie/LiverIreland</b>
<b>Voting Value</b>	The value of your vote for the purpose of the <i>Value Test</i> .
<b>Whole of Life Policy</b>	A policy that pays out a lump sum when the <i>Life Covered</i> dies.
<b>With Profits</b>	An investment designed to help you save for the future or help cover expenses when the <i>Life Covered</i> dies. The underlying value of your investment (your <i>Policy Value</i> ) changes with ups and downs in investment markets and other factors. However, there is a <i>Guaranteed Minimum Amount</i> the investment will pay out in return for the payments you agreed to make, no matter what investment markets do.
<b>With Profits Fund</b>	A fund that contains policies with a <i>With Profits</i> investment.
<b>With Profits Operating Principles (WPOP)</b>	A document maintained by an insurer which describes how a <i>With Profits Fund</i> is managed in Ireland.

**We're happy to provide your documents in a different format, such as Braille,  
large print or audio – just ask us by calling 1 800 00 11 52  
(or 00 353 1 429 3301 if you're calling from outside Ireland).**



**Royal London Insurance DAC**  
PO Box 12995, Dublin 2  
**royallondon.ie**

Royal London Insurance DAC is regulated by the Central Bank of Ireland. It is registered in Ireland, number 630146, at 47-49 St Stephen's Green, Dublin 2.  
Royal London Insurance DAC is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited which is registered in England, number 99064,  
at 55 Gracechurch Street, London, EC3V ORL.