



Proposed transfer of part of
the annuity business
of Rothesay Life Plc to
Monument Life Insurance DAC
(formerly Laguna Life DAC)

This booklet contains important information on the proposed transfer of part of the annuity business of Rothesay Life Plc to Monument Life Insurance DAC.

This booklet is intended for our Policyholders whose annuity policies are included in the proposed transfer of annuity business from Rothesay Life Plc ("Rothesay Life") to Monument Life Insurance DAC ("Monument Life") which, subject to the approval of the High Court of Justice of England and Wales (the "Court"), is expected to take effect on 7 September 2020. This booklet is intended as a guide only and is not a definitive statement of your rights.

It is important that you read the information in this booklet and the accompanying letter carefully. Once you have read the information, please consider whether you think you may be adversely affected by the proposed transfer or have any concerns or queries.

You have the right to object to the proposed transfer if you have any concerns or feel the proposals will have an adverse effect on you.

If you have concerns, feel you may be adversely affected or wish to object to the proposed transfer, your options are set out in the answers to questions 18 and 19 on page 14.

If you do not have any concerns about the proposed transfer, you do not need to take any further action.

Other people may have an interest in your annuity policy, for example:

- Beneficiaries (usually a spouse/civil partner or dependant) to whom an annuity will continue to be paid after the death of the main annuitant
- A person acting under power of attorney
- A trustee in sequestration or bankruptcy

If you are aware of anyone else who has an interest in and/or is entitled to benefits under your policy, please draw the contents of this booklet and the accompanying letter to their attention and make them aware of their right to raise an objection.

If you have any queries or would like further copies of this booklet, please contact us using the contact details on the following page.

How to contact us regarding this proposed transfer

You can:

Telephone: 1800 303377 if calling from the Republic of Ireland (“ROI”)
Free to call within ROI on both landlines and mobiles

+353 (0) 1202 6095 if calling from outside of ROI
Normal call rates on both landlines and mobiles

Lines are open 9am – 5pm, Monday to Friday (except Bank Holidays in ROI)

Write to: Rothesay Life
Customer Service Team
Friends First House
Cherrywood Business Park
Loughlinstown
Dublin 18

Email: rothesaylife@mercer.com

Further information about the proposed transfer is provided at:
www.rothesaylife.com/transfer-monument

Contents

Expected timetable	Page 4
Definitions	Page 4
Key information	Page 6
Questions and answers	Page 8
Appendices	
A – Summary of the Scheme	Page 19
B – Summary of the Independent Expert’s Report	Page 24
C – Copy of the Legal Notice	Page 41

Expected timetable

First Court hearing to present the Scheme and proposals for policyholder notification	6 April 2020
Communications issued to affected Policyholders	April 2020
Final Court hearing to consider the proposed transfer	22 July 2020
Effective date of the transfer (if approved)	00.01am on 7 September 2020

**Notification of any changes to these dates will be made on our website at:
www.rothesaylife.com/transfer-monument**

Definitions

In this booklet, the following words and expressions have the meanings shown below.

Actuarial Director	The senior actuary appointed by Monument Life to advise the Board of Directors about the risks which may affect its business
BMA	Bermuda Monetary Authority
CBI	Central Bank of Ireland, the competent regulator of insurance business in Ireland
Chief Actuary	The Chief Actuary of Rothesay Life, being a senior actuary appointed to advise the Board of Directors about the risks which may affect its business
Court	The High Court of Justice of England and Wales
EU	European Union
FCA	The Financial Conduct Authority of the United Kingdom, the regulator responsible for the regulation of financial markets and for the conduct supervision of financial services firms in the UK
FOS	The UK Financial Ombudsman Service
FSPO	The Financial Services and Pensions Ombudsman in the Republic of Ireland

FSCS	The Financial Services Compensation Scheme, a UK statutory compensation scheme funded by members of the UK financial services industry
FSMA	Financial Services and Markets Act 2000 of the United Kingdom
Independent Expert	John Hoskin, a Partner of Barnett Waddingham LLP and a Fellow of the Institute and Faculty of Actuaries, who has been appointed as the independent expert and whose appointment has been approved by the PRA (in consultation with the FCA)
Independent Expert's Report	The report on the terms of the Scheme made by the Independent Expert in accordance with Section 109 of the FSMA. A summary of this report is provided in Appendix B of this booklet
Legal Notice	The notice of the application to the Court in respect of the Scheme, a copy of which is provided in Appendix C of this booklet
Monument Life	Monument Life Insurance DAC (which prior to 2 April 2020 was named Laguna Life DAC)
Monument Re	Monument Re Limited, Monument Life's parent entity, incorporated and regulated in Bermuda
Policyholder	An individual policyholder of Rothesay Life or Monument Life, or both, as applicable
PRA	The Prudential Regulation Authority of the United Kingdom, the regulator responsible for supervising the way that insurers and other financial institutions manage their business in the UK
Rothesay Life/us/we	Rothesay Life Plc
Scheme	The legal document setting out the terms for the transfer of annuity policies from Rothesay Life to Monument Life under Part VII of FSMA. A summary of the Scheme is provided in Appendix A of this booklet
Transfer Date	00:01a.m. on 7 September 2020, being the date on which the proposed transfer will take effect if the Scheme is approved by the Court
Transferring Policyholders	Policyholders of Rothesay Life whose policies are expected to transfer to Monument Life under the Scheme

Key information

Background

As part of Rothesay Life's preparations for the UK's exit from the EU, commonly known as "Brexit", we identified that we may not be able to lawfully make all payments due to Policyholders in respect of a small portion of our annuity business as a result of Brexit following the end of the implementation period agreed with the EU and any additional period provided for by the Irish government. The affected policies were written by Rothesay Assurance Limited (formerly MetLife Assurance Limited) on a freedom of services basis in the Republic of Ireland and subsequently transferred to Rothesay Life.

As a result, in March 2019 Rothesay Life entered into an agreement with Monument Life and Monument Re (Monument Life's parent entity) to transfer the approximately 400 affected policies to Monument Life, an Irish insurance company, authorised and regulated in the Republic of Ireland by the CBI. At the time of the agreement, Monument Life's legal name was Laguna Life DAC. Laguna Life DAC changed its name to Monument Life Insurance DAC on 2 April 2020.

A copy of the press release announcing the transaction is available on our website at:

www.rothesaylife.com/media-centre/monument-press-release

Rothesay Life and Monument Life have begun the legal process in the UK of transferring the affected policies to Monument Life, known as a "Part VII transfer" under FSMA which allows the transfer of insurance business from one insurer to another insurer. This process can only be completed if the Court approves the proposed transfer and an Independent Expert has given his opinion on the likely impact of the proposed transfer on Policyholders. The proposed transfer will also be reviewed by the UK industry regulators (the PRA and the FCA) who in turn will consult with the CBI, as Monument Life's regulator.

Details of the proposed transfer are contained in a legal document called the Scheme. A summary of the Scheme is provided in Appendix A of this booklet.

The implementation period agreed with the EU is currently expected to end on 31 December 2020 which is after the date on which it is expected that the proposed transfer will take place, should it be approved by the Court (being 7 September 2020). During the implementation period, we will continue to pay benefits to policyholders whose policy is expected to transfer to Monument Life as usual until the proposed transfer takes place.

The Independent Expert

John Hoskin, a Partner of Barnett Waddingham LLP and a Fellow of the Institute and Faculty of Actuaries, has been appointed as the Independent Expert for this proposed transfer and his appointment has been approved by the PRA (in consultation with the FCA).

In his report, the Independent Expert has concluded that the proposed transfer will not have a material adverse effect on the security of the benefits or the reasonable expectations of the policyholders of Rothesay Life and Monument Life in respect of their benefit expectations, service standards, management and governance, including Transferring Policyholders.

Please see Appendix B of this booklet for a summary of the Independent Expert's Report.

You can find a copy of the full Scheme, the full version of the Independent Expert's Report and other information relating to the proposed transfer on our website at: **www.rothesaylife.com/transfer-monument**

Effect of the proposed transfer

It is currently expected that, subject to Court approval, the proposed transfer will take effect at 00:01a.m. on 7 September 2020.

The proposed transfer will not affect the terms and conditions of your policy but, if the proposed transfer is approved, the insurer under your policy will change from Rothesay Life to Monument Life.

If your annuity policy is in payment, you will continue to receive your payments following the transfer as before but the payments will be made by Monument Life instead of Rothesay Life. The change of payor will be reflected on your bank statements. If your annuity payments have not yet started, your prospective benefits will be the same following the transfer as before.

The legal process

The proposed transfer will not proceed unless an order sanctioning the Scheme is given by the Court. The Court will consider the views of policyholders, the Independent Expert, the UK industry regulators (the FCA and the PRA (in consultation with the CBI)) before reaching a decision on whether to approve the proposed transfer. The Court hearing is scheduled to take place on 22 July 2020 at the Rolls Building, Royal Courts of Justice, 7 Rolls Building, Fetter Lane, London EC4A 1NL.

If having read the information regarding this proposed transfer you have any concerns or feel you may be adversely affected by the proposed transfer, you have the right to object to these proposals – for more information please see the answers to questions 18 and 19 on page 14.

Financial Services Compensation Scheme (FSCS)

If your policy transfers to Monument Life, and in the unlikely event that Monument Life is unable to meet its commitments to you, it is possible that you may not be able to make a claim to the FSCS in the UK in the future. Please refer to the answer to question 10 on page 11 for further information.

Financial Ombudsman Service (FOS)

If your policy transfers to Monument Life, you will no longer have access to the FOS in the UK. You will, however, continue to have access to the Financial Services and Pensions Ombudsman (the "FSPO") in the Republic of Ireland. The level of policyholder protection provided by the FSPO is similar to that provided by the FOS and the maximum award the FSPO can make is higher than the maximum that the FOS can award. Additionally, Monument Life has agreed to continue to comply with the relevant UK regulations concerning complaints handling and resolution by firms in relation to their policyholders, to the extent those provisions applied to the Transferring Policies prior to the Transfer Date. Please refer to the answers to questions 25, 26 and 27 (on pages 16 and 17) for further information.

Data protection

Our privacy notice provides full details about how and why we process personal data and is available on our website at: www.rothesaylife.com/looking-after-your-data

In accordance with our privacy notice, we shared some of your personal data with Monument Life as part of the preparations for them to take over the administration of your policy should the proposed transfer be approved. Monument Life's privacy notice contains details about how and why they process personal data and is available at: www.monumentregroup.com/about-monument-re/about-ie/monument-life-insurance-dac

Questions and answers

1. What do I need to do?

Please make sure that you understand what the proposal means for you by carefully reading this booklet and the accompanying letter. You may also wish to read the additional information available on our website at: www.rothesaylife.com/transfer-monument

If you cannot access these documents, you can request free of charge copies of the documents available from this web page using the contact details in this booklet.

If you are aware of anyone else who has an interest in and/or is entitled to benefits under your policy (for example, if there are contingent beneficiaries (e.g., a spouse or dependant) for an annuity or if your policy has been assigned or is subject to a Court order), please share this booklet and the accompanying letter with them and make them aware of their right to raise an objection.

If having read the information regarding this proposed transfer you have any concerns or feel you may be adversely affected by the proposed transfer, you have the right to object to these proposals – for more information please see the answers to questions 18 and 19 on page 14.

If you have no objection to the proposed transfer, you do not need to take any further action.

2. Which Rothesay Life policies are affected?

The policies that we intend to transfer to Monument Life were originally written by Rothesay Assurance Limited (formerly MetLife Assurance Limited).

After Rothesay Life's purchase of the entire issued share capital of Rothesay Assurance Limited, Rothesay Life acquired these policies from Rothesay Assurance Limited in November 2015 following a Court order sanctioning an insurance business transfer under Part VII of FSMA.

Before being issued with individual policies, the affected policyholders were members of one of the following pension schemes:

- The Clondalkin Group Executive Pension Scheme
- The Fujitsu Services (Ireland) Pension Plan
- The Scottish Legal Life Pension Scheme – ROI Section
- Element Six Contributory Pension Plan
- The Georgia Pacific Ireland Retirement Benefits Scheme

Please note that former members of the UK Section of The Scottish Legal Life Pension Scheme are not affected by this proposed transfer.

These policies have been selected for transfer because they were originally written by Rothesay Assurance Limited (formerly MetLife Assurance Limited) in the Republic of Ireland on the basis of its 'passporting' rights. As a result of the UK's exit from the EU, following the end of the implementation period agreed with the EU and any additional period provided for by the Irish government, we may not be able to lawfully make all payments due to Policyholders with affected policies due to the possible loss of 'passporting' rights.

3. What is being proposed?

Rothesay Life is proposing to transfer approximately 400 annuity policies to Monument Life using a Scheme under Part VII of FSMA. Subject to Court approval, the transfer is expected to take place on 7 September 2020. Any changes to the proposed transfer date will be published on our website at: www.rothesaylife.com/transfer-monument

4. Why is this transfer being proposed?

The transfer is being proposed in order to ensure that payments due to Transferring Policyholders can continue to be paid lawfully as a result of the UK's exit from the EU following the end of the implementation period agreed with the EU and any additional period provided for by the Irish government.

Rothesay Life is an UK insurance company, authorised by the PRA and regulated by the PRA and the FCA in the UK. Before the UK's exit from the EU, Rothesay Life had rights to conduct business in the EU, including the Republic of Ireland, under EU rules which allow EU insurance companies to 'passport' into other EU countries. As a result of the UK leaving the EU, UK insurers including Rothesay Life are expected to lose their 'passporting' rights at the end of the implementation period (currently expected to be 31 December 2020).

As part of our Brexit preparations, we identified that we may not be able to lawfully make all payments due to a very small proportion of our Policyholders due to the expected loss of 'passporting' rights resulting from the UK's exit from the EU following the end of the implementation period agreed with the EU and any additional period provided for by the Irish government.

Rothesay Life's current business strategy is focussed on the UK and it was not considered practical or proportionate for us to establish an EU subsidiary or a third country branch in the EU. Following consultations with the PRA, the FCA and the CBI, we have decided to transfer the affected policies to another insurer, authorised and regulated in the EU, in order to ensure that payments to Policyholders with affected policies can continue to be paid lawfully following Brexit.

As a result, in March 2019 Rothesay Life entered into an agreement with Monument Life and Monument Re (Monument Life's parent entity) to transfer the approximately 400 affected policies to Monument Life. This followed a competitive selection process in which Monument Life was identified as the preferred acquirer of the affected policies. Monument Life is an Irish insurance company authorised and regulated in the Republic of Ireland by the CBI. For further information about Monument Life, please see the answer to question 8 on page 10.

A copy of the press release is available on our website at: www.rothesaylife.com/media-centre/monument-press-release

5. Will Rothesay Life continue to make payments due under affected policies until the proposed transfer takes effect?

Rothesay Life may lawfully make payments due to Transferring Policyholders during the implementation period agreed with the EU. This is currently expected to end on 31 December 2020, which is after the date on which it is expected that the proposed transfer will take place, should it be approved by the Court (being 7 September 2020).

6. Why has my policy been reinsured with Monument Re?

At the same time as entering into the business transfer agreement described above, Rothesay Life and Monument Re also entered into a reinsurance arrangement and related collateral arrangements whereby Monument Re reinsured the affected policies. The purpose of this reinsurance is to transfer the majority of the economic risk and reward arising from the affected policies to Monument Re and, at the same time, achieve certainty of price and commercial terms for the transfer of the affected policies to Monument Life (pending completion of the legal transfer). Due to the nature of long term insurance business (such as annuities) and the general expectation that a Part VII transfer of insurance business could take up to 12 to 18 months, the use of reinsurance initially, to be followed by a Part VII transfer, is a structure generally used by insurers for the transfer of long term insurance business. If the transfer is approved by the Court, the reinsurance arrangement and related collateral arrangement will be transferred to Monument Life under the Scheme.

7. Why have you only written to me now, so long after the original agreement with Monument Life and Monument Re?

The timing of our communications is consistent with the usual practice for transfers of this nature and the requirements of the legal process that we are following. In particular, all policyholder communications in relation to a Part VII transfer are subject to review by our regulators and the approval of the Court. The amount of time between our mailing to Policyholders and the final hearing in the UK is consistent with guidance issued by our regulators (the PRA and the FCA) and the expectations of the Court.

8. Who is Monument Life?

Monument Life Insurance DAC is an Irish life assurance company regulated by the Central Bank of Ireland ("CBI") since September 2000. It focuses primarily on the acquisition or portfolio transfer of annuity, guaranteed savings and protection portfolios. The company has established a track record of acquiring and administering life insurance portfolios in Ireland and Europe. Its parent, Monument Re Limited, is a Bermuda based reinsurance company established to provide solutions for asset intensive portfolios through reinsurance or acquisition.

For more information please visit:
www.monumentregroup.com

9. If approved, how will the proposed transfer affect my policy?

If the proposed transfer is approved, your insurer will change from Rothesay Life to Monument Life. The terms and conditions of your annuity policy will not change as a result of the proposed transfer.

If your annuity policy is already in payment, following the transfer it will continue to be paid as before and the transfer should not affect the net (after tax) payments that you receive. However, please note that your tax reference and tax office may change as a result of the transfer and the payments will be made by Monument Life instead of Rothesay Life. If you are not yet receiving annuity payments from your policy, your prospective benefits will not be affected by the transfer.

Whether or not the proposed transfer is approved, there will be no change to:

- If your pension is already in payment, the amount of your pension (including any annual increases)
- If your pension is not yet in payment, your prospective benefits
- The payment timings or frequency of your pension payments
- Any benefits payable on your death

If your policy transfers to Monument Life, it is possible that you may not be able to make a claim to the FSCS in the UK in the future and you will no longer have access to the FOS in the UK. However, the potential loss of FSCS is subject to a number of contingencies. Please refer to the answers to questions 10, 25, 26 and 27 on pages 11, 16 and 17 for further information.

10. Will the proposed transfer affect my access to the FSCS?

The FSCS provides monetary compensation to eligible policyholders in the event that any insurance company authorised by the PRA or the FCA is in default (generally, this would occur when they are insolvent or unable to meet their liabilities to claimants). Currently, in the unlikely event that Rothesay Life is unable to meet its commitments to you, you may be able to claim compensation from the FSCS.

On the basis of the current FSCS rules, FSCS protection is expected to be available to Monument Life policyholders who are eligible to make a claim (including transferring policyholders after the Transfer Date) for as long as Monument Life remains a "Relevant Person". Monument Life is currently a "Relevant Person" for the purposes of the FSCS rules, and it will continue to be a "Relevant Person":

- During the implementation period
- During the Temporary Permissions Regime in the UK, which will begin following the end of the implementation period
- During the period that the Financial Services Contracts Regime in the UK applies to Monument Life
- If Monument Life makes a successful application to establish a third country branch in the UK (which requires approval by the UK regulators), after Monument Life establishes a third country branch, on an indefinite basis

You can find out more about the implementation period, the Temporary Permissions Regime and the Financial Services Contracts Regime in section 8.5 of the full report produced by the Independent Expert.

The establishment of a third country branch by Monument Life cannot be guaranteed as it requires authorisation by the UK regulators. The FSCS rules may change in the future even if Monument Life were to successfully establish a third country branch. Consequently if your policy transfers to Monument Life and at some future date Monument Life is unable to pay your benefits in full, it is possible that you may not be able to make a claim to the FSCS in the UK, as the availability of FSCS protection in the longer term is not certain.

The possible loss of FSCS protection has been considered by the Independent Expert, who has stated in his report that he considers that the possible loss of FSCS protection has no material adverse impact on Transferring Policyholders. For more information regarding the possible loss of FSCS protection please see section 2.4 of the summary of the Independent Expert's Report which is included in Appendix B of this booklet and paragraphs

2.4.23 to 2.4.33 and section 8.5 of the full report produced by the Independent Expert's Report which is available on our website at: www.rothesaylife.com/transfer-monument

11. What does the term 'no material adverse effect' used by the Independent Expert mean?

The phrase "no material adverse effect" means any potential impact is very unlikely to happen and does not have a significant impact, or is likely to happen, but has a very small impact.

This reflects the standard terms used by actuaries in this type of analysis. Assessing the potential impact of events such as the proposed transfer is ultimately a matter of judgement involving the estimation of the likelihood and impact of future possible events.

12. How will the transfer be carried out?

The proposed transfer to Monument Life is to be carried out by way of a legal process in the UK known as a "Part VII transfer" under FSMA which allows the transfer of insurance business from one insurer to another insurer. This process can only be completed if the Court approves the proposed transfer and an Independent Expert has given his opinion on the likely impact of the proposed transfer on policyholders. The proposed transfer will also be reviewed by the PRA and the FCA, who in turn will consult with the CBI. The CBI must provide a solvency certificate for Monument Life confirming that after the proposed transfer takes place, Monument Life will hold sufficient capital to cover its Solvency Capital Requirement, an EU solvency standard for all EU insurers. The CBI must also consent to the proposed transfer and the policyholder communications.

Details of the proposed transfer are contained in a legal document called the Scheme. The proposed transfer will not proceed unless an

order sanctioning the Scheme is given by the Court. The Court will consider the views of Policyholders, the Independent Expert and the FCA and the PRA (in consultation with the CBI) before reaching a decision on whether to approve the proposed transfer.

A summary of the Scheme is provided in Appendix A of this booklet. The full Scheme document is accessible from our website at: www.rothesaylife.com/transfer-monument

13. How will my interests be protected?

The legal process to effect the proposed transfer under Part VII of FSMA is intended to ensure that the interests of all Policyholders are protected, as follows:

- The proposed transfer is subject to approval by the Court, which will only approve the proposed transfer if it is appropriate to do so
- The appointment of an Independent Expert (whose appointment has been approved by the PRA (in consultation with the FCA)) to report to the Court on the terms of the Scheme and the possible impact of the proposed transfer on Policyholders
- Ongoing consultation with the PRA, the FCA and the CBI. We have taken their views on our proposals and will continue to do so until the proposed transfer takes effect. The PRA and FCA will also provide a report on the proposed transfer to the Court
- Engaging with our Policyholders through press advertising and this mailing so that they are kept informed about our proposals and can raise any concerns or objections they may have. Copies of all objections will be passed to our regulators, the Independent Expert and the Court for consideration

14. What is the role of the Independent Expert?

John Hoskin, a Partner of Barnett Waddingham LLP and a Fellow of the Institute and Faculty of Actuaries, has been appointed as the Independent Expert to report to the Court on the likely impact of the proposed transfer in accordance with Section 109 of FSMA and his appointment has been approved by the PRA (in consultation with the FCA). His report is also made available for Policyholders and other interested parties to read.

The Independent Expert has considered the terms of the proposed transfer as set out in the Scheme and how the different groups of Policyholders are likely to be affected by the proposed transfer. In particular, he has considered:

- The impact of the Scheme on the security of the benefits of Policyholders
- The impact of the Scheme on the reasonable expectations of Policyholders, including benefit expectations, service standards, management and governance
- Implications related to the UK's decision to leave the EU and, in particular, that the Scheme may result in eligible Transferring Policyholders losing the protection of the UK Financial Services Compensation Scheme (FSCS)

The Independent Expert has concluded that the proposed transfer will not have a material adverse effect on either the security of the benefits or the reasonable expectations of the Policyholders, including Transferring Policyholders.

The Independent Expert has produced a report regarding the proposed transfer, a summary of which can be found in Appendix B of this booklet. The full report is accessible from our website at:

www.rothesaylife.com/transfer-monument

Any supplemental reports produced by the Independent Expert will also be accessible from this web page.

15. What are the roles of Rothesay Life's Chief Actuary and Monument Life's Actuarial Director?

Both have reviewed the impact of the proposed transfer on Policyholders and produced reports which have been made available to the PRA, the FCA, the CBI, the Independent Expert and the Court.

16. What does Rothesay Life's Chief Actuary consider the impact of the proposed transfer to be on Rothesay Life's Policyholders?

Having considered the impact of the proposed transfer on Transferring Policyholders and the impact on Rothesay Life's remaining Policyholders, Rothesay Life's Chief Actuary is satisfied that the security and reasonable benefit expectations of all of our Policyholders (including the Transferring Policyholders) is not likely to be adversely affected as a result of the proposed transfer (whether or not their policies transfer).

Rothesay Life's Chief Actuary's report is accessible from our website at:

www.rothesaylife.com/transfer-monument

Any supplemental reports produced by Rothesay Life's Chief Actuary will also be accessible from this page on our website.

17. What does Monument Life's Actuarial Director consider the impact of the proposed transfer to be on Monument Life's Policyholders?

Monument Life's Actuarial Director has considered the impact of the proposed transfer on Monument Life's current Policyholders and is satisfied that the security and reasonable benefit expectations of all of Monument Life's Policyholders will not be adversely affected by the proposed transfer.

The report of Monument Life's Actuarial Director is accessible free of charge from Monument Re's website:
www.monumentregroup.com.

Any supplemental reports produced by Monument Life's Actuarial Director will also be accessible free of charge from this web page.

18. What if I have any concerns about this transfer?

If you have any concerns or feel you may be adversely affected by the proposed transfer, we encourage you to read and consider the information in this booklet (including the Appendices) and the accompanying letter. You may also wish to read the additional information available free of charge on our website at: www.rothesaylife.com/transfer-monument

If you have any queries regarding the proposed transfer, please do not hesitate to contact us using the contact details set out in the answer to question 20 below.

19. What if I want to object?

You have the right to object to the proposed transfer if you have any concerns or feel the proposals will have an adverse effect on you. The Court will consider all objections received in deciding whether it is appropriate to approve the proposed transfer.

You can either present your views to Rothesay Life or make representations to the Court (in person, in writing or by legal representation).

We recommend that you call or write to us with any concerns or objections you may have about the proposed transfer, or if you intend to make representations to the Court, using the contact details set out in the answer to question 20 on page 15 as soon as possible and preferably at least five business days before the Court hearing on 22 July 2020.

We will acknowledge and reply in writing to all objections we receive. We will also submit details of all objections that we receive to the Court, our regulators and the Independent Expert. This means that any correspondence that forms part of your objection will be part of the Court process which will be accessible to the public. By submitting an objection to the proposed transfer, you consent to your objection and any personal data you provide with your objection being shared with the Court, our regulators and the Independent Expert.

You can present your objection either through us or make representations directly to the Court. We recommend that you call or write to us with any concerns or objections you may have about the proposed transfer even if you intend to appear in Court in person as we will provide details of any objections we receive the Independent Expert and our regulators as well as to the Court.

If you wish to make representations to the Court directly, you can do so by writing to:

The High Court of Justice, Chancery List
Office, Rolls Building, Fetter Lane, London
EC4A 1NL

If you write to the Court directly you should clearly refer to the “transfer of annuity policies between Rothesay Life Plc and Monument Life Insurance DAC (formerly Laguna Life DAC)” and the Court’s reference number (CR-2019-006061) in your letter.

You can, if you wish, choose to present your views to the Court yourself or send a representative. If you intend to attend the hearing it would be helpful if you could let us know as soon as possible. Please note that if you wish to be represented by a legal representative at the Court hearing then he or she would need to have appropriate rights of audience to appear at Court.

20. What are Rothesay Life’s contact details?

To contact us you can:

Telephone: 1800 303377 if calling from the Republic of Ireland (ROI)
Free to call within ROI on both landlines and mobiles

+353 (0) 1202 6095 if calling from outside of ROI
Normal call rates on both landlines and mobiles
Lines are open 9am – 5pm,
Monday to Friday (except Bank Holidays in ROI)

Write to: Rothesay Life
Customer Service Team
Friends First House
Cherrywood Business Park
Loughlinstown
Dublin 18

Email: rothesaylife@mercero.com

21. What happens at the Court hearing?

The Court will consider the views of Policyholders, the Independent Expert, the FCA and the PRA (having consulted with the CBI) before reaching a decision on whether to approve the proposed transfer.

22. When and where will the Court hearing be held?

The final Court hearing to consider the proposed transfer is expected to take place on 22 July 2020 at Rolls Building, Royal Courts of Justice, 7 Rolls Building, Fetter Lane, London EC4A 1NL.

Any updates to these details will be published on our website at:

www.rothesaylife.com/transfer-monument

23. What will happen should the transfer be approved?

If the proposed transfer is approved, we will publish confirmation on our website:

www.rothesaylife.com/transfer-monument

In addition, Monument Life will write to you with confirmation of the Transfer Date and the contact details you should use for all correspondence and/or queries regarding your policy from that date. If your policy is already in payment, it will also provide details of any changes to your tax office and reference details.

With effect from the Transfer Date:

- Monument Life will be responsible for administering your policy and will make all payments due under the policy
- If your pension is already in payment, your pension payments will continue to be made as before, meaning that Monument Life will pay you the same amount (including any annual increases), on the same date

- If your pension is not yet in payment, your prospective benefits will remain unchanged
- You will be a Monument Life policyholder and not a Rothesay Life policyholder

24. Will I still be able to access information about my policy online after the transfer?

Monument Life does not currently offer policyholders online access to their policy. Therefore, if the proposed transfer takes effect, you will no longer be able to access information regarding your policy online. You will be able to request information regarding your policy from Monument Life using the contact details provided in the 'Welcome' letter that Monument Life will send to you should the Court approve the transfer.

25. What if I want to complain?

If you feel you have cause to complain about how we deal with your queries or objections in relation to the proposed transfer or any other aspect of our service, please contact us. We hope that we will be able to address any concerns you have to your satisfaction. However, if you remain unsatisfied you can contact either the UK's FOS or the FSPO in the Republic of Ireland:

UK

Financial Ombudsman Service (FOS)
Exchange Tower
London
E14 9SR

www.financial-ombudsman.org.uk

0800 023 4 567 – calls to this number are now free on mobile phones and landlines

0300 123 9 123 – calls to this number cost no more than calls to 01 and 02 numbers
These numbers may not be available from outside the UK so please call from abroad on +44 20 7964 0500

Republic of Ireland

Financial Services and Pensions Ombudsman (FSPO)
3rd Floor, Lincoln House
Lincoln Place
Dublin 2
D02 VH29

www.fspo.ie

Lo call – 1890 88 20 90

Phone – +353 1 5677000

26. Will I still be able to complain to the FOS after the transfer?

If your policy is transferred to Monument Life you will no longer have access to the UK's FOS but will continue to be able to contact the FSPO in connection with any complaint relating to the administration of your policy.

If you have cause to be dissatisfied with any aspect of Monument Life's service following the transfer, we recommend that you contact Monument Life in the first instance. If you make a complaint to Monument Life and it is not resolved to your satisfaction by Monument Life's internal complaint procedures you can contact the FSPO using the contact details above. Monument Life has agreed to continue to comply with the relevant UK regulations concerning complaints handling and resolution by firms in relation to their policyholders, to the extent those provisions applied to the Transferring Policies prior to the Transfer Date.

For further information, please see section 4.6 of the Independent Expert's Report.

27. How does the FSPO compare to the FOS?

The FSPO is similar to the FOS, but based in Ireland. Complaints are permitted to be brought to the FSPO by individuals in respect of disputes on policies that constitute business of a financial services provider authorised by the CBI or validly operating in Ireland on a cross-border basis. The main differences to the FOS in the context of the proposed transfer are:

- The maximum amount of compensation that the FSPO can award is higher than the maximum that applies to the FOS - the FSPO may direct Irish financial services providers to pay compensation to claimants up to a maximum of €52,000 (approximately £46,000) per annum as an annuity or a maximum of €500,000 (approximately £446,000) as a lump sum
- The rulings are legally binding, although these can be appealed in the Irish High Court (in which case the policyholder could incur legal costs).

In paragraph 8.3.62 of his report, the Independent Expert has stated that the holders of Transferring Policies would retain access to the ombudsman service that provides the stronger protections and that he does not consider the loss of access to FOS to result in any detriment to Transferring Policyholders.

28. What happens if the proposed transfer is not approved by the Court?

If the Scheme is not approved by the Court, then the proposed transfer to Monument will not take effect and you will continue to be a Rothesay Life Policyholder. We would then assess what action we can take in order to ensure that payments due to you under your policy can continue to be paid lawfully.

29. Where can I get further information?

To find out more about the proposed transfer please read:

- Appendix A – Summary of the Scheme
- Appendix B – Summary of the Independent Expert's Report
- Appendix C – Copy of the Legal Notice

Further details and documents regarding the proposed transfer are available on our website at:

www.rothesaylife.com/transfer-monument

If you cannot access these documents, you can request free of charge copies of the documents available on our website using the contact details set out in the answer to question 20 on page 15.

If, having read the information provided, you have any queries regarding the proposed transfer, please contact us using the contact details set out in the answer to question 20 on page 15.

Appendix A

Summary of the Scheme

Summary of the Scheme

Summary of the terms of the transfer of part of the business of Rothesay Life Plc (Rothesay) to Monument Life Insurance DAC (formerly Laguna Life DAC) (Monument)

1. INTRODUCTION

Following the UK's exit from the European Union, Rothesay may cease to have a right to conduct business on a freedom of services basis in the Republic of Ireland. As part of Rothesay's preparations for that eventuality, Rothesay has agreed to transfer certain annuity policies (the **Transferred Policies**) to Monument under a Court sanctioned insurance business transfer scheme (the **Scheme**). The Transferred Policies comprise a specific group of immediate and deferred annuity policies written by Rothesay Assurance Limited (formerly MetLife Assurance Limited) in the Republic of Ireland on a freedom of services basis and subsequently transferred to Rothesay Life Plc by way of an order sanctioning an insurance business transfer scheme pursuant to Part VII of FSMA. This document provides a summary of the key terms of the proposed transfer (the **Transfer**).

If you require further information, more detail can be found by reading the Scheme document in full and the report of an independent expert (the **Independent Expert**) who confirmed that in his opinion the implementation of the Scheme will not have a material adverse effect on the security of benefits or reasonable expectations of policyholders of Rothesay or Monument in respect of their benefit expectations, service standards, management and governance, including the transferring policyholders, and that the Scheme is equitable to all classes and generations of policyholders of Rothesay and Monument. Both of these are available on our website: www.rothesaylife.com/transfer-monument.

2. EFFECT OF THE TRANSFER ON POLICIES TRANSFERRING TO MONUMENT

If the Transfer goes ahead, Monument will become the provider in relation to your policy and will be responsible for administering it and for making payments under it, instead of Rothesay. The Transfer will not affect the terms and conditions of your policy and you will be entitled to the same cover with Monument under your policy as you had with Rothesay.

After the Transfer, Monument will be responsible for making any payments due under the terms of your policy. Any annuity payments will continue to be made as before, including in relation to the timing and the amount of the payments due. No additional action is required on your part in relation to payments due from Monument (for example, you do not need to inform your bank).

3. HOW THE TRANSFER WILL BE IMPLEMENTED

The transfer of the Transferred Business to Monument is to be carried out under section 111(1) of the Financial Services and Markets Act 2000 (the **Act**). The Transfer will not proceed unless an order sanctioning the Scheme is given by the High Court of Justice of England and Wales (the **Court**).

The Scheme has been subject to review by the Independent Expert, the Financial Conduct Authority (the **FCA**) and the Prudential Regulation Authority (the **PRA**) (in consultation with the Central Bank of Ireland as Monument's regulator). The appointment of the Independent Expert was approved by the PRA, following consultation with the FCA.

4. COURT APPROVAL OF THE TRANSFER

If the Court approves the Scheme, the Transferred Business will transfer from Rothesay to Monument.

It is expected that the Transfer will become effective at 00:01 hrs (BST) on 7 September 2020 (the **Transfer Date**). This date may be subject to change with the Court's consent.

5. THE BUSINESS TO BE TRANSFERRED

On the Transfer Date, all rights, benefits, obligations and liabilities of Rothesay in respect of the Transferred Policies (unless specifically excluded) will transfer to Monument (the **Transferred Business**).

A reinsurance agreement has already been put in place with Monument Re Limited (**Monument Re**) (Monument's ultimate parent entity) under which the risks and obligations relating to the Transferred Business are fully reinsured to Monument Re (unless specifically excluded), and the investment assets backing these liabilities were transferred from Rothesay to Monument Re at the time this reinsurance agreement was entered into (the **Reinsurance Agreement**). Under the Scheme, it is proposed that the rights and obligations of Rothesay under the Reinsurance Agreement and related security documents will be transferred to Monument so that Monument will have the same rights and obligations under the Reinsurance Agreement and the security documents as Rothesay had prior to the Transfer.

As the assets held in respect of the Transferred Business have already been transferred by Rothesay to Monument Re, they do not need to be transferred under the Scheme. The documents, files and other records in relation to the Transferred Business held by or on behalf of Rothesay will be transferred to Monument on the Transfer Date.

6. EXCLUDED POLICIES, EXCLUDED LIABILITIES AND EXCLUDED ASSETS

If for any reason we are unable to transfer any policy or group of policies intended to be transferred on the Transfer Date, these will not be transferred to Monument, and instead will be reinsured by Monument under a reinsurance agreement between Rothesay and Monument.

Certain investments and liabilities related to the Transferred Business are excluded from the Transfer and will not transfer to Monument under the Scheme.

7. CONTINUITY OF PROCEEDINGS

Any proceedings by or against Rothesay in relation to the Transferred Business (including any future proceedings not yet begun) will be continued by or against Monument after the Transfer Date. Monument will be entitled to any and all defences, claims, counterclaims, rights of set-off and any other rights that Rothesay would have had in relation to such proceedings.

From the Transfer Date, in respect of the Transferred Policies, Monument undertakes to comply with the relevant provisions of the Dispute Resolution (DISP) rules of the FCA Handbook, to the extent that DISP applied to the Transferred Policies prior to the Transfer Date.

8. DATA PROTECTION

From the Transfer Date, Monument will become the data controller in place of Rothesay in relation to the Transferred Business, save to the extent prohibited or restricted by Data Protection Laws, and consents and information given to Rothesay will be deemed to have been given to Monument.

9. MANDATES AND OTHER INSTRUCTIONS

From the Transfer Date, any mandates, including direct debits, standing orders or other instructions or authorities, payable to or from Rothesay in respect of the Transferred Business will be payable to or from Monument instead.

10. AMENDMENT OF THE SCHEME

The Scheme provides that it may be amended by application to the Court, provided that the PRA and the FCA have been notified of the application and a certificate is obtained from an independent expert who is approved by the PRA (having consulted with the FCA), confirming that in his opinion (having considered the proposed amendments in the round), the proposed amendments to the Scheme will not have a material adverse effect on the policyholders of Monument, the policyholders of Rothesay or any other person.

11. OBJECTIONS

If you feel you may be adversely affected by the proposed Transfer, you have the right to object and to present your views to Court (in person, in writing or by legal representation).

If you wish to make representations to the Court directly, you can do so by writing to the Court at: Rolls Building, Royal Courts of Justice, 7 Rolls Building, Fetter Lane, London EC4A 1NL. If you write to the Court directly, you should clearly refer to the “transfer of annuity policies between Rothesay Life Plc and Monument Life Insurance DAC (formerly Laguna Life DAC)” and the Court’s reference number “(CR-2019-006061)” in your letter.

You can also choose to be represented by a representative at Court if you prefer. Please note that if you wish to be represented by legal counsel at the Court hearing then he or she would need to have appropriate rights of audience to appear at the Court in London.

The final Court hearing to consider the proposed Transfer is expected to take place on 22 July 2020 at Rolls Building, Royal Courts of Justice, 7 Rolls Building, Fetter Lane, London EC4A 1NL. This date is subject to change. Any updates will be published on our website at: www.rothesaylife.com/transfer-monument.

Any person intending to attend is requested (but is not obliged) to give notice of such intention to Rothesay as soon as possible and preferably at least five business days before the hearing on 22 July 2020, setting out their grounds of objection by calling the number below or by writing to the address below.

Any person who claims that they will be adversely affected by the Scheme but does not intend to attend the hearing may also make representations about the Scheme by giving notice of such representations to Rothesay, as soon as possible and preferably at least five business days before the hearing on 22 July 2020, by calling the number below or by writing to the address below.

Any questions or concerns relating to the proposed transfer should be referred to Rothesay.

12. CONTACT DETAILS FOR NON-TRANSFERRING POLICYHOLDERS

Non-transferring policyholders should use the usual contact details for the team administering their policy. These can be obtained from the following webpage: www.rothesaylife.com/contact-us.

13. CONTACT DETAILS FOR TRANSFERRING POLICYHOLDERS

The contact details applicable to transferring policyholders are as follows:

Telephone: 1800 303377 if calling from the Republic of Ireland ("ROI")
Free to call within ROI on both landlines and mobiles

+353 (0) 1202 6095 if calling from outside of ROI
Normal call rates on both landlines and mobiles

Lines are open 9am – 5pm, Monday to Friday (except Bank Holidays in ROI)

Write to: Rothesay Life
Customer Service Team
Friends First House
Cherrywood Business Park
Loughlinstown
Dublin 18

Email: rothesaylife@mercero.com

Rothesay will acknowledge, in writing, all objections they receive. Rothesay will submit details of all objections received before the final court hearing to the Court, which will consider the Scheme and all objections from affected persons at the final Court hearing. Details of objections received will also be provided to the Independent Expert, the PRA and the FCA. This means that any correspondence that forms part of your objection will be part of the Court process which will be accessible to the public. By submitting an objection to the proposed Transfer, you consent to your objection and any personal data you provide with your objection being shared with the Court, the PRA, the FCA, the Central Bank of Ireland and the Independent Expert.

Appendix B

Summary of the Independent Expert's Report

Rothsay Life Plc & Monument Life Insurance DAC

Summary Report of the Independent Expert on the proposed
Scheme to transfer certain long-term insurance business from
Rothsay Life Plc to Monument Life Insurance DAC

Prepared by John Andrew Hoskin FIA



Barnett Waddingham LLP

27 March 2020

Contents

1	The proposed transfer	3
2	The effect of the Scheme on the Transferring Policyholders	6
3	The effect of the Scheme on the Rothesay Non-Transferring Policyholders.....	12
4	The effect of the Scheme on the Monument Existing Policyholders	13
5	Other considerations	15
6	Conclusions	16

1 The proposed transfer

1.1 The Independent Expert

- 1.1.1 I have been appointed as the Independent Expert for a proposed scheme (the Scheme) for the transfer of a portfolio of non-profit annuity policies¹ (the Transferring Policies, with each individual policy among the Transferring Policies being a Transferring Policy) from Rothesay Life Plc (Rothesay) to Laguna Life DAC, which is proposed to be renamed Monument Life Insurance DAC (Monument Life)².
- 1.1.2 I have been appointed jointly by Rothesay and Monument Life (the Companies) with the costs of my work being split equally between the Companies.
- 1.1.3 For the transfer to proceed, the Scheme must be approved by the High Court of Justice of England and Wales (the Court). My role as Independent Expert is to consider the likely impact of the Scheme on the policyholders of the Companies and to set out my conclusions in a report for the Court. This is a summary of my full report (my Report) which is available on the Companies' web sites:
- www.rothesaylife.com/transfer-monument
- www.monumentregroup.com/proposed-transfer-of-annuity-business-rothesay-life
- 1.1.4 My Report contains additional information and additional analysis on the aspects of the transfer discussed in this summary report. I will also prepare a supplementary report for the Court (my Supplementary Report), closer to the date of the Court hearing at which the Scheme will be considered. I will update my conclusions in my Supplementary Report, taking into account events that occur after the date of my Report.
- 1.1.5 I am a Fellow of the Institute and Faculty of Actuaries and I am a Partner in the Insurance Consulting practice of Barnett Waddingham LLP.

1.2 The companies involved in the transfer

- 1.2.1 Rothesay is a proprietary insurance company incorporated in the UK. As at 30 June 2019, Rothesay had in-force policies covering approximately 780,000 lives and Rothesay valued its liabilities in respect of these policies at approximately £30 billion. Rothesay continues to acquire new business through acquisitions from other insurers and pension schemes. Rothesay has a number of reinsurance arrangements, which transfer some of the risks arising from its business to other insurance companies.
- 1.2.2 Monument Life is a proprietary insurance company incorporated in the Republic of Ireland (Ireland), which is ultimately owned by Monument Re Limited (Monument Re). As at 30 June 2019, Monument Life had approximately 12,000 in-force policies and it valued its liabilities in respect of these policies at €415 million (approximately £370 million). Since its acquisition by Monument Re in 2017, Monument Life has followed, and continues to follow, a strategy of acquiring blocks of in-force business from other life insurance companies, either through acquisitions of companies or by means of legal transfers of business. Monument Life has a number of reinsurance arrangements, which transfer some of the risks

¹ An annuity policy is an insurance contract under which, from the date it becomes payable, a regular payment is paid to a beneficiary, usually until the death of the beneficiary.

² At the date of this report the transferee company is called Laguna Life DAC, but is expected to be renamed Monument Life Insurance DAC on 30 March 2020, in preparation for planned consolidation with other group companies. I refer to the transferee company as "Monument Life" in this report.

arising from its business to other insurance companies. It currently reinsures a large portion of its business to its ultimate parent, Monument Re.

1.3 Reason for the proposed transfer

- 1.3.1 Rothesay has a portfolio of policies written in Ireland under the European Union (EU) “freedom of services” arrangements. As at 30 June 2019 there were 406 policies in-force and Rothesay valued its liabilities in respect of these policies at £121m.
- 1.3.2 Following the UK’s withdrawal from the EU, it is expected that Rothesay will be unable to lawfully service these policies from the UK over the long term (including the payment of benefits to policyholders). Rothesay will continue to be able to lawfully service these policies during the withdrawal transitional period, also known as the Implementation Period, which is expected to last until 31 December 2020 (unless extended) but will be unable to continue to do so indefinitely after the Implementation Period unless the UK and the EU agree a long-term trading arrangement that preserves freedom of services for insurance business. A secondary benefit of the proposed transfer is that it will simplify Rothesay’s operations, which will then be entirely within the UK.
- 1.3.3 Rothesay has chosen to resolve this issue by transferring the Transferring Policies to Monument Life, an Irish-regulated insurance company, under the Scheme. I consider this a reasonable action.
- 1.3.4 If the Scheme is approved by the Court, the effective date of the Scheme, the Transfer Date, is expected to be 7 September 2020. With effect from the Transfer Date, holders of the Transferring Policies will become policyholders of Monument Life, and Monument Life will be responsible for the administration of the Transferring Policies and payment of all benefits falling due under them after the Transfer Date.
- 1.3.5 In preparation for the sale and transfer of the Transferring Policies, Rothesay has entered into a reinsurance agreement with Monument Re that transferred the majority of the risks and rewards associated with the Transferring Policies to Monument Re. This reinsurance agreement will transfer to Monument Life under the Scheme, and will then be amended such that Monument Life transfers 90% of most of the risks on the Transferring Policies to Monument Re. Under the proposed arrangement Monument Life will retain more risk in respect of the Transferring Policies than Rothesay currently does.

1.4 My considerations with respect to the proposed transfer

- 1.4.1 In my Report I have considered the effects of the Scheme on the following three groups of policyholders:
- Transferring Policyholders: The holders of the Transferring Policies and any other individuals who are or may become entitled to receive benefits under these policies.
 - Rothesay Non-Transferring Policyholders: The holders of existing Rothesay policies as at the Transfer Date that will not transfer to Monument Life under the Scheme (the Rothesay Non-Transferring Policies) and any other individuals who are or may become entitled to receive benefits under these policies.
 - Monument Existing Policyholders: The holders of existing Monument Life policies as at the Transfer Date (the Monument Existing Policies) and any other individuals who are or may become entitled to receive benefits under these policies.
- 1.4.2 My key considerations in respect of each group of policyholders are the effects of the Scheme on:
- the security of policyholders’ benefits, which is primarily dependent on the relevant insurance company’s financial strength and the risks to which they are exposed

- the reasonable expectations of policyholders in respect of their benefit expectations, service standards, management and governance.

1.4.3 The test I have applied in considering this Scheme is whether the position of any group is, in the round, "materially adversely affected". The word "material" is not uniquely defined and so, where there are adverse changes, I have attempted to give some context as to their size or likelihood of occurring. If a potential effect is very unlikely to happen and does not have a large impact, or if it is likely to happen but has a very small impact, I do not consider it material.

1.5 Date of financial information

- 1.5.1 My analysis of the financial strength of the Companies is based on estimates of the pre- and post-Scheme financial position on a pro-forma basis as at 30 June 2019.
- 1.5.2 The economic position at the Transfer Date cannot be predicted with certainty. Financial market conditions and the Companies' financial positions have changed since the 30 June 2019 positions shown in my Report.
- 1.5.3 The Companies have provided me with estimates of their financial positions as at 20 March 2020, taking into account all events since 30 June 2019. The movements in the financial positions since 30 June 2019 do not change my opinions and conclusions.
- 1.5.4 I will continue to monitor the Companies' financial positions and will provide more up to date financial information in my Supplementary Report.

2 The effect of the Scheme on the Transferring Policyholders

2.1 Summary

2.1.1 I am satisfied that the Scheme will have no material adverse effect on the security of the benefits and reasonable expectations of the Transferring Policyholders.

2.1.2 To arrive at my conclusion, I have considered:

- the impact of the Scheme on the security of the benefits of the Transferring Policyholders
- the impact of the Scheme on the reasonable expectations of the Transferring Policyholders, including benefit expectations, service standards, management and governance
- implications related to the UK's decision to leave the EU and, in particular, that the Scheme may, in certain limited circumstances, result in eligible Transferring Policyholders losing the protection of the UK Financial Services Compensation Scheme (FSCS).

2.2 Benefit security

2.2.1 It is important that the benefits under the Transferring Policies are paid as they fall due. The continuing ability of an insurer to pay benefits depends upon it holding:

- sufficient assets to pay the expected amount of future benefits and expenses as they fall due
- additional assets in case the actual amount it needs to pay is greater than expected.

2.2.2 I have investigated the security of the benefits under the Transferring Policies by comparing the sources of security and the profile of risks to which the Transferring Policyholders will be exposed pre- and post-Scheme.

2.2.3 I am satisfied that implementation of the Scheme will have no material adverse effect on the benefit security provided to the Transferring Policyholders.

2.2.4 I have formed this opinion taking into account, amongst other things, that:

- both Rothesay and Monument Life are subject to the same regulatory solvency regime, meaning that the minimum amount of capital (assets in excess of their liabilities) that they must hold offers a similar level of security
- both Rothesay and Monument Life have similar targets in respect of excess capital (capital above the regulatory minimum capital requirement) such that the probability of either company being unable to meet its obligations to its policyholders, including the Transferring Policyholders, is remote
- as at 30 June 2019 both Rothesay and Monument Life held capital in excess of these target levels, and this remains the case based on the most recent information available as at 20 March 2020
- although the absolute amount of excess capital in Monument Life is lower compared to that in Rothesay under their respective capital targets, this is not detrimental to benefit security as the absolute amounts reflect the size of the respective risks

- the range of management actions identified by Monument Life as being available to restore its capital position if it breaches its capital targets are, in my opinion, credible and comparable to those identified by Rothesay in similar circumstances, which I also consider to be credible
- Monument Life's risk management framework and, in particular, its liquidity risk management approach which aims to ensure that assets are available to pay benefits as they fall due, is appropriate and comparable to that of Rothesay
- Monument Life has an appropriate framework in place to manage the additional risk exposures that arise from being part of a group of insurance companies (which do not apply to Rothesay) and, in particular, Monument Life's exposure to Monument Re, its most significant intra-group counterparty, does not result in a material risk to benefit security.

2.3 Reasonable expectations and consumer protection

2.3.1 In my opinion, Transferring Policyholders' reasonable expectations are that:

- they receive their benefits as guaranteed under the policy, on the dates specified
- to the extent that benefits are discretionary, that such discretion is exercised fairly
- the administration, management and governance of the policies are in line with the contractual terms under the policy
- the standards of service received are at least as good as those they currently receive.

2.3.2 Transferring Policyholders may also expect an appropriate degree of consumer protection with regards to their fair treatment and the ability to escalate complaints to an independent body where they feel that they have been treated unfairly.

2.3.3 I have investigated these factors by looking separately at benefit expectations, policy administration and servicing, management and governance, and consumer protection.

Benefit expectations

2.3.4 I am satisfied that the Scheme will have no material adverse effect on the reasonable benefit expectations of Transferring Policyholders.

2.3.5 I have formed this opinion taking into account that:

- the majority of benefits are contractually defined and are not discretionary
- where discretion is applied:
 - the methodology used by Monument Life will be consistent with that currently used by Rothesay
 - the methodology and assumptions that Monument Life proposes to use to calculate discretionary benefits post-Scheme are, in my opinion, fair to Transferring Policyholders and are expected to be beneficial to Transferring Policyholders
 - any changes to the methodology will be subject to Monument Life's internal governance, and its requirement to meet the customer-focussed conduct rules of the Central Bank of Ireland (CBI), the Irish body that regulates financial services in Ireland
 - Monument Life's internal governance and regulatory conduct requirements are, in my opinion, comparable to Rothesay's internal governance and its requirement to meet applicable regulatory conduct rules

- Rothesay has received advice from its third-party tax advisor that the Scheme will not change the way in which Transferring Policyholders' benefits are taxed in the hands of the policyholder.

Policy administration and servicing

2.3.6 In my opinion, the Scheme will have no material adverse effect on the policy administration and service standards experienced by the Transferring Policyholders.

2.3.7 I have formed this opinion taking into account that:

- Rothesay, Monument Life and their respective outsourcing partners have developed, and shared with me, a policy data and administration migration plan to facilitate the transfer of the Transferring Policies from Rothesay to Monument Life
- I consider the migration plan (which may be amended to reflect changing circumstances) to be reasonable, comprehensive and robust
- the Companies will only proceed with the Scheme if they are confident, in advance of the Transfer Date, that the policy data and administration migration will be successful
- the proposed service standards are, in my opinion, not materially different from those that are currently applied by Rothesay
- Monument Life has chosen to outsource administration of the Transferring Business to Paymaster (1836) Limited (trading as Equiniti Paymaster), an established provider of such services which has:
 - a strong market reputation
 - demonstrated its ability to work to appropriate service standards on Monument Life's existing business.

2.3.8 As at the date of my Report, the migration plan is being implemented. The migration plan contains activities that have completed, activities that are work in progress and activities that are planned to be carried out between the date of my Report and the Transfer Date. While this is not an uncommon position in a transfer of insurance business such as this, it is important that the migration is completed successfully to ensure that the Transferring Policies can be administered appropriately following the proposed transfer. The Scheme should not proceed until the Companies are confident that the migration will be successful. This is recognised by the Companies and the Scheme will only proceed when they are both satisfied that the migration can be completed successfully.

2.3.9 At the date of my Report, work on the migration is progressing to plan and I have no reason to believe that the activities will not be completed successfully.

2.3.10 However, I do recognise that the potential consequences of the Covid-19 pandemic pose a risk to the migration if personnel involved in the migration are unavailable or unable to work. The Companies and their administration partners have implemented their business continuity plans with the intention of maintaining operations and service levels. At this stage, it is too early for me to assess whether or not the Covid-19 pandemic will have a detrimental impact on the migration.

2.3.11 I have asked the Companies to keep me informed of progress against the migration plan and I will provide an update in my Supplementary Report.

Management and governance

2.3.12 In my opinion, the Scheme will have no material adverse effect on the management and governance of the Transferring Policies.

2.3.13 I have formed this opinion taking into account that:

- Monument Life's governance structure is comparable to that of Rothesay's and is appropriate
- Monument Life has recruited additional staff to provide capacity for it to oversee the acquisitions and proposed transfers of insurance business planned over the short term.

2.3.14 In line with its commercial strategy, Monument Life's business is increasing and it expects to undertake a number of transactions over the course of 2020. In addition to the proposed transfer under the Scheme, I am aware of four other potential transactions that will involve business transferring into Monument Life. In anticipation of these transactions, Monument Life has recruited additional staff to provide appropriate capacity.

2.3.15 I have asked Monument Life to keep me informed of staff levels and potential transactions and I will consider carefully whether any developments after the date of my Report change my opinion. I will comment further on this in my Supplementary Report.

Consumer protection

2.3.16 I am satisfied that the Scheme will have no material adverse effect on Transferring Policyholders with respect to consumer protection and the escalation of complaints to an independent body. I have formed this opinion taking into account that the Transferring Policyholders will be:

- protected by the CBI's conduct regulations which, in my opinion, offer a similar level of protection to the conduct regulations in the UK
- protected by Monument Life's undertaking that it will comply with the UK regulations in respect of complaints handling and resolution, insofar as these requirements applied to the Transferring Policies prior to the Transfer Date
- able to escalate complaints to the Financial Services and Pensions Ombudsman (FSPO) in Ireland.

2.4 Potential loss of FSCS protection

2.4.1 The UK FSCS provides compensation to eligible customers in the event of insolvency of financial services companies, including insurance companies, that are "Relevant Persons" for the purposes of the FSCS rules. An insurance company is a Relevant Person if it is authorised by the Prudential Regulatory Authority to carry out business in the UK. There is no comparable compensation scheme for life insurance business in Ireland.

2.4.2 As Rothesay is a Relevant Person for the purposes of the FSCS rules, in the very unlikely event that Rothesay were to become insolvent and unable to pay policyholder benefits, Rothesay's eligible policyholders (including Transferring Policyholders) would be entitled to claim full compensation from the FSCS.

2.4.3 The Companies have each received legal advice as to whether, and in what circumstances, the Transferring Policyholders will remain protected by the FSCS following the implementation of the Scheme. That legal advice, which I have relied upon, but which is consistent with my own understanding of the relevant regulations, forms the basis of the following discussion.

2.4.4 Monument Life was also a Relevant Person for the purposes of the FSCS rules while the UK was a member of the EU and, under the terms of the withdrawal agreement between the UK and the EU, it will continue to be a Relevant Person during the Implementation Period. This means that rights of compensation from the FSCS currently exist for Monument Life's policyholders who are eligible to claim.

Under the current FSCS rules, Monument Life policyholders who are eligible to claim under the FSCS (including the Transferring Policyholders after the Transfer Date) will remain eligible for FSCS protection so long as Monument Life remains a Relevant Person.

- 2.4.5 Monument Life has applied to enter the UK's Temporary Permissions Regime, which will begin following the end of the Implementation Period. The Temporary Permissions Regime will allow non-UK European Economic Area (EEA) insurers to continue to operate in the UK over a further transitional period of up to three years starting from the end of the Implementation Period while they seek a permanent solution. Monument Life's status as a Relevant Person for the purposes of the FSCS rules will continue while it remains in the Temporary Permissions Regime.
- 2.4.6 Monument Life has indicated to me that it intends to submit an application to allow it to establish what is known as a "third country branch" in the UK within the transitional period covered by the Temporary Permissions Regime. If such a third country branch were established, Monument Life would remain a Relevant Person and the Transferring Policyholders would continue to benefit from rights of compensation under the current FSCS rules. I note though that it cannot be completely assured that Monument Life will be able to establish a third country branch in the UK as the action requires authorisation from the UK regulatory bodies.
- 2.4.7 There is a further UK transitional regime, which applies from the end of the Implementation Period to allow EEA insurers operating in the UK to run off policies that are already in force, the Financial Services Contracts Regime. This applies to a firm which does not enter the Temporary Permissions Regime or which does enter the Temporary Permissions Regime, but leaves that regime without obtaining a UK authorisation for a third country branch. If Monument Life is not successful in establishing a third country branch, it will fall within the Financial Services Contracts Regime and will be a Relevant Person for as long as it continues to do so. Transferring Policyholders would continue to benefit from FSCS cover while Monument Life is within the Financial Services Contracts Regime.
- 2.4.8 The Financial Services Contracts Regime is currently expected to apply to an insurance firm in these circumstances for 15 years from the end of the Implementation Period if the firm does not enter the Temporary Permissions Regime or for 15 years from the date on which the firm leaves the Temporary Permissions Regime without UK authorisation for a third country branch. The regulations allow the duration of the Financial Services Contracts Regime to be extended if HM Treasury, a department of the UK government, considers it necessary. After the expiry of the Financial Services Contracts Regime period, the policyholders eligible for FSCS protection transferring to Monument Life would lose that protection unless Monument Life has successfully established a third country branch in the UK.
- 2.4.9 I also note that the FSCS rules may change in the future. Such changes, which cannot be foreseen, may result in the Transferring Policyholders losing FSCS protection even if Monument Life does successfully establish a third country branch.
- 2.4.10 In summary, I expect that the Transferring Policyholders will continue to benefit from FSCS protection. Under current legislation, this protection will be available for at least 15 years from the date on which Monument Life leaves the Temporary Permissions Regime. However, the continuation of this protection beyond the Financial Services Contracts Regime period is not guaranteed as it depends upon Monument Life being successful in establishing a third country branch in the UK following the end of the Implementation Period and before the expiry of the Financial Services Contracts Regime period. It also depends upon there being no future changes to the FSCS rules that cannot be foreseen. It is therefore important that I consider the possible, but not expected, loss of FSCS protection.

2.4.11 In my opinion, the value of this possible lost protection to Transferring Policyholders is very small, as my analysis of the benefit security of Transferring Policyholders leads me to conclude that the likelihood of Monument Life becoming insolvent and therefore unable to pay benefits in full is very remote. In particular:

- Monument Life is required to comply with regulatory solvency requirements, which require it to hold sufficient capital to withstand an adverse event that is expected to occur only once in every 200 years.
- Monument Life's capital management policy means that it aims to hold capital in excess of the regulatory minimum meaning that Monument Life should be able to withstand adverse experience that is more remote than a 1 in 200 year event.
- The Monument Re group of companies is currently financially strong and is backed by a number of shareholders including three significant financial services companies. While it cannot be guaranteed, I consider it probable that, in the unlikely event that Monument Life does get into financial difficulty, Monument Re or its shareholders would support it in order to protect the value of their investment and given the reputational risk associated with failure of an investment. In particular, the Monument Re Group can currently call on approximately €80m of additional capital by way of its shareholders and a loan facility.

2.4.12 I consider that the value lost by Transferring Policyholders from any possible loss of FSCS protection after the Financial Services Contracts Regime period is outweighed by the benefit of having certainty that the insurer responsible for paying benefits to policyholders is lawfully able to do so regardless of the outcome of negotiations concerning the longer-term trading relationship between the UK and the EU. The potential loss of EU freedom of services rights following the end of the Implementation Period represents a material risk to the ongoing servicing and benefit payments on the Transferring Policies and so it is necessary and appropriate for Rothesay to take action. I have reviewed the alternative solutions that were considered by Rothesay to ensure continuity of service and benefit payment and I am satisfied that a transfer to an Irish insurer is an appropriate solution in light of the available options. The possible loss of FSCS protection after the Financial Services Contracts Regime period is an unavoidable risk of transferring to an Irish insurer in circumstances where that Irish insurer's future status under the FSCS rules after the Financial Services Contracts Regime period depends on it obtaining authorisation from the UK regulatory bodies and where that authorisation cannot be certain.

3 The effect of the Scheme on the Rothesay Non-Transferring Policyholders

3.1 Summary

- 3.1.1 I am satisfied that the Scheme will have no material adverse effect on the security of the benefits and reasonable expectations of the Rothesay Non-Transferring Policyholders.
- 3.1.2 To arrive at my conclusion, I have considered the impact of the Scheme on the:
- security of the benefits of the Rothesay Non-Transferring Policyholders
 - reasonable expectations of the Rothesay Non-Transferring Policyholders, including benefit expectations, service standards, management and governance.
- 3.1.3 I have formed this opinion taking into account, amongst other things, that:
- the Transferring Policies represent a very small proportion of Rothesay's business such that the impact of the Scheme on Rothesay's financial position is not material
 - the Scheme will not result in any changes to the benefits that the Rothesay Non-Transferring Policyholders will receive under their policies
 - there will be no changes to Rothesay's administration, management or governance arrangements as a result of the Scheme.
- 3.1.4 The impact of the Scheme is so trivial to Rothesay Non-Transferring Policyholders that I include no further analysis of the impact in this summary report.

4 The effect of the Scheme on the Monument Existing Policyholders

4.1 Summary

4.1.1 I am satisfied that the Scheme will have no material adverse effect on the security of the benefits and reasonable expectations of the Monument Existing Policyholders.

4.1.2 To arrive at my conclusion, I have considered the impact of the Scheme on the:

- security of the benefits of the Monument Existing Policyholders
- reasonable expectations of the Monument Existing Policyholders, including benefit expectations, service standards, management and governance.

4.2 Benefit security

4.2.1 I am satisfied that implementation of the Scheme will have no material adverse effect on the security of benefits for the Monument Existing Policyholders.

4.2.2 I have formed this opinion taking into account, amongst other things, that:

- the Scheme will have only a modest impact on Monument Life's financial position and Monument Life will remain financially strong immediately following the Scheme
- although the Transferring Policies bring additional risk to Monument Life:
 - much of the additional risk introduced will be reinsured to Monument Re
 - the additional risk to Monument Existing Policyholders' security of benefits from the increase in Monument Life's exposure to Monument Re is not material
 - the revised risk profile will be appropriately reflected in Monument Life's regulatory capital requirement.

4.3 Reasonable expectations

4.3.1 In my opinion, the reasonable expectations of the Monument Existing Policyholders are principally that:

- they receive their benefits as guaranteed under the policy on the dates specified
- to the extent that benefits or charges are discretionary, that such discretion is exercised fairly
- where different investment options are offered on savings contracts, that the investment options remain available or are changed only for good reason
- the administration, management and governance of the policies are in line with the contractual terms under the policy
- the standards of service received are at least as good as those they currently receive.

4.3.2 I am satisfied that implementation of the Scheme will have no material adverse effect on the reasonable expectations of the Monument Existing Policyholders. I have formed this opinion taking into account that, if the Scheme is implemented, there will be no changes to:

- any policy terms and conditions

- the discretion exercised by Monument Life
- investment options available to the Monument Existing Policyholders
- the administration and servicing arrangements for the Monument Existing Policies
- the management and governance of the Monument Existing Policies.

5 Other considerations

5.1 Communication of the Scheme to policyholders

- 5.1.1 The regulations governing transfers of insurance business in the UK set out certain requirements for the Companies to communicate with their policyholders and other affected parties about the proposed transfer.
- 5.1.2 These communications are an important part of the protections for policyholders, as they allow policyholders to raise any concerns they may have with their insurance company and consider whether they wish to exercise their right to object to the Court. The Court will consider any such objections in making its decision.
- 5.1.3 Rothesay will send a letter and a booklet (which includes this summary of my Report) to each holder of a Transferring Policy, except in certain cases where Rothesay will seek a dispensation from the Court (for example, where Rothesay does not have the policyholder's current address and attempts to trace the policyholder have failed). I have reviewed the letters and booklet and I consider that they appropriately explain the Scheme and the impact on Transferring Policyholders.
- 5.1.4 Rothesay proposes not to write to the Rothesay Non-Transferring Policyholders and Monument Life proposes not to write to the Monument Existing Policyholders. The rationale for this is that the Scheme has little effect on these policyholders, as there will be no changes to these policyholders' terms and conditions, the way their policies are administered or how their benefits are determined. Rothesay and Monument Life will place information about the Scheme on their websites and will place advertisements in national newspapers in the UK and Ireland. I consider that this is a reasonable and proportionate way to notify these policyholders of the Scheme.

5.2 Tax

- 5.2.1 Rothesay has informed me that it has sought advice from its third-party tax adviser on the tax impacts of the Scheme. This advice confirms that there should be no impact on tax paid by any group of policyholders and, in particular, that the Scheme will not change the way in which benefits are taxed in the hands of the policyholder. As the transferring business is not complex, I consider it unnecessary to seek additional independent advice on this topic.

5.3 Cost of the Scheme

- 5.3.1 Certain costs of the transfer process, including my fees in the role of Independent Expert, will be shared equally between Rothesay and Monument Life. Other costs will be borne by the party incurring the costs. None of the costs will be borne by any group of policyholders, either directly or indirectly through an increase in policy charges or a reduction in benefits.

6 Conclusions

- 6.1.1 I am satisfied that the implementation of the Scheme will not have a material adverse effect on:
- the security of the benefits of the policyholders of Rothesay and Monument Life, including the Transferring Policyholders
 - the reasonable expectations of the policyholders of Rothesay and Monument Life in respect of their benefit expectations, service standards, management and governance, including the Transferring Policyholders.
- 6.1.2 Based on the analysis above, and the more detailed information in my Report, I am satisfied that the Scheme is equitable to all classes and generations of Rothesay and Monument Life policyholders.
- 6.1.3 The Scheme is beneficial to the Transferring Policyholders in that it gives certainty that their benefits can lawfully be paid by their insurer regardless of the outcome of negotiations concerning the UK's future relationship with the EU.
- 6.1.4 I am satisfied that the proposed communications plan is appropriate and that the policyholder communication packs that I have seen are appropriate.
- 6.1.5 My Supplementary Report will provide an update on my conclusions in light of any significant events subsequent to the date of my Report.

Appendix C

Copy of the Legal Notice

IN THE MATTER OF ROTHESAY LIFE PLC
- and -
IN THE MATTER OF MONUMENT LIFE INSURANCE DAC (formerly Laguna Life DAC)
- and -
IN THE MATTER OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

NOTICE IS HEREBY GIVEN that on 30 March 2020 Rothesay Life Plc ("**Rothesay**") and Monument Life Insurance DAC (formerly Laguna Life DAC) ("**Monument**") applied to the High Court of Justice of England and Wales (the "**Court**"), pursuant to section 107(1) of the Financial Services and Markets Act 2000 (the "**Act**"), for an Order under section 111(1) of the Act sanctioning an insurance business transfer scheme (the "**Scheme**") for the transfer to Monument of certain Irish long-term insurance business carried on by Rothesay (the "**Transferred Business**") and for the making of ancillary orders in connection with the implementation of the Scheme under section 112 of the Act. The annuity policies comprised in the Transferred Business were written by Rothesay Assurance Limited (formerly MetLife Assurance Limited) in the Republic of Ireland on a freedom of services basis and subsequently transferred to Rothesay Life Plc by way of an order sanctioning an insurance business transfer scheme pursuant to Part VII of the Act.

If the Scheme is sanctioned by the Court, it will result in the transfer to Monument of all the contracts, property, assets and liabilities comprising the Transferred Business and accordingly, unless otherwise provided for in the Scheme, payments in respect of the policies comprising the Transferred Business shall, upon the transfer becoming effective, be dealt with by Monument.

Copies of the report on the terms of the Scheme prepared by an Independent Expert in accordance with section 109 of the Act (the "**Independent Expert's Report**"), copies of the form of letters sent to transferring policyholders, a statement setting out the terms of the Scheme and a summary of the Independent Expert's Report, and copies of the Scheme document itself can be obtained from www.rothesaylife.com/transfer-monument and if you cannot access this webpage copies can also be requested free of charge by contacting Rothesay using the telephone number or address set out below from the date of publication of this notice until the date on which the application is heard by the Court. These documents, other documents relating to the Scheme (including other actuarial reports and a booklet regarding the proposed transfer, including questions and answers) and any further news about the Scheme will be posted on this webpage which can be checked for updates.

Transferor contact details

Any questions or concerns relating to the proposed transfer should be referred to Rothesay.

Contact details for non-transferring policyholders

Non-transferring policyholders should use the usual contact details for the team administering their policy. These can be obtained from the following webpage: www.rothesaylife.com/contact-us

Contact details applicable to transferring policyholders

The contact details applicable to transferring policyholders are as follows:

Telephone: 1800 303377 if calling from the Republic of Ireland ("ROI")
Free to call within ROI on both landlines and mobiles

+353 (0) 1202 6095 if calling from outside of ROI
Normal call rates on both landlines and mobiles

Lines are open 9am – 5pm, Monday to Friday (except Bank Holidays in ROI)

Post: Rothesay Life
Customer Service Team
Friends First House
Cherrywood Business Park
Loughlinstown
Dublin 18

Email: rothesaylife@mercero.com

The application is due to be heard at the Rolls Building, Fetter Lane, London, EC4A 1NL on 22 July 2020.

If approved by the Court, it is currently proposed that the Scheme will take effect at 00:01 hrs (BST) on 7 September 2020.

Any updates to the above dates will be published on our website at: www.rothesaylife.com/transfer-monument

Any person who claims that he or she would be adversely affected by the carrying out of the Scheme has a right to object and to attend the hearing and express their views either in person, in writing or through a representative. Please note that if any person wishes to be represented by legal counsel at the Court hearing then he or she would need to have appropriate rights of audience to appear at the Court in London.

If you wish to make representations to the Court directly, you can do so by writing to the Court at the address given above. If you write to the Court directly, you should clearly refer to the "transfer of annuity policies between Rothesay Life Plc and Monument Life Insurance DAC (formerly Laguna Life DAC)" and the Court's reference number "(CR-2019-006061)" in your letter.

Any person intending to attend is requested (but is not obliged) to give notice of such intention as soon as possible and preferably at least five business days before the hearing on 22 July 2020, setting out their grounds of objection to Rothesay using the contact details above or by writing to the solicitors named below.

Any person who claims that they will be adversely affected by the Scheme but does not intend to attend the hearing may also make representations about the Scheme by giving notice of such representations, as soon as possible and preferably at least five business days before the hearing on 22 July 2020, using the contact details above or by writing to the solicitors named below.

Rothesay will acknowledge, in writing, all objections they receive. Rothesay will submit details of all objections received before the final court hearing to the Court, which will consider the Scheme and all objections from affected persons at the final Court hearing. Details of objections received will also be provided to the Independent Expert, the PRA and the FCA. This means that any correspondence that forms part of your objection will be part of the Court process which will be accessible to the public. By submitting an objection to the proposed Transfer, you consent to your objection and any personal data you provide with your objection being shared with the Court, the PRA, the FCA, the Central Bank of Ireland and the Independent Expert.

Allen & Overy LLP
One Bishops Square
London E1 6AD

Ref: 0094698-0000020

Solicitors to Rothesay

