

IN THE ROYAL COURT OF THE ISLAND OF JERSEY

(Samedi Division)

IN THE MATTER OF

THE PRUDENTIAL ASSURANCE COMPANY LIMITED

- and -

ROTHESAY LIFE PLC

**AND IN THE MATTER OF AN APPLICATION PURSUANT TO ARTICLE 27 OF AND
SCHEDULE 2 TO THE INSURANCE BUSINESS (JERSEY) LAW 1996**

JERSEY SCHEME

**pursuant to Article 27 of and Schedule 2 to the Insurance Business (Jersey) Law 1996
for the transfer of part of the business of (1) The Prudential Assurance Company Limited
to (2) Rothesay Life Plc**

1. Interpretation

Definitions

1.1 In this scheme (the **Jersey Scheme**), unless inconsistent with the subject or context, the following expressions have the following meanings:

Excluded Jersey Assets means the Excluded Assets and any and all other assets of the Transferor other than the Transferred Jersey Assets and the Residual Jersey Assets, and such Excluded Jersey Assets shall include:

- (a) the rights of the Transferor to any defences, claims, counterclaims, defences to counterclaims and rights of set off to the extent related to the Excluded Jersey Liabilities;
- (b) the rights, benefits or power of the Transferor under or relating to each Relevant Reinsurance Agreement solely insofar as such rights, benefits or power relate to any Excluded Jersey Liabilities referred to in limb (l) of the definition of Excluded Liabilities;
- (c) the rights of the Transferor under or relating to the Excluded Jersey Policies; and
- (d) any property of the Transferor that would be comprised in the Transferred Jersey Assets but where the Transferor and the Transferee agree in writing prior to the Jersey Transfer Date that it should not be transferred pursuant to this Jersey Scheme;

Excluded Jersey Liabilities means the Excluded Liabilities and:

- (a) any and all liabilities of the Transferor under or arising from the Jersey Scheme;
- (b) any and all Losses that would be comprised in the Transferred Jersey Liabilities but which the Parties agree in writing, prior to the date on which the Royal Court grants an order which sanctions the Jersey Scheme, shall not be transferred to the Transferee; and
- (c) any and all liabilities of the Transferor under or relating to the Excluded Jersey Policies;

Excluded Jersey Policies means:

- (a) any Jersey Policies which are Excluded Policies; and
- (b) any other Jersey Policies which are not capable of being transferred pursuant to Article 27 of, and Schedule 2 to, the Jersey Law at the Jersey Transfer Date;

Jersey Law means the Insurance Business (Jersey) Law 1996;

Jersey Order means an order made by the Royal Court pursuant to Article 27 of, and Schedule 2 to, the Jersey Law sanctioning this Jersey Scheme and any order (including any subsequent order, which is ancillary thereto) in relation to this Jersey Scheme made by the Royal Court pursuant to Schedule 2 to the Jersey Law;

Jersey Policies means all and any Policies written by the Transferor:

- (a) in respect of which any liability remains unsatisfied or outstanding at the Transfer Date; and

- (b) which was effected or carried out as part of the insurance business carried on in or from within Jersey (as such expression is interpreted for the purpose of the Jersey Law) and which the Royal Court has jurisdiction to transfer pursuant to the Jersey Law;

Jersey Transfer Date means the time and date ascribed to it in paragraph 4.1 of this Jersey Scheme;

JFSC means the Jersey Financial Services Commission;

PRIL Jersey Scheme means the Jersey scheme pursuant to Article 27 of and Schedule 2 to the Insurance Business (Jersey) Law 1996 under which Prudential Retirement Income Limited transferred the whole of its business carried on in or from within Jersey to the Transferor;

Residual Jersey Assets means:

- (a) any property of the Transferor that would be comprised in the Transferred Jersey Business (including any right, benefit or power under any Transferred Jersey Policy or a Relevant Reinsurance Agreement) but for a refusal by the Royal Court to order the transfer to the Transferee pursuant to Article 27 of, and Schedule 2 to, the Jersey Law at the Jersey Transfer Date;
- (b) any other property of the Transferor that would be comprised in the Transferred Jersey Business (including any right, benefit or power under a Transferred Jersey Policy or a Relevant Reinsurance Agreement) but for any agreement between the Transferor and the Transferee prior to the Jersey Transfer Date that its transfer should be delayed or should not be transferred at all;
- (c) any property of the Transferor that would be comprised in the Transferred Jersey Business (including any right, benefit or power under any Transferred Jersey Policy or a Relevant Reinsurance Agreement) but for the fact that it is outside the jurisdiction of the Royal Court or in respect of which the transfer pursuant to an order of the Royal Court is not recognised by the laws of the jurisdiction in which the property is situated or in respect of which further steps are necessary to effect the transfer pursuant to the laws of the jurisdiction in which such property is situated;
- (d) any property of the Transferor that would be comprised in the Transferred Jersey Business (including any right, benefit or power under any Transferred Jersey Policy or a Relevant Reinsurance Agreement) but which cannot be transferred to or vested in the Transferee on the Jersey Transfer Date for any other reason;
- (e) Residual Jersey Policy Records; or
- (f) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, or any other property or rights earned or received from time to time after the Jersey Transfer Date but prior to any relevant Subsequent Jersey Transfer Date in respect of any such property referred to in paragraphs (a) to (d) of this definition;

Residual Jersey Liability means any liability of the Transferor:

- (a) that is attributable to or connected with a Residual Jersey Asset (including any right, benefit or power under any Transferred Jersey Policy or a Relevant Reinsurance Agreement) and arises at any time before the Subsequent Jersey Transfer Date applicable to that Residual Jersey Asset;

- (b) that would be comprised in the Transferred Jersey Business but for the refusal by the Royal Court to order the transfer to the Transferee pursuant to Article 27 of, and Schedule 2 to, the Jersey Law on the Jersey Transfer Date;
- (c) that would be comprised in the Transferred Jersey Business but for the fact that it cannot be transferred to or vested in the Transferee for any other reason on the Jersey Transfer Date; or
- (d) that would be comprised in the Transferred Jersey Business (including any right, benefit or power under a Transferred Jersey Policy or a Relevant Reinsurance Agreement) but for any agreement between the Transferor and the Transferee prior to the Jersey Transfer Date that its transfer should be delayed,

but, for the avoidance of doubt, excluding the Excluded Jersey Liabilities;

Residual Jersey Policy means any Transferred Jersey Policy in respect of which liabilities under such Transferred Jersey Policy are Excluded Jersey Liabilities;

Residual Jersey Policy Record means any Record relating to an Excluded Jersey Policy;

Royal Court means the Royal Court of Jersey;

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

- (a) in respect of any Residual Jersey Asset falling within paragraph (a), (c) or (d) of the definition of Residual Jersey Assets, and of any Residual Jersey Liability which is attributable to or connected with that Residual Jersey Asset or which falls within paragraph (b) or (c) of the definition of Residual Jersey Liability, the date on which any impediment to its transfer shall have been removed or overcome;
- (b) in respect of any Residual Jersey Asset falling within paragraph (b) of the definition of Residual Jersey Assets and of any Residual Jersey Liability falling within paragraph (d) of the definition of Residual Jersey Liability which is attributable to or connected with that Residual Jersey Asset, the date on which the relevant Transferor and Transferee agree the transfer should take effect; and
- (c) in respect of a Residual Jersey Policy Record, the date on which the Excluded Jersey Policy to which such Residual Jersey Policy Record relates is novated or transferred to the Relevant Reinsurer;
- (d) in respect of any Residual Jersey Asset falling within paragraph (f) of the definition of Residual Jersey Assets, the Business Day after the date on which such Residual Jersey Asset is received by the Transferee in accordance with paragraph 8.3 of the UK Scheme, as deemed part of this Jersey Scheme pursuant to paragraph 3.1 of this Jersey Scheme;

Transferred Jersey Assets means all and any Transferred Assets relating to or forming part of the Transferred Jersey Policies but excluding the Excluded Jersey Assets and, prior to the applicable Subsequent Jersey Transfer Date, the Residual Jersey Assets and any rights, benefits and property under or relating to the Excluded Jersey Policies;

Transferred Jersey Business means all and any of the Transferred Business carried on in, or from within, Jersey (as such expression is interpreted for the purpose of the Jersey Law), comprising the Transferred Jersey Policies, the Transferred Jersey Assets, the Transferred Jersey Liabilities, and following each Subsequent Jersey Transfer Date, the relevant Residual Jersey Assets or Residual Jersey Liabilities;

Transferred Jersey Liabilities means all and any Transferred Liabilities under or in respect of the Transferred Jersey Policies, but excluding the Excluded Jersey Liabilities;

Transferred Jersey Policies means Transferred Policies that are Jersey Policies, but excluding any Excluded Jersey Policies;

UK Scheme means the insurance business transfer scheme pursuant to Part VII of the Financial Services and Markets Act 2000 for, *inter alia*, the transfer of certain long term insurance business of the Transferor to the Transferee, a copy of which is contained in the Schedule to this Jersey Scheme (excluding the DVD, which is referred to in the definition of Transferred Policies therein), as it may be varied or amended from time to time in accordance with its terms.

- 1.2 Other words and expressions used as defined terms in this Jersey Scheme shall bear the meanings given to them in the UK Scheme.
- 1.3 Subject to paragraph 1.2 above and except where the context requires otherwise, words and expressions used in the Jersey Law or in any regulations made under it shall have the same meanings in this Jersey Scheme.

Headings

- 1.4 Headings in this Jersey Scheme are inserted for convenience only and shall not affect its construction.

References

- 1.5 Any reference in this Jersey Scheme to an enactment, statutory provision or regulations shall be deemed to include a reference to the enactment or statutory provision or those regulations as from time to time amended, consolidated, modified, replaced or re-enacted by any statute or statutory provision.
- 1.6 Any reference to the singular includes a reference to the plural and vice versa. Any reference to he, she or it includes the others.
- 1.7 Any reference to a time of day is a reference, unless otherwise expressly specified, to London time.
- 1.8 Any reference to this Jersey Scheme shall include the Schedule hereto.

2. Introduction

- 2.1 The Prudential Assurance Company Limited (the **Transferor**) was incorporated in England and Wales on 1 June 1881 and is a UK authorised person as defined in section 178(4) of FSMA.
- 2.2 Rothesay Life Plc (the **Transferee**) was incorporated in England and Wales on 26 February 2007 and is a UK authorised person as defined in section 178(4) of FSMA.
- 2.3 The Transferor and the Transferee each hold a Category A permit to carry on long term insurance business under the Jersey Law.
- 2.4 It is proposed that, by Order of the Royal Court in accordance with Article 27 of, and Schedule 2 to, the Jersey Law, the Transferred Jersey Business shall be transferred to the Transferee on the Jersey Transfer Date on the same terms as the terms of the UK Scheme governing the transfer of the Transferred Business to the Transferee and as if the Transferred Jersey Business were part of the Transferred Business as defined in the UK Scheme.

2.5 The UK Scheme has the effect that:

- (a) if the transfer of any Transferred Jersey Policies is sanctioned by the Royal Court pursuant to this Jersey Scheme with effect from the Jersey Transfer Date, such policies shall be treated for all purposes of the UK Scheme as if they were Transferred Policies with effect from the Transfer Date and, to the extent necessary to comply with Part VII of the Financial Services and Markets Act 2000, shall also be transferred pursuant to the terms of the UK Scheme; and
- (b) if the Royal Court does not sanction the transfer of any Transferred Jersey Policies pursuant to this Jersey Scheme, despite having the jurisdiction to do so, or if this Jersey Scheme is sanctioned by the Royal Court but the transfer of any Transferred Jersey Policies does not become effective by the Jersey Transfer Date, then such policies shall, with effect from the Jersey Transfer Date, be Excluded Policies under the UK Scheme and shall be fully reinsured by the Transferee without limit in time or amount on the terms set out in the Reinsurance Agreement until the applicable Jersey Transfer Date.

2.6 The Transferor and Transferee have agreed to appear by Counsel at the hearing of the Representation to sanction this Jersey Scheme and undertake to be bound thereby and to execute all such documents and to do all such acts and things as may be necessary or expedient to be executed or done by it for the purposes of giving effect to this Jersey Scheme.

3. Incorporation of the UK Scheme

3.1 Save as otherwise set out in this Jersey Scheme, the terms of Part C (*Transfer of the Business*) of the UK Scheme shall be deemed to be part of this Jersey Scheme as if reproduced herein mutatis mutandis. For this purpose, the following definitions of the UK Scheme shall be read and construed as follows:

- (i) Excluded Assets shall be read as Excluded Jersey Assets;
- (ii) Excluded Liabilities shall be read as Excluded Jersey Liabilities;
- (iii) Excluded Policies shall be read as Excluded Jersey Policies;
- (iv) Order shall be read as Jersey Order;
- (v) Policy shall be read as Jersey Policy;
- (vi) Residual Assets shall be read as Residual Jersey Assets;
- (vii) Residual Liability shall be read as Residual Jersey Liability;
- (viii) Residual Policy shall be read as Residual Jersey Policy;
- (ix) Scheme shall be read as Jersey Scheme;
- (x) Subsequent Transfer Date shall be read as Subsequent Jersey Transfer Date;
- (xi) Transfer Date shall be read as Jersey Transfer Date;
- (xii) Transferred Assets shall be read as Transferred Jersey Assets;
- (xiii) Transferred Business shall be read as Transferred Jersey Business;
- (xiv) Transferred Liabilities shall be read as Transferred Jersey Liabilities;

(xv) Transferred Policies shall be read as Transferred Jersey Policies;

3.2 In the UK Scheme deemed to be part of this Jersey Scheme as if reproduced herein mutatis mutandis:

- (a) paragraph 3.2(b) shall be deleted;
- (b) in paragraph 3.6(b), the term "Transferred Asset" shall be read as "Transferred Asset (as defined in the UK Scheme)";
- (c) in paragraph 3.6(b)(A), the words "falling within limbs (a) to (d) of the definition thereof" shall be deleted;
- (d) in paragraph 6.1, the words "limbs (a), (b) and (d) of the definition of Excluded Policies" shall be read as "Excluded Policies falling within limbs (a), (b) and (d) of the definition of Excluded Policies (as defined in the UK Scheme) and the Excluded Jersey Policies within limb (b) of the definition of Excluded Jersey Policies"; and
- (e) in paragraph 6.1, the words "Excluded Policies falling within limb (c) of the definition of Excluded Policies for so long as they have not been transferred in accordance with the Guernsey Scheme or the Jersey Scheme (as applicable)" shall be read as "Excluded Policies falling within limb (c) of the definition of Excluded Policies (as defined in the UK Scheme) for so long as they have not been transferred in accordance with the Guernsey Scheme".

3.3 This Jersey Scheme is ancillary to the UK Scheme and is intended to transfer business carried on in or from within Jersey and assets and liabilities relating to such business that would not otherwise transfer under the UK Scheme. Nothing in this Jersey Scheme shall operate so as to prevent or conflict with any transfer provided for by the UK Scheme.

4. Jersey Transfer Date

4.1 This Jersey Scheme shall become effective, and the Jersey Transfer Date shall occur simultaneously with the last of the following two conditions being met, namely,

- (a) the Jersey Order by the Royal Court sanctioning this Jersey Scheme being made; and
- (b) the occurrence of the Transfer Date in respect of the UK Scheme.

4.2 If the Transferor and the Transferee agree that the transfer to the Transferee of the Transferred Jersey Business should become effective on or after 00.01 GMT on 15 March 2022, the Transferor and Transferee must apply to the Royal Court for a further order, specifying any time and date on or after 00.01 GMT on 15 March 2022 which, subject to the consent of the Royal Court, shall then become the Jersey Transfer Date for the purposes of this Jersey Scheme and this Jersey Scheme shall then become operative on and from the time and date so specified, provided that:

- (a) the JFSC shall be notified in advance and as soon as reasonably practicable, and shall have the right to be heard at, any hearing of the Court at which such application is considered;
- (b) such application shall be accompanied by a certificate from an independent actuary to the effect that the proposed amendment will not materially adversely affect the holders of the Transferred Jersey Policies or existing policyholders of the Transferor or the Transferee, including as to their benefit expectations;
- (c) an independent actuary shall be provided with the most up-to-date financial information (audited and/or unaudited, as may be appropriate) available to the Transferor and the Transferee in respect of that party; and

- (d) a notice of the making of such order is published on the website of the Transferor within 5 days of the making of such further order.

5. Modification of this Jersey Scheme

- 5.1 The Transferor and Transferee may consent for and on behalf of all other persons concerned (other than the JFSC) to any modification of or addition to this Jersey Scheme except the Schedule to this Jersey Scheme (modifications of or additions to which shall be governed by the terms of the UK Scheme) or to any further condition or provision affecting the same which, prior to its sanction of this Jersey Scheme, the Royal Court may approve or impose.
- 5.2 Subject to paragraph 5.5, at any time after the sanction of this Jersey Scheme, the Transferee and the Transferor shall be at liberty to apply jointly to the Royal Court for consent to amend its terms except for the Schedule to this Jersey Scheme (modifications of or additions to which shall be governed by the terms of the UK Scheme), provided that in any such case:
- (a) the JFSC shall be notified at least 30 Business Days in advance of any hearing of the Royal Court at which such application is considered, such period to commence on the earlier of i) the date (or the latest date) on which the JFSC gives notice of receipt of the notification of the amendment to the Transferee or the Transferor (as the case may be); and ii) the date which falls three Business Days following delivery of the notification of the amendment to the JFSC by the Transferee or the Transferor, and the JFSC shall have the right to be heard at such hearing; and
 - (b) such application shall be accompanied by a certificate from an independent actuary to the effect that in his opinion (having considered the proposed amendments in the round), the proposed amendments to the Jersey Scheme will not have a material adverse effect on the policyholders of the Transferee, including by reference to:
 - (i) the effect of the proposed amendments to the Jersey Scheme on the security of those policyholders' contractual rights, including the likelihood and potential effects of the insolvency of the Transferee;
 - (ii) the likely effects of the proposed amendments to the Jersey Scheme on matters such as investment management, new business strategy, administration, governance, expense levels and valuation bases in so far as they may affect (x) the security of those policyholders' contractual rights; (y) level of service provided to those policyholders; or (z) the reasonable benefit expectations of those policyholders; and
 - (iii) the cost and tax effects of the proposed amendments to the Jersey Scheme, including in so far as they may affect the security of those policyholders' contractual rights or their reasonable benefit expectations.
- 5.3 If such consent is granted, the Transferee and the Transferor may amend the terms of this Jersey Scheme except the Schedule to this Jersey Scheme (modifications of or additions to which shall be governed by the terms of the UK Scheme) in accordance with such consent.
- 5.4 The consent of the Royal Court or the JFSC shall not be required in relation to the amendment or termination of the Reinsurance Agreement.
- 5.5 Notwithstanding paragraph 5.2, any amendment to this Jersey Scheme except the Schedule to this Jersey Scheme (modifications of or additions to which shall be governed by the terms of the UK Scheme) will not require the approval of the Royal Court where such amendment is:

- (a) a minor and/or technical amendment to terms (including amendments to correct manifest errors) that may be agreed by the Transferee and the Transferor;
- (b) required to reflect any change in Applicable Law which has or will have any implications for the Transferor or Transferee in relation to the terms or operation of this Jersey Scheme;
- (c) necessary to reflect any changes in the generally accepted actuarial practices relating to the Transferred Jersey Policies; or
- (d) required to protect the rights and reasonable expectations of the policyholders of the Transferred Jersey Policies,

provided that:

- (i) the JFSC has been notified of the same at least 28 days in advance of the amendment being made, such period to commence on the earlier of (A) the date (or the latest date) on which the JFSC gives notice of receipt of the notification of the amendment to the Transferee or the Transferor (as the case may be); and (B) the date which falls three Business Days following delivery of the notification of the amendment to the JFSC by the Transferee or the Transferor (the **Notification Period**); and
- (ii) the JFSC has indicated, by the end of the Notification Period, that it does not object thereto.

5.6 Subject to paragraph 5.7 below, the PRIL Jersey Scheme shall cease to have effect in relation to the Transferred Jersey Policies at the Jersey Transfer Date save as expressly set out in this Jersey Scheme.

5.7 Paragraph 5.6 shall be without prejudice to:

- (a) any rights or liabilities arising under the PRIL Jersey Scheme which remain to be fulfilled or which are capable of being exercised immediately prior to the Jersey Transfer Date; and
- (b) any action taken pursuant to, or provisions implemented under, the PRIL Jersey Scheme prior to the Jersey Transfer Date.

6. Governing Law

6.1 This Jersey Scheme shall be governed by and construed in accordance with Jersey law.

SCHEDULE

UK Scheme