

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)**

**IN THE MATTER OF
AIG EUROPE LIMITED**

AND

AMERICAN INTERNATIONAL GROUP UK LIMITED

AND

AIG EUROPE SA

AND

**IN THE MATTER OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000**

SCHEME

**for the transfer of insurance business and related assets and liabilities from AIG Europe
Limited to**

American International Group UK Limited and AIG Europe SA

in accordance with Part VII of the Financial Services and Markets Act 2000

CONTENTS

CLAUSE	PAGE
PREAMBLE	2
SECTION 1 – DEFINITIONS AND INTERPRETATION	3
1. Interpretation	3
SECTION 2 – INTRODUCTION.....	14
2. Introduction.....	14
SECTION 3 – TRANSFER.....	16
PART A – UK TRANSFER.....	16
3. Transfer of the Transferring UK Business	16
4. Continuity of Proceedings.....	18
5. Premiums and Mandates	19
6. Rights and Obligations under Transferring UK Insurance Policies.....	20
7. Indemnities.....	20
PART B – EUROPEAN TRANSFER	21
8. Transfer of the Transferring European Business	21
9. Continuity of Proceedings.....	23
10. Premiums and Mandates	25
11. Rights and Obligations under Transferring European Insurance Policies	25
12. Indemnities.....	26
SECTION 4 – COMMON PROVISIONS FOR THE SCHEME	26
13. Wrong Pockets and Declaration of Trust.....	26
14. Allocation of Transferring Insurance Policies and Transferring Assets	27
15. The Completion Date.....	28
16. Amendments or Additions to this Scheme.....	28
17. Costs and Expenses	29
18. Successor and Assigns	29
19. VAT and Tax.....	30
20. Third Parties	30
21. Evidence of Transfer.....	31
22. Governing Law.....	31

PREAMBLE

Background

- A. On 23 June 2016, the UK voted to leave the EU (*Brexit*). The exit process has since been triggered by the invoking of Article 50 of the Lisbon Treaty on 29 March 2017, and the UK is scheduled to leave the EU on 29 March 2019.
- B. When the UK leaves the EU, it is currently anticipated that UK-incorporated insurers will (subject to the provisions of any exit deal or transitional arrangements implemented between the EU and the UK) lose, amongst other things, their current “passporting” rights to sell policies under the freedom of services, and to establish branches under the freedom of establishment, in:
- i. the rest of the EEA (for the avoidance of doubt, excluding the UK); and
 - ii. Switzerland, which is not part of the EEA but is linked to the European Single Market via bilateral treaties with the EU that offer EEA incorporated insurers the right to exercise freedom of establishment but not freedom of services within Switzerland,

(together, the *European Zone*) under the supervision of a single prudential regulator.
- C. These “passporting” rights are central to the AIG Group’s corporate structure and the way it currently carries out its business in the European Zone.
- D. The AIG Group has decided to change its corporate structure in order to protect its business in the circumstances where there is no exit deal between the EU and the UK which sufficiently and enduringly preserves its “passporting” rights such that the AIG Group’s current structure can be maintained post-Brexit. The AIG Group wants to ensure that it can continue to service its existing business and continue to write new business across the European Zone post-Brexit.
- E. Following the decision of the UK to initiate the process for leaving the EU, the Transferor intends to transfer: (a) its UK related business (being the Transferring UK Business) to the UK Transferee under this Scheme; and subsequently (b) the remainder of its business, being the Transferring European Business, to the European Transferee pursuant to and in accordance with the terms of the Merger which by reason of the insurance business transfer scheme under section 104 of FSMA involved therein is required to be sanctioned pursuant to the Order.
- F. In addition, to the extent any assets and liabilities (if any) are not the subject of this Scheme, the Transferor will transfer such assets and liabilities to the European Transferee under the Merger, so that the entirety of the business of the Transferor, other than the Transferring UK Business, will be transferred to the European Transferee under the Merger.

SECTION 1 – DEFINITIONS AND INTERPRETATION

1. INTERPRETATION

1.1 Definitions

In this Scheme the following expressions bear the meanings respectively set opposite them:

Additional Transferring European Reinsurance Policies means that part of any reinsurance policy relating to risk in Argentina and Venezuela issued by or on behalf of the Transferor as reinsurer;

AIG Group means American International Group, Inc. and its subsidiaries from time to time, including the Transferor and the Transferees;

Affiliates means, in relation to any entity, any subsidiary or parent company of the entity and any subsidiary of any such parent company, in each case from time to time;

AHEL means AIG Holdings Europe Limited, a private company limited by shares incorporated under the laws of England and Wales, having its registered office located at The AIG Building, 58 Fenchurch Street, London EC3M 4AB, United Kingdom, registered under company number 09976229;

AIGIH means AIG International Holdings GmbH, a company incorporated under Swiss law, having its registered office located at Dammstrasse 19, 6300 Zug, Switzerland registered under company number CHE-483.018.956;

Applicable Privacy Laws means all applicable data protection laws, rules and regulations, including Directive 95/46/EC of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, as amended or replaced from time to time (including by the General Data Protection Regulation), and any applicable national laws, rules and regulations implementing the foregoing;

Authorised Person has the meaning set out in the Regulatory Handbook;

Board means, in relation to a company, the board of directors from time to time of that company;

CBM Regulations means the regulations (ie the Companies (Cross-Border Mergers) Regulations 2007 (SI 2007/2974) as amended and articles 1020-1 *seq.* of the Luxembourg Commercial Code of 10 August 1915 as amended (*Loi du 10 août 1915 concernant les sociétés commerciales*)) which implement into English and Luxembourg law respectively Directive 2005/56/EC of 26 October 2005 on cross-border mergers of limited liability companies, which Directive was repealed and codified with effect from 20 July 2017 by Directive (EU) 2017/1132 of 14 June 2017 relating to certain aspects of company law (codification);

Completion Date means the time and date on which this Scheme shall become effective in relation to the UK Transfer and the European Transfer respectively in accordance with paragraph 15;

Court means the High Court of Justice in England and Wales;

EEA means the European Economic Area as constituted by the Agreement on the European Economic Area (94/1/ECSC, EC), as amended from time to time;

Encumbrance means any mortgage, charge, pledge, security, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, any other encumbrance or security interest of any kind and any other type of preferential arrangement (including title, transfer and retention arrangements) having a similar effect;

EU means the European Union;

European Transfer has the meaning given to that term in paragraph 2.3(c);

European Transferee means AIG Europe SA, a *société anonyme* incorporated under the laws of Luxembourg, having its registered office located at 10B, rue des Mérovingiens, L-8070 Bertrange, Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade and Companies Register under registration number B 218806;

European Zone has the meaning given to that term in paragraph B of the preamble;

FCA means the United Kingdom's Financial Conduct Authority and its successors from time to time;

FCA Handbook means the handbook of rules and guidance issued by the FCA from time to time pursuant to FSMA;

FSMA means the Financial Services and Markets Act 2000;

General Data Protection Regulation means:

- (a) Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation); and
- (b) laws implementing Regulation 2016/679;

Intellectual Property Rights means:

- (a) patents, utility models and rights in inventions;
- (b) rights in each of know-how, confidential information and trade secrets;
- (c) trade marks, service marks, rights in logos, trade names, rights in each of get-up and trade dress, rights to sue for passing off (including trade mark-related goodwill), rights to sue for unfair competition and domain names;
- (d) copyright, moral rights, database rights, rights in designs and semiconductor topography rights;
- (e) any other intellectual property rights; and

- (f) all rights or forms of protection, subsisting now or in the future, having equivalent or similar effect to the rights referred to in paragraphs (a) to (d) above,

in each case: (i) anywhere in the world; (ii) whether unregistered or registered (including all applications, rights to apply and rights to claim priority); and (iii) including all divisionals, continuations, continuations-in-part, reissues, extensions, re-examinations and renewals, and references in this Scheme to **registered** Intellectual Property Rights include Intellectual Property Rights for which an application for registration has been made;

Jersey means the Bailiwick of Jersey, a crown dependency of the United Kingdom;

Jersey Completion Date means 00:01 GMT on 1 December 2018, being the time and date on which the Jersey Scheme will become effective in accordance with its terms in relation to the Jersey Policies (or such other time and date as the Transferor and the Transferees, acting by their respective boards, may agree in writing);

Jersey Policy means that part of a Transferring Insurance Policy which was effected or carried out as part of insurance business carried on in, or from within, Jersey and in respect of which any liability remains unsatisfied or outstanding at the Completion Date and which the Royal Court of Jersey has jurisdiction to transfer pursuant to the Insurance Business (Jersey) Law 1996;

Jersey Scheme means the scheme for the transfer of the Jersey Policies under the Insurance Business (Jersey) Law 1996;

Long Stop Date means 22:59 GMT on 29 March 2019 or such later time and date, if any, as each of the Transferor and the Transferees may agree and the Court may approve;

Merger means the planned cross-border merger by absorption of the Transferor by the European Transferee pursuant to the CBM Regulations, in accordance with the draft terms of merger entered into by the Transferor and the European Transferee, which will effect the transfer of the Transferring European Business, and which is conditional, *inter alia*, upon the effectiveness of the Order;

Order means an order made by the Court pursuant to section 111 of FSMA sanctioning this Scheme and any order (including, without limitation, any subsequent order) in relation to this Scheme made by the Court pursuant to section 112 of FSMA;

Part VII Transfer means the transfer of the Transferring Business, as sanctioned by the Court pursuant to the Order, and, in the case of the Transferring European Business, which shall be effected pursuant to the terms of the Merger;

Periodical Payment Orders means any Periodical Payment Orders to which the Transferor is a party and any other order of the court pursuant to section 2 of the Damages Act 1996 to which the Transferor is a party;

PRA means the United Kingdom's Prudential Regulation Authority and its successors from time to time;

PRA Rulebook means the rulebook of rules issued by the PRA from time to time pursuant to FSMA;

Proceedings includes any action or other legal or administrative proceedings or step (whether direct or indirect, by way of a claim, demand, legal proceedings, execution of judgment, arbitration, complaint or otherwise howsoever) including arbitration, mediation, adjudication, any other dispute resolution procedure (whether or not it involves submission to any court), any judicial, quasi-judicial, administrative or regulatory review or process or any complaint or claim to any ombudsman, including the UK Financial Ombudsman Service, or other proceedings for the resolution of a dispute or claim, in each case whether current, future, pending, threatened or otherwise or any other claims or complaints which may be brought in the future including those not yet in contemplation;

Principal VAT Directive means Directive 2006/112/EC of 28 November 2006 on the common system of value added tax;

Regulatory Handbook means the PRA Rulebook and the FCA Handbook taken together;

Regulatory Requirement means all applicable laws, statutes, regulations, rules, orders, directives, requirements, guidance, standards, guidelines, supervisory statements and industry codes of practice in each case having legal effect stipulated by any legal, governmental or regulatory body with powers of direction over the relevant entity, including the rules of any stock exchange or listing authority, in each case existing and in force from time to time, where relevant in the context;

Scheme means this Scheme in its original form or with or subject to any modification, addition or condition which may be approved or imposed in accordance with Part VII of, and Schedule 12 to, FSMA;

Security Arrangements include:

- (a) agreements of indemnity and/or guarantees pursuant to which the Transferor is indemnified in connection with reinsurance liabilities, surety bonds or other liabilities or commitments;
- (b) letter of credit facilities and/or collateral agreements pursuant to which cash, letters of credit or other assets are deposited with the Transferor to secure the payment of reinsurance liabilities, liabilities in connection with the issuance of surety bonds or other liabilities or commitments; and/or
- (c) arrangements having equivalent or similar effect to the arrangements referred to in paragraphs (a) to (b) above;

Tax or Taxation includes, without limitation (a) taxes on gross or net income, profits and gains, and (b) all other taxes, levies, duties, imposts, charges and withholdings of any nature, including any excise, property, value added, sales, use, occupation, transfer, franchise and payroll taxes and any national insurance or social security contributions, and any payment whatsoever which the relevant person may be or become bound to make to any person as a result of the discharge by that person of any tax which the relevant person has failed to discharge, together with all penalties,

charges and interest relating to any of the foregoing or to any late or incorrect return in respect of any of them, and regardless of whether such taxes, levies, duties, imposts, charges, withholdings, penalties and interest are chargeable directly or primarily against or attributable directly or primarily to the relevant person or any other person and of whether any amount in respect of them is recoverable from any other person;

Transferee Group means the European Transferee or the UK Transferee (as applicable) and any subsidiaries, subsidiary undertakings or associated undertakings of the European Transferee or of the UK Transferee (as applicable), any holding companies of the European Transferee or of the UK Transferee (as applicable), and any subsidiaries, subsidiary undertakings or associated undertakings of such holding companies from time to time as each is defined in the Companies Act 2006, and **European Transferee Group** and **UK Transferee Group** shall be construed accordingly;

Transferee means:

- (a) in relation to the UK Transfer, the UK Transferee; and
- (b) in relation to the European Transfer, the European Transferee,

as the context requires, and **Transferees** and **relevant Transferee** shall be construed accordingly;

Transferor means AIG Europe Limited, a private company limited by shares incorporated under the laws of England and Wales, having its registered office located at The AIG Building, 58 Fenchurch Street, London EC3M 4AB, United Kingdom, registered under company number 01486260;

Transferor Group means the Transferor and any subsidiaries, subsidiary undertakings or associated undertakings of the Transferor, any holding companies of the Transferor, and any subsidiaries, subsidiary undertakings or associated undertakings of such holding companies from time to time as each is defined in the Companies Act 2006;

Transferring Assets means the Transferring European Assets and the Transferring UK Assets;

Transferring Business means the Transferring European Business and the Transferring UK Business;

Transferring European Assets means all assets, rights and benefits of the Transferor as at the Completion Date, excluding the Transferring UK Assets, but including all of the following whatsoever and wheresoever situated:

- (a) the assets matching the technical reserves, balance sheet liabilities and shareholders' funds of the Transferring European Business (including, for the avoidance of doubt, trade debtors and investments relating to the Transferring European Business);

- (b) the rights, benefits and powers of the Transferor under or by virtue of the Transferring European Insurance Policies;
- (c) the rights, benefits and powers of the Transferor under or by virtue of the Transferring European Outwards Reinsurance;
- (d) the rights, benefits and powers of the Transferor under or by virtue of the Transferring European Security Arrangements;
- (e) the rights, benefits and powers of the Transferor under or by virtue of the Transferring European Business Contracts;
- (f) the rights of the Transferor to a refund or recovery of Taxation or any other Tax asset relating to the Transferring European Business;
- (g) the Transferring European Records and all rights, title and interest of the Transferor in the Transferring European Records;
- (h) the Transferring European Properties and all rights, title and interest of the Transferor in the Transferring European Properties;
- (i) the Transferring European Subsidiaries and all rights, title and interest of the Transferor in the Transferring European Subsidiaries;
- (j) the Transferring European IPR and all rights, title and interest of the Transferor in the Transferring European IPR; and
- (k) the Transferring European IT and all rights, title and interest of the Transferor in the Transferring European IT;

Transferring European Business means the insurance business of the Transferor to be transferred to the European Transferee under the Merger and otherwise subject to the terms of the Order, comprising all the business of the Transferor, other than the Transferring UK Business, but including, for the avoidance of doubt, the Transferring European Insurance Policies, Transferring European Assets, Transferring European Liabilities and Transferring European Employees;

Transferring European Business Contracts means that part of any contracts, service agreements, broker agreements, intermediary agreements, engagements, licences, guarantees and other commitments to which the Transferor is a party at the Completion Date and which relate to the Transferring European Business but excluding, for the avoidance of doubt, the Transferring European Insurance Policies, Transferring European Outwards Reinsurance and Transferring UK Business Contracts;

Transferring European Employees means those employees who are wholly or mainly assigned to, and are therefore part of, the Transferring European Business, which for the avoidance of doubt shall be all those employees of the Transferor other than the Transferring UK Employees;

Transferring European Insurance Policies means that part of any (re)insurance policies underwritten or assumed by the Transferor in whole or in part or for the account of the Transferor as at the Completion Date in relation to the Transferring

European Business (including any expired, surrendered, lapsed, matured or reinstated policies and any binders, slips and binding quotations and all supplements, endorsements, notices, assignments, novations and riders thereto and all ancillary agreements in connection therewith), excluding, for the avoidance of doubt, the Transferring UK Insurance Policies;

Transferring European IPR means all of the Intellectual Property Rights of the Transferor, other than the Transferring UK IPR;

Transferring European IT means the information and communications technologies used by the Transferor in the Transferring European Business, including hardware, software, networks and associated documentation, other than the Transferring UK IT;

Transferring European Liabilities means all liabilities and commitments of any kind and description of the Transferor attributable to or in connection with the Transferring European Business (including any liability of the Transferor to Tax relating to the Transferring European Business), irrespective of whether they arise prior to or following the Completion Date;

Transferring European Outwards Reinsurance means that part of any contracts of reinsurance to the extent it covers any part of any of the Transferring European Insurance Policies;

Transferring European Properties means all of the freehold and leasehold interests of the Transferor in any real property, other than the Transferring UK Properties;

Transferring European Records means that part of any documents, files and other records, whether in physical or electronic form, relating to the Transferring European Business which are in the possession of, or under the control of, the Transferor or its third party service providers;

Transferring European Security Arrangements means all of the Security Arrangements of the Transferor, other than the Transferring UK Security Arrangements;

Transferring European Subsidiaries means all of the Transferor's interests in subsidiary companies, other than the Transferring UK Subsidiaries;

Transferring Insurance Policies means the Transferring European Insurance Policies and the Transferring UK Insurance Policies;

Transferring Liabilities means the Transferring European Liabilities and the Transferring UK Liabilities;

Transferring Outwards Reinsurance means the Transferring European Outwards Reinsurance and the Transferring UK Outwards Reinsurance;

Transferring UK Assets means all of the following whatsoever and wheresoever situated as at the Completion Date:

- (a) the assets matching the technical reserves, balance sheet liabilities and shareholders' funds of the Transferring UK Business (including, for the

avoidance of doubt, trade debtors and investments relating to the Transferring UK Business);

- (b) the rights, benefits and powers of the Transferor under or by virtue of the Transferring UK Insurance Policies;
- (c) the rights, benefits and powers of the Transferor under or by virtue of the Transferring UK Outwards Reinsurance;
- (d) the rights, benefits and powers of the Transferor under or by virtue of the Transferring UK Security Arrangements;
- (e) the rights, benefits and powers of the Transferor under or by virtue of the Transferring UK Business Contracts;
- (f) the rights of the Transferor to a refund or recovery of Taxation or any other Tax asset relating to the Transferring UK Business;
- (g) the Transferring UK Records and all rights, title and interest of the Transferor in the Transferring UK Records;
- (h) the Transferring UK Properties and all rights, title and interest of the Transferor in the Transferring UK Properties;
- (i) the Transferring UK Subsidiaries and all rights, title and interest of the Transferor in the Transferring UK Subsidiaries;
- (j) the Transferring UK IPR and all rights, title and interest of the Transferor in the Transferring UK IPR; and
- (k) the Transferring UK IT and all rights, title and interest of the Transferor in the Transferring UK IT;

Transferring UK Business means the insurance business of the Transferor to be transferred to the UK Transferee under this Scheme, comprising the Transferring UK Insurance Policies, Transferring UK Assets, Transferring UK Liabilities and Transferring UK Employees;

Transferring UK Business Contracts means that part of any contracts, service agreements, broker agreements, intermediary agreements, engagements, licences, guarantees and other commitments to which the Transferor is a party at the Completion Date and which relate to the Transferring UK Business, including:

- (a) the whole of the capital maintenance agreement entered into by American International Group, Inc. and Landmark Insurance Company Limited (now the Transferor) dated 1 November 1995 (as amended);
- (b) the whole of the irrevocable standby letter of credit no. 15/1325 issued by BNP Paribas London Branch in favour of the Transferor dated 5 November 2015;

- (c) the whole of the irrevocable standby letter of credit no. 779020461116-R issued by Standard Chartered Bank in favour of the Transferor dated 4 November 2015; and
- (d) the whole of the irrevocable standby letter of credit no. LG/MIS/NY-089511 issued by Sumitomo Mitsui Banking Corporation New York Branch dated 4 November 2015,

but excluding, for the avoidance doubt, the Transferring UK Insurance Policies and the Transferring UK Outwards Reinsurance;

Transferring UK Employees means those employees who are wholly or mainly assigned to, and are therefore part of, the Transferring UK Business;

Transferring UK Insurance Policies means:

- (a) that part of insurance policies relating to UK risk issued by or on behalf of the Transferor;
- (b) that part of insurance policies relating to non-EEA risk issued by or on behalf of the Transferor; and
- (c) that part of reinsurance policies other than the Additional Transferring European Reinsurance Policies issued by or on behalf of the Transferor,

in each case (i) other than where such (re)insurance policy has been issued by the Transferor through or on behalf of any of its branches in the European Zone (and for the avoidance of doubt, any Additional Transferring European Reinsurance Policy issued by the Transferor through or on behalf of any of its branches in the European Zone shall be a Transferring European Insurance Policy), and (ii) where such (re)insurance policy (or part thereof) is underwritten or assumed by the Transferor in whole or in part or for the account of the Transferor as at the Completion Date (including any expired, surrendered, lapsed, matured or reinstated policies and any binders, slips and binding quotations and all supplements, endorsements, notices, assignments, novations and riders thereto and all ancillary agreements in connection therewith);

Transferring UK IPR means the Intellectual Property Rights of the Transferor which relate to the Transferring UK Business;

Transferring UK IT means information and communications technologies used by the Transferor in the Transferring UK Business, including hardware, software, networks and associated documentation;

Transferring UK Liabilities means all liabilities and commitments of any kind and description of the Transferor attributable to or in connection with the Transferring UK Business (including any liability of the Transferor to Tax relating to the Transferring UK Business), irrespective of whether they arise prior to or following the Completion Date;

Transferring UK Outwards Reinsurance means that part of any contracts of reinsurance to the extent it covers any part of any of the Transferring UK Insurance Policies;

Transferring UK Properties means the freehold and leasehold interests of the Transferor in any real property situated in the UK;

Transferring UK Records means that part of any documents, files and other records, whether in physical or electronic form, relating to the Transferring UK Business which are in the possession of, or under the control of, the Transferor or its third party service providers;

Transferring UK Security Arrangements means:

- (a) any Security Arrangements relating to any global fronting or risk finance programmes other than where such programme was produced by the Transferor through any of its branches in the European Zone; and
- (b) that part of any Security Arrangements relating to any Transferring UK Business other than those under global fronting and risk finance programmes;

Transferring UK Subsidiaries means all of the Transferor's interest in AIG Europe (Services) Ltd, Privilege Holdings SARL, Privilege Southampton Holdings SARL, Habitus Holdings SARL and Privilege Cardiff Holdings SARL;

UK or United Kingdom means the United Kingdom of Great Britain and Northern Ireland;

UK Transfer has the meaning given to that term in paragraph 2.3(a);

UK Transferee means American International Group UK Limited, a private company limited by shares incorporated under the laws of England and Wales, having its registered office located at The AIG Building, 58 Fenchurch Street, London EC3M 4AB, United Kingdom, registered under company number 10737370; and

VAT means value added tax and any similar sales or turnover tax.

1.2 In this Scheme:

- (a) **assets** includes property, rights and powers of any description;
- (b) **liabilities** means all liabilities, duties and obligations of every description, whether deriving from contract, common law, statute or otherwise, whether present or future, actual or contingent, ascertained or unascertained or disputed and whether owed or incurred severally or jointly or as principal or surety and **liability** means any one of them;
- (c) **property** includes property, assets, rights (including contingent rights as to the repayment of Tax), benefits and powers of every description (whether present or future, actual or contingent) and, for the avoidance of doubt, includes investment management agreements, distribution agreements, service agreements and external and internal reinsurance agreements (where relevant)

and includes property held on trust and any interest whatsoever in any of the foregoing;

- (d) *transfer* includes (as the context may require) *assign*, *assignment* or *assignment*, *dispose* or *disposal* or *convey* or *conveyance*;
- (e) any reference to the singular shall (where appropriate) include a reference to the plural and vice versa and any reference to the masculine shall include a reference to the feminine and neuter and vice versa (unless the context otherwise requires);
- (f) any reference to an enactment, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, statutory provision or subordinate legislation as amended, replaced or re-enacted from time to time and to any instrument or order made from time to time under such enactment, statutory provision or subordinate legislation;
- (g) any reference to any rules or regulations issued by the FCA or PRA shall be deemed to include a reference to such rules or regulations as amended or replaced from time to time;
- (h) references to *holding company* and *subsidiary* shall have the same meanings as in the Companies Act 2006;
- (i) references to *branch* or *branches* shall be to any permanent presence of the undertaking in question in an EEA state or Switzerland other than that in which it has its head office;
- (j) references to a *policy* and a *policyholder* shall have the meanings ascribed to them by the Financial Services and Markets Act 2000 (Meaning of Policy and Policyholder) Order 2001;
- (k) any references to paragraphs, Sections or Parts are to paragraphs, Sections or Parts of this Scheme (unless the context otherwise requires);
- (l) headings are inserted for convenience only and shall not affect the construction of this Scheme;
- (m) any reference to a person shall include a reference to any individual, company, firm, partnership, joint venture, association, organisation, trust or agency, whether or not having a separate legal personality;
- (n) if a period of time is specified from a given day or date or from the day or date of an actual event, it shall be calculated exclusive of that day or date;
- (o) any reference to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (p) the expression “variation” or “varied” shall include any variation, supplement, deletion, replacement or termination, however effected;
- (q) any reference to “including” shall mean “including without limitation”; and

- (r) references to *agreement* or *contract* shall include any agreement or contract entered into as a deed.

SECTION 2 – INTRODUCTION

2. INTRODUCTION

Scheme

2.1 At the Completion Date of this Scheme:

- (a) each of the Transferor and the UK Transferee is an Authorised Person with permission, *inter alia*, under Part IV of FSMA to effect and carry on the insurance business of the same classes as the Transferring UK Insurance Policies; and
- (b) the European Transferee is authorised under Luxembourg law (in particular, the amended law of Luxembourg of 7 December 2015 on the insurance sector) to effect and carry on the insurance business of the same classes as the Transferring European Insurance Policies.

2.2 It is proposed that:

- (a) as regards the Transferor's assets and liabilities related to the Transferring UK Business:
- (i) all of the Transferring UK Insurance Policies, Transferring UK Assets and Transferring UK Liabilities shall, in accordance with Part A of Section 3 of this Scheme, be transferred to the UK Transferee and that the Order be made accordingly for the sanction of this Scheme under section 111(1) of FSMA; and
- (ii) by the Order referred to in paragraph 2.2(a)(i) provision be made for, among other matters, the transfers of the Transferring UK Insurance Policies, Transferring UK Assets and Transferring UK Liabilities from the Transferor to the UK Transferee under section 112(1) of FSMA;
- (b) as regards the Transferor's business which remains immediately following the transfer of the Transferring UK Business as described above, being the Transferor's assets and liabilities related to the Transferring European Business:
- (i) all of the Transferring European Insurance Policies, Transferring European Assets and Transferring European Liabilities shall, pursuant to and in accordance with the terms of the Merger, be transferred to the European Transferee and that the Order be made accordingly for the sanction of this Scheme under section 111(1) of FSMA; and

- (ii) by the Order referred to in paragraph 2.2(b)(i) provision be made for, among other matters, the transfers, under the Merger, of the Transferring European Insurance Policies, Transferring European Assets and Transferring European Liabilities from the Transferor to the European Transferee under section 112(1) of FSMA.

Sequencing on the Completion Date

- 2.3 The parties intend to complete the Part VII Transfer and the Merger in a prescribed order on the Completion Date (in accordance with paragraph 15.2) as follows:
- (a) at 00:01 GMT on the Completion Date the transfer of the Transferring UK Business shall take place under Part A of Section 3 of this Scheme (the ***UK Transfer***). The Transferring UK Business will be transferred to the UK Transferee in exchange for the issue of shares by the UK Transferee to the Transferor;
 - (b) immediately following completion of the UK Transfer set out in paragraph 2.3(a), at 00:02 GMT on the Completion Date, the shares of the UK Transferee issued to the Transferor in paragraph 2.3(a) will be distributed by the Transferor to its holding company, AHEL;
 - (c) immediately following completion of the distribution set out in paragraph 2.3(b), at 00:03 GMT on the Completion Date, the transfer of the Transferring European Business shall take place under the Merger (the ***European Transfer***). The Transferring European Business will be transferred to the European Transferee under the Merger in exchange for shares issued by the European Transferee to AHEL and the Transferor will automatically dissolve by operation of law without going into liquidation;
 - (d) immediately following completion of the steps set out in paragraph 2.3(c), at 00:04 GMT on the Completion Date, the shares of the European Transferee issued to AHEL in paragraph 2.3(c) will be distributed by AHEL to its holding company, AIGIH; and
 - (e) immediately following completion of the distribution set out in paragraph 2.3(d), at 00:05 GMT on the Completion Date, the shares of the European Transferee issued to AHEL in paragraph 2.3(c) will be contributed by AIGIH to its subsidiary company, AIG Europe Holdings SARL, in exchange for the issue of shares by AIG Europe Holdings SARL to AIGIH.

Jersey

- 2.4 It is further proposed that the transfer of the Jersey Policies shall only take place to the extent that the transfer of such policies by the Jersey Scheme has been approved by the Royal Court of Jersey. If approved by the Royal Court of Jersey, the Jersey Scheme will take effect on the Jersey Completion Date.

SECTION 3 – TRANSFER

PART A – UK TRANSFER

3. TRANSFER OF THE TRANSFERRING UK BUSINESS

- 3.1 At the Completion Date, each:

- (a) Transferring UK Insurance Policy; and
- (b) Transferring UK Asset,

and, in each case, all the interest and title of the Transferor in it, shall transfer to and vest in full in the UK Transferee, in accordance with the terms of the Order, without any further act or instrument.

- 3.2 At the Completion Date, each Transferring UK Liability shall be transferred to and become a liability of the UK Transferee, and shall cease to be a liability of the Transferor, in accordance with the terms of the Order and without any further act or instrument.

- 3.3 With effect from the Completion Date and without prejudice to any other provision of this Scheme, all references to the Transferor or Transferor Group in any contract between the Transferor and any other party, or in any other document or instrument, to the extent evidencing the interest or title in or the benefit or burden of the Transferring UK Insurance Policies, the Transferring UK Assets or the Transferring UK Liabilities shall, in so far as they are transferred to the UK Transferee, be read and construed as if the same were references to the UK Transferee so that such contract, document or instrument (or part of such contract, document or instrument) shall operate as if such references had always been to the UK Transferee or the UK Transferee Group rather than the Transferor or the Transferor Group respectively. In particular, and subject to the other provisions of this Scheme, all rights and/or duties exercisable or expressed to be exercisable or responsibilities to be performed by the Transferor, the Transferor Board, the Transferor's auditor or any other officers, employees, representatives or agents of the Transferor in relation to any of the Transferring UK Insurance Policies, the Transferring UK Assets or the Transferring UK Liabilities shall, with effect on and from the Completion Date, be exercisable or required to be performed by the UK Transferee, the UK Transferee's Board, the UK Transferee's auditor or any other officers, employees, representatives or agents of the UK Transferee respectively, and accordingly all obligations of the Transferor or any officers, employees, representatives or agents of the Transferor in relation to any of the Transferring UK Insurance Policies, the Transferring UK Assets or the Transferring UK Liabilities shall, with effect from the Completion Date, cease and determine.

3.4 Neither the transfer of the Transferring UK Insurance Policies nor this Scheme nor anything done or omitted to be done in connection with the transfer of the Transferring UK Insurance Policies or this Scheme shall, in relation to the Transferring UK Insurance Policies or any Transferring UK Assets, Transferring UK Liabilities or any other asset, property, liability or business of the UK Transferee whether before or after the Completion Date:

- (a) invalidate, discharge or result in the termination of any Transferring UK Insurance Policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title;
- (b) constitute a breach of or default, event of default, potential event of default, breach of warranty or representation, termination event, mandatory prepayment event, enforcement event, perfection event or other similar event or condition (however described) under, or allow any person to terminate, any Transferring UK Insurance Policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title;
- (c) require any registration, re-registration or filing of any amendment to any existing registration or filing in respect of any Transferring UK Insurance Policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title;
- (d) require any person to perform any new or additional obligation or take any new or additional step or action, including the giving of any notice, the obtaining of any consent, approval or determination, the accession to any agreement, the payment of any fee, cost, expense, interest or other amount, the granting of any new or additional Encumbrance or the transfer of any asset or property;
- (e) entitle or require any person to exercise any right or remedy, to reduce, suspend, delay, alter or discharge its rights or obligations, to accelerate, terminate, suspend, delay, alter or discharge the performance of any rights or obligations or otherwise to vary, amend, disclaim, repudiate or terminate any Transferring UK Insurance Policy, agreement, instrument, trust deed, indenture or Encumbrance; or
- (f) affect the enforceability, priority or ranking of any Encumbrance.

3.5 Unless and to the extent otherwise provided in the Order, the transfer of the Transferring UK Business made pursuant to this paragraph 3 shall take effect and shall be valid and binding on all parties having any interest in the same notwithstanding any restriction on transferring, assigning or otherwise dealing with the same and such transfer shall be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified. Any entitlement which, but for section 112A of FSMA, would or might arise to terminate, modify, acquire or claim an interest or right or to treat an interest or right as terminated or modified as a result of anything done pursuant to the Scheme shall not be enforceable.

- 3.6 The Transferor and the UK Transferee shall, as and when necessary or appropriate, execute and deliver all documents and perform all such other acts as may be reasonably required to effect or perfect the transfer to, and vesting in, the UK Transferee of any Transferring UK Insurance Policy, Transferring UK Asset or Transferring UK Liability in accordance with the terms of this Scheme including, for the avoidance of doubt, obtaining any required consent or waiver.
- 3.7 Any existing indemnity, power of attorney, authority, declaration or consent given to or by the Transferor relating to any part of the Transferring UK Business (including the Transferring UK Insurance Policies) shall have effect from the Completion Date as if given to, or as the case may be, by, the UK Transferee.
- 3.8 The Transferor and, following the Merger, the European Transferee, shall not be liable to the UK Transferee for any claim or remedy arising in connection with the Transferor's (and, following the Merger, the European Transferee's) title to the Transferring UK Insurance Policies or the Transferring UK Assets other than as previously agreed in writing between the European Transferee and the UK Transferee.
- 3.9 On and with effect from the Completion Date, the UK Transferee shall:
- (a) succeed to all rights, liabilities and obligations of the Transferor in respect of any personal data which relates to the Transferring UK Business and which is subject to Applicable Privacy Laws;
 - (b) become the data controller of any personal data which relates to the Transferring UK Business which is subject to Applicable Privacy Laws in place of the Transferor and shall be deemed to have been the controller of all such data at all material times when personal data was processed;
 - (c) in respect of any personal data which relates to the Transferring UK Business be under the same duty by virtue of any law as the Transferor was under to respect the confidentiality and privacy of any person in relation to that personal data and shall be bound by any specific notice or consent given, or request made by, the data subject which was binding on the Transferor and which required the Transferor not to use the personal data for marketing purposes; and
 - (d) in any consent given by a data subject in respect of such data as is mentioned in this paragraph 3.9, any reference to the Transferor or its Affiliates shall be deemed to include a reference to the UK Transferee or its Affiliates, as applicable.

4. CONTINUITY OF PROCEEDINGS

- 4.1 On and with effect from the Completion Date:
- (a) any Proceedings (or relevant part thereof) issued, served, commenced or continued by or against the Transferor, in connection with the Transferring UK Business, shall be continued by or against the UK Transferee and the UK Transferee shall be entitled to all claims, counterclaims, defences and rights

of set-off that were or would have been available to the Transferor in relation to those Proceedings (or relevant part thereof). The Transferor shall not have any liability under those Proceedings (or relevant part thereof) and, for the avoidance of doubt, the UK Transferee, in its absolute discretion, may determine after the Completion Date to discontinue any such Proceedings (or relevant part thereof) brought by the Transferor;

- (b) any judgment, settlement, order or award (or relevant part thereof), obtained by or against the Transferor in respect of the Transferring UK Business and which is not fully satisfied before the Completion Date, shall, on that date and to the extent to which it was enforceable by or against the Transferor immediately prior to such date, become enforceable by or against the UK Transferee (to the exclusion of the Transferor);
- (c) without any restriction whatsoever, any Proceedings (or relevant part thereof) for the resolution of a dispute or a claim concerning the Transferring UK Business, shall be commenced against the UK Transferee. Any such Proceedings (or relevant part thereof) commenced in error against the Transferor after the Completion Date shall be deemed to have been commenced and shall be continued against the UK Transferee without the need for further order, whether for substitution of parties or otherwise. In any event, the UK Transferee shall be entitled to all defences, claims, counterclaims and rights of set-off that would have been available to the Transferor in relation to such Proceedings (or relevant part thereof); and
- (d) all references to the Transferor in any Periodical Payment Orders (or relevant part thereof) relating to the Transferring UK Business shall be read and construed as if referring to the UK Transferee so that such references shall take effect as if the UK Transferee were the original party to the Periodical Payment Orders (or relevant part thereof) in place of the Transferor and any liabilities of the Transferor in respect of any such Periodical Payment Orders (or relevant part thereof) shall be the liabilities of the UK Transferee.

5. PREMIUMS AND MANDATES

- 5.1 All premiums (or part thereof) attributable or referable to the Transferring UK Insurance Policies, if any, shall on and after the Completion Date be payable to the UK Transferee.
- 5.2 Any direct debit mandate, standing order or other instruction or authority in force on the Completion Date (including, without limitation, any instructions given to a bank by its customer in the form of a direct debit or standing order) and providing for the payment by a bank or other intermediary of premiums or other amounts payable to the Transferor under any Transferring UK Insurance Policy or Transferring UK Asset shall thereafter take effect as if it had provided for and authorised such payment to the UK Transferee.
- 5.3 Any mandate or other instruction or authority in force on the Completion Date as to the manner of payment by the Transferor of any sum payable under any Transferring

UK Insurance Policy or Transferring UK Liability shall continue in force as an effective mandate, instruction or authority by the UK Transferee.

6. RIGHTS AND OBLIGATIONS UNDER TRANSFERRING UK INSURANCE POLICIES

6.1 From the Completion Date the UK Transferee shall become entitled to all the rights, benefits and powers of the Transferor whatsoever subsisting as of the Completion Date under or by virtue of the Transferring UK Insurance Policies, in accordance with the terms of the Order.

6.2 A policyholder in respect of a Transferring UK Insurance Policy shall, on and with effect from the Completion Date, become entitled, in succession to, and to the exclusion of, any rights which he may have had against the Transferor under such Transferring UK Insurance Policy, to the same rights against the UK Transferee as were available to him against the Transferor under such Transferring UK Insurance Policy and (as regards a Transferring UK Insurance Policy under which premiums or other sums attributable or referable thereto continue to be payable by him) shall on and with effect from the Completion Date account to the UK Transferee for any further or additional premiums or other sums attributable or referable thereto, if any, as and when the same become due and payable.

6.3 If any person entitled to do so with respect to a Transferring UK Insurance Policy exercises any right or option granted under the terms of that Transferring UK Insurance Policy and either:

- (a) the right or option provides for a new, additional or replacement policy to be issued or amendments to be made to an existing Transferring UK Insurance Policy; or
- (b) it is appropriate in the opinion of the UK Transferee to comply with that right or option to issue a new, additional or replacement policy or, as the case may be, amend an existing Transferring UK Insurance Policy,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue or amendment (as the case may be) by the UK Transferee of a policy which complies with the terms of such right or option. Without prejudice to such entitlement, if the UK Transferee is not at the time of the exercise of such right or option writing policies complying exactly with the policy to which such person is entitled pursuant to the right or option, the UK Transferee shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) the policy commonly offered by the UK Transferee or any other member of the UK Transferee Group which the UK Transferee in its absolute discretion considers to be the nearest equivalent policy of the UK Transferee or such other member of the UK Transferee Group (as the case may be) at that time.

7. INDEMNITIES

7.1 From the Completion Date the UK Transferee shall indemnify and keep indemnified the European Transferee against any loss or expense incurred by or demand made against the European Transferee that is attributable to the Transferring UK Business,

including in relation to any Proceedings, whether arising before or after the Completion Date.

- 7.2 Where the European Transferee is entitled to receive an amount pursuant to paragraph 7.1, the European Transferee shall be entitled to receive such amount as, after payment of any liability to Tax in respect of the amount receivable and/or any deduction or withholding required to be made from any payment under paragraph 7.1, will result in the receipt of an amount equal to the liability indemnified against.
- 7.3 For the avoidance of doubt, the European Transferee may obtain payment or claim under the indemnity in paragraph 7.1 more than once in respect of any shortfall or other event or circumstances which may give rise to a claim against the UK Transferee under paragraph 7.1.

PART B – EUROPEAN TRANSFER

8. TRANSFER OF THE TRANSFERRING EUROPEAN BUSINESS

8.1 At the Completion Date, each:

- (a) Transferring European Insurance Policy; and
- (b) Transferring European Asset,

and, in each case, all the interest and title of the Transferor in it, shall transfer to and vest in full in the European Transferee, under the Merger and otherwise subject to the terms of the Order.

8.2 At the Completion Date, each Transferring European Liability shall be transferred to and become a liability of the European Transferee, and shall cease to be a liability of the Transferor, under the Merger.

8.3 With effect from the Completion Date and without prejudice to any other provision of this Scheme, all references to the Transferor or Transferor Group in any contract between the Transferor and any other party, or in any other document or instrument, to the extent evidencing the interest or title in or the benefit or burden of the Transferring European Insurance Policies, the Transferring European Assets or the Transferring European Liabilities shall, in so far as they are transferred to the European Transferee, be read and construed as if the same were references to the European Transferee so that such contract, document or instrument (or part of such contract, document or instrument) shall operate as if such references had always been to the European Transferee or the European Transferee Group rather than the Transferor or the Transferor Group respectively. In particular, and subject to the other provisions of this Scheme, all rights and/or duties exercisable or expressed to be exercisable or responsibilities to be performed by the Transferor, the Transferor Board, the Transferor's auditor or any other officers, employees, representatives or agents of the Transferor in relation to any of the Transferring European Insurance Policies, the Transferring European Assets or the Transferring European Liabilities shall, with effect on and from the Completion Date, be exercisable or required to be performed by the European Transferee, the European Transferee's Board, the European Transferee's auditor or any other officers, employees, representatives or

agents of the European Transferee respectively, and accordingly all obligations of the Transferor or any officers, employees, representatives or agents of the Transferor in relation to any of the Transferring European Insurance Policies, the Transferring European Assets or the Transferring European Liabilities shall, with effect from the Completion Date, cease and determine.

8.4 Neither the transfer of the Transferring European Insurance Policies nor this Scheme nor anything done or omitted to be done in connection with the transfer of the Transferring European Insurance Policies or this Scheme shall, in relation to the Transferring European Insurance Policies or any Transferring European Assets, Transferring European Liabilities or any other asset, property, liability or business of the European Transferee whether before or after the Completion Date:

- (a) invalidate, discharge or result in the termination of any Transferring European Insurance Policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title;
- (b) constitute a breach of or default, event of default, potential event of default, breach of warranty or representation, termination event, mandatory prepayment event, enforcement event, perfection event or other similar event or condition (however described) under, or allow any person to terminate, any Transferring European Insurance Policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title;
- (c) require any registration, re-registration or filing of any amendment to any existing registration or filing in respect of any Transferring European Insurance Policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title;
- (d) require any person to perform any new or additional obligation or take any new or additional step or action, including the giving of any notice, the obtaining of any consent, approval or determination, the accession to any agreement, the payment of any fee, cost, expense, interest or other amount, the granting of any new or additional Encumbrance or the transfer of any asset or property;
- (e) entitle or require any person to exercise any right or remedy, to reduce, suspend, delay, alter or discharge its rights or obligations, to accelerate, terminate, suspend, delay, alter or discharge the performance of any rights or obligations or otherwise to vary, amend, disclaim, repudiate or terminate any Transferring European Insurance Policy, agreement, instrument, trust deed, indenture or Encumbrance; or
- (f) affect the enforceability, priority or ranking of any Encumbrance.

8.5 Unless and to the extent otherwise provided in the Order, the transfer of the Transferring European Business shall take effect and shall be valid and binding on all parties having any interest in the same notwithstanding any restriction on transferring, assigning or otherwise dealing with the same and such transfer shall be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to

treat an interest or right as terminated or modified. Any entitlement which, but for section 112A of FSMA, would or might arise to terminate, modify, acquire or claim an interest or right or to treat an interest or right as terminated or modified as a result of anything done pursuant to this Scheme shall not be enforceable.

- 8.6 The Transferor and the European Transferee shall, as and when necessary or appropriate, execute and deliver all documents and perform all such other acts as may be reasonably required to effect or perfect the transfer to, and vesting in, the European Transferee of any Transferring European Insurance Policy, Transferring European Asset or Transferring European Liability under the Merger including, for the avoidance of doubt, obtaining any required consent or waiver.
- 8.7 Any existing indemnity, power of attorney, authority, declaration or consent given to or by the Transferor relating to any part of the Transferring European Business (including the Transferring European Insurance Policies) shall have effect from the Completion Date as if given to, or as the case may be, by, the European Transferee.
- 8.8 The Transferor shall not be liable to the European Transferee for any claim or remedy arising in connection with the Transferor's title to the Transferring European Insurance Policies or the Transferring European Assets.
- 8.9 On and with effect from the Completion Date, the European Transferee shall:
- (a) succeed to all rights, liabilities and obligations of the Transferor in respect of any personal data which relates to the Transferring European Business and which is subject to Applicable Privacy Laws;
 - (b) become the data controller of any personal data which relates to the Transferring European Business which is subject to Applicable Privacy Laws in place of the Transferor and shall be deemed to have been the controller of all such data at all material times when personal data was processed;
 - (c) in respect of any personal data which relates to the Transferring European Business be under the same duty by virtue of any law as the Transferor was under to respect the confidentiality and privacy of any person in relation to that personal data and shall be bound by any specific notice or consent given, or request made by, the data subject which was binding on the Transferor and which required the Transferor not to use the personal data for marketing purposes; and
 - (d) in any consent given by a data subject in respect of such data as is mentioned in this paragraph 8.9, any reference to the Transferor or its Affiliates shall be deemed to include a reference to the European Transferee or its Affiliates, as applicable.

9. CONTINUITY OF PROCEEDINGS

- 9.1 On and with effect from the Completion Date:
- (a) any Proceedings (or relevant part thereof) issued, served, commenced or continued by or against the Transferor, in connection with the Transferring European Business, shall be continued by or against the European Transferee

and the European Transferee shall be entitled to all claims, counterclaims, defences and rights of set-off that were or would have been available to the Transferor in relation to those Proceedings (or relevant part thereof). The Transferor shall not have any liability under those Proceedings (or relevant part thereof) and, for the avoidance of doubt, the European Transferee, in its absolute discretion, may determine after the Completion Date to discontinue any such Proceedings (or relevant part thereof) brought by the Transferor;

- (b) any judgment, settlement, order or award (or relevant part thereof), obtained by or against the Transferor in respect of the Transferring European Business and which is not fully satisfied before the Completion Date, shall, on that date and to the extent to which it was enforceable by or against the Transferor immediately prior to such date, become enforceable by or against the European Transferee (to the exclusion of the Transferor);
- (c) without any restriction whatsoever, any Proceedings (or relevant part thereof) for the resolution of a dispute or a claim concerning the Transferring European Business, shall be commenced against the European Transferee. Any such Proceedings (or relevant part thereof) commenced in error against the Transferor after the Completion Date shall be deemed to have been commenced and shall be continued against the European Transferee without the need for further order, whether for substitution of parties or otherwise. In any event, the European Transferee shall be entitled to all defences, claims, counterclaims and rights of set-off that would have been available to the Transferor in relation to such Proceedings (or relevant part thereof); and
- (d) all references to the Transferor in any Periodical Payment Orders (or relevant part thereof) relating to the Transferring European Business shall be read and construed as if referring to the European Transferee so that such references shall take effect as if the European Transferee were the original party to the Periodical Payment Orders (or relevant part thereof) in place of the Transferor and any liabilities of the Transferor in respect of any such Periodical Payment Orders (or relevant part thereof) shall be the liabilities of the European Transferee.

9.2 In respect of the Transferring European Business, the European Transferee undertakes to comply with:

- (a) the relevant provisions of the Dispute Resolution ('DISP') rules of the FCA Handbook that would apply to the handling of any complaints brought to the UK Financial Ombudsman Service that fall under its jurisdiction; and
- (b) any valid judgment, settlement, order or award (or relevant part thereof) of the UK Financial Ombudsman Service, made under its jurisdiction as set out in DISP 2 of the FCA Handbook.

9.3 Notwithstanding paragraph 20, policyholders may enforce the provisions of paragraph 9.2(b) against the European Transferee.

10. PREMIUMS AND MANDATES

- 10.1 All premiums (or part thereof) attributable or referable to the Transferring European Insurance Policies, if any, shall on and after the Completion Date be payable to the European Transferee.
- 10.2 Any direct debit mandate, standing order or other instruction or authority in force on the Completion Date (including, without limitation, any instructions given to a bank by its customer in the form of a direct debit or standing order) and providing for the payment by a bank or other intermediary of premiums or other amounts payable to the Transferor under any Transferring European Insurance Policy or Transferring European Asset shall thereafter take effect as if it had provided for and authorised such payment to the European Transferee.
- 10.3 Any mandate or other instruction or authority in force on the Completion Date as to the manner of payment by the Transferor of any sum payable under any Transferring European Insurance Policy or Transferring European Liability shall continue in force as an effective mandate, instruction or authority by the European Transferee.

11. RIGHTS AND OBLIGATIONS UNDER TRANSFERRING EUROPEAN INSURANCE POLICIES

- 11.1 From the Completion Date the European Transferee shall become entitled to all the rights, benefits and powers of the Transferor whatsoever subsisting as of the Completion Date under or by virtue of the Transferring European Insurance Policies, under the Merger.
- 11.2 A policyholder in respect of a Transferring European Insurance Policy shall, on and with effect from the Completion Date, become entitled, in succession to, and to the exclusion of, any rights which he may have had against the Transferor under such Transferring European Insurance Policy, to the same rights against the European Transferee as were available to him against the Transferor under such Transferring European Insurance Policy and (as regards a Transferring European Insurance Policy under which premiums or other sums attributable or referable thereto continue to be payable by him) shall on and with effect from the Completion Date account to the European Transferee for any further or additional premiums or other sums attributable or referable thereto, if any, as and when the same become due and payable.
- 11.3 If any person entitled to do so with respect to a Transferring European Insurance Policy exercises any right or option granted under the terms of that Transferring European Insurance Policy and either:
 - (a) the right or option provides for a new, additional or replacement policy to be issued or amendments to be made to an existing Transferring European Insurance Policy; or
 - (b) it is appropriate in the opinion of the European Transferee to comply with that right or option to issue a new, additional or replacement policy or, as the case may be, amend an existing Transferring European Insurance Policy,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue or amendment (as the case may be) by the European Transferee of a policy which complies with the terms of such right or option. Without prejudice to such entitlement, if the European Transferee is not at the time of the exercise of such right or option writing policies complying exactly with the policy to which such person is entitled pursuant to the right or option, the European Transferee shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) the policy commonly offered by the European Transferee or any other member of the European Transferee Group which the European Transferee in its absolute discretion considers to be the nearest equivalent policy of the European Transferee or such other member of the European Transferee Group (as the case may be) at that time.

12. INDEMNITIES

- 12.1 From the Completion Date the European Transferee shall indemnify and keep indemnified the UK Transferee against any loss or expense incurred by or demand made against the UK Transferee that is attributable to the Transferring European Business, including in relation to any Proceedings, whether arising before or after the Completion Date.
- 12.2 Where the UK Transferee is entitled to receive an amount pursuant to paragraph 12.1, the UK Transferee shall be entitled to receive such amount as, after payment of any liability to Tax in respect of the amount receivable and/or any deduction or withholding required to be made from any payment under paragraph 12.1, will result in the receipt of an amount equal to the liability indemnified against.
- 12.3 For the avoidance of doubt, the UK Transferee may obtain payment or claim under the indemnity in paragraph 12.1 more than once in respect of any shortfall or other event or circumstances which may give rise to a claim against the European Transferee under paragraph 12.1.

SECTION 4 – COMMON PROVISIONS FOR THE SCHEME

13. WRONG POCKETS AND DECLARATION OF TRUST

- 13.1 If on or after the Completion Date, either Transferee discovers that any policy, asset, right, property, contract or agreement (or part thereof) relating to the Transferring UK Business or the Transferring European Business should have been transferred to the other Transferee under the terms of the Order and, in the case of the Transferring European Business, the Merger, the relevant Transferee having recognised the erroneous transfer shall notify the other Transferee immediately.
- 13.2 If such notice is given, the Transferee that has erroneously received the property (the *Trustee*) shall:
- (a) hold such property and any associated proceeds of sale, income accruing to the Trustee as a result of holding such property since the Completion Date (net of Tax) or other accrued rights or returns (the *Trust Property*) as trustee for the other Transferee (the *Beneficiary*);

- (b) as soon as reasonably practicable ensure that the Trust Property is transferred to the Beneficiary or otherwise vested in the Beneficiary or is disposed of (whereupon the Trustee shall account to the Beneficiary for the proceeds of the sale thereof); and
- (c) be subject to exclusive directions from the Beneficiary in respect of the Trust Property until the Trust Property is transferred to or otherwise vested in the Beneficiary or is disposed of in accordance with paragraph 13.2(b), and the Beneficiary shall have authority to act as the attorney of the Trustee in respect of the Trust Property for all such purposes.

13.3 The Beneficiary shall provide such assistance to the Trustee as the Trustee reasonably requires for the purposes of paragraphs 13.2(b) and 13.2(c) and shall indemnify the Trustee and each of its Affiliates against any costs suffered or incurred by the Trustee or its Affiliates in relation to the transfer or as a result of holding the Trust Property for the period from the Completion Date until it is so transferred to the Beneficiary.

14. ALLOCATION OF TRANSFERRING INSURANCE POLICIES AND TRANSFERRING ASSETS

14.1 From the Completion Date, where the effect of this Scheme is to split a Transferring Insurance Policy or a Transferring Asset (including Transferring Outwards Reinsurance) between the Transferring UK Business and the Transferring European Business, the parties agree that:

- (a) the interest, title, rights and obligations of the Transferor in or under any part of such Transferring Insurance Policy or Transferring Asset relating to the Transferring UK Business shall vest in the UK Transferee;
- (b) the interest, title, rights and obligations of the Transferor in or under any part of such Transferring Insurance Policy or Transferring Asset relating to the Transferring European Business shall vest in the European Transferee;
- (c) the terms and conditions of such Transferring Insurance Policy or Transferring Asset (including, where applicable, the deductibles, limits and any other applicable policy limitations) shall apply in aggregate across both Transferees so that the contractual counterparty has a contract with each of the Transferees but is no better or worse off in respect of such contractual terms and conditions as a result of this Scheme and, so far as possible, the UK Transferee and the European Transferee are each able to enjoy the benefit of such Transferring Insurance Policy and Transferring Asset;
- (d) each Transferee shall owe separate and individual (but not, for the avoidance of doubt, joint) obligations and duties under, and be liable for performance of, only the respective contract created under this Scheme to which it is a party, in accordance with its terms, and not under any contract created under this Scheme to which the other Transferee is a party; and
- (e) where applicable, the method of allocating premiums, losses and related expenses in respect of a Transferring Insurance Policy or Transferring Asset

shall be determined by agreement between the UK Transferee and the European Transferee.

15. THE COMPLETION DATE

15.1 This Scheme shall not become effective at the Completion Date unless:

- (a) the Court has made an Order under section 111 of FSMA sanctioning this Scheme; and
 - (b) all other conditions to the Merger have been satisfied,
- on or before the Completion Date.

15.2 Subject to paragraph 16.2, this Scheme shall become effective at:

- (a) in relation to the UK Transfer, 00:01 GMT on 1 December 2018; and
- (b) in relation to the European Transfer, 00:03 GMT on 1 December 2018,

(in each case, as applicable, the *Completion Date*), or such other time and date on or before the Long Stop Date as the Transferor and the Transferees, acting by their respective boards, may agree in writing (being a time and date falling after the making of the Order sanctioning this Scheme).

16. AMENDMENTS OR ADDITIONS TO THIS SCHEME

16.1 The Transferor and the Transferees may, at any time before the Order is made, agree on behalf of themselves and all other persons concerned to any amendment of or addition to this Scheme or to any further condition or provision affecting this Scheme that the Court may approve or impose, including, in particular, amendments arising from any transitional or grandfathering arrangements implemented between the EU and the UK which may impact the Scheme, provided that where such amendment results in material change to the Scheme, such amendment is:

- (a) accompanied by a certificate from an independent expert, approved for the purpose by the PRA, having consulted with the FCA, to the effect that in his opinion (having considered the proposed amendments), the proposed amendments to the Scheme will not have a material adverse effect on the policyholders of the Transferor; and
- (b) notified to the PRA and FCA, who shall each have the right to request further information and comment on the proposed amendments to the Scheme.

16.2 If the European Transfer and the UK Transfer have not become effective on or before the Long Stop Date, the provisions of this Scheme shall lapse.

16.3 Any amendment to this Scheme after the Completion Date must:

- (a) be approved by the Court, unless exempted by paragraph 16.4;
- (b) be notified in advance, and not less than 28 days prior to any proposed Court hearing, to the PRA and FCA, who shall each have the right to attend and be

heard at any hearing of the Court (if applicable) at which such application is considered;

- (c) be accompanied by a certificate from an independent expert, approved for the purpose by the PRA, having consulted with the FCA, to the effect that in his opinion (having considered all possible impacts of the proposed amendments on policyholders), the proposed amendments to the Scheme will not have a material adverse effect on the policyholders of the relevant Transferee; and
- (d) not have any material effect on the terms of the Merger.

16.4 Any amendment to this Scheme in accordance with paragraph 16.3 will not require Court approval where:

- (a) such amendment is:
 - (i) considered by the Transferees to be minor and/or technical;
 - (ii) to correct manifest errors;
 - (iii) required to reflect any change in any law, Regulatory Requirement or in the interpretation or application of any Regulatory Requirement which has or will have any implications for the Transferees;
 - (iv) necessary to reflect any changes in the actuarial practices relating to, or techniques for the management of, the Transferring Insurance Policies, where such changes are generally accepted within the market; or
 - (v) required to protect the rights and reasonable expectations of the policyholders of the Transferring Insurance Policies; and
- (b) the relevant department of each of the PRA and the FCA has been notified of such amendment and either: (i) the PRA and the FCA have respectively indicated that they do not object thereto; or (ii) in respect of the PRA and the FCA, a period of 28 days has passed commencing on the date of receipt of the relevant notification by both regulators without either regulator indicating any objections thereto.

17. COSTS AND EXPENSES

17.1 The Transferor shall bear the costs and expenses in relation to preparing and carrying out this Scheme.

17.2 Notwithstanding paragraph 17.1, each Transferee shall bear all relevant stamp duty, stamp duty reserve tax or other documentary transfer or transaction duties including in each case any related penalties arising as a result of this Scheme.

18. SUCCESSOR AND ASSIGNS

This Scheme will bind and enure to the benefit of the successors and assigns of the Transferor and the Transferees.

19. VAT AND TAX

UK Transfer

- 19.1 The Transferor and the UK Transferee intend that the transfer of the Transferring UK Business under Part A of Section 3 of this Scheme shall not constitute a supply for VAT purposes pursuant to articles 19 and 29 of the Principal VAT Directive.
- 19.2 The UK Transferee intends that the conditions set out at section 49 of the Value Added Tax Act 1994 and SI 1995/1268 shall be met. For the avoidance of doubt, the UK Transferee intends that the Transferring UK Assets will, in accordance with SI 1995/1268 article 5(1)(b)(ii), be used by the UK Transferee in carrying on the same kind of business as that carried on by the Transferor using the Transferring UK Assets.
- 19.3 In respect of the Transferring UK Business, the Transferor and the UK Transferee shall, at the time of the transfer of the Transferring UK Business, be taxable persons for UK VAT purposes and intend that each shall be registered for or liable to be UK VAT registered, whether or not as a result of the transfer of the Transferring UK Business itself.

European Transfer

- 19.4 The Transferor and the European Transferee intend that the transfer of the Transferring European Business under the Merger, to the extent it triggers a transaction (in accordance with article 2 of the Principal VAT Directive) within a particular EU jurisdiction, shall not constitute a supply for VAT purposes pursuant to articles 19 and 29 of the Principal VAT Directive.

Common tax provisions

- 19.5 Where applicable, the UK Transferee and the European Transferee shall assume any ongoing obligations of the Transferring UK Business and the Transferring European Business respectively in relation to article 187 of the Principal VAT Directive.
- 19.6 From the Completion Date, where the effect of this Scheme is to split:
- (a) any rights of the Transferor to a refund or recovery of Tax or any other Tax asset; or
 - (b) any liability of the Transferor to Tax,

in each case relating to the Transferring Business, the method of allocating such Tax assets or liabilities shall be determined by agreement between the UK Transferee and the European Transferee.

20. THIRD PARTIES

Subject to paragraph 9.3, third parties may not enforce any term of this Scheme pursuant to the Contracts (Rights of Third Parties) Act 1999.

21. EVIDENCE OF TRANSFER

21.1 The production of a copy of the Order with any modifications, amendments and/or additions made under paragraph 16 shall for all purposes be evidence of:

- (a) the transfer to and vesting in the UK Transferee of the Transferring UK Business, the Transferring UK Assets, the Transferring UK Liabilities and the Transferring UK Insurance Policies; and
- (b) the sanction of the transfer to and vesting in the European Transferee of the Transferring European Business, the Transferring European Assets, the Transferring European Liabilities and the Transferring European Insurance Policies.

22. GOVERNING LAW

This Scheme is governed by, and shall be construed in accordance with, English law.

Dated 25 October 2018