Summary Report of the Independent Expert on the proposed transfer of insurance business from

U K Insurance Limited to Aviva Insurance Limited

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

For the High Court of Justice of England and Wales

7 July 2026

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LCP

U K Insurance Limited to Aviva Insurance Limited

Transfer of insurance business

Summary of the Independent Expert's Scheme Report for the High Court of Justice of England and Wales

1. The Proposed Transfer

The firms involved

U K Insurance Limited (UKIL) (the Transferor) is a direct wholly-owned subsidiary of Direct Line Insurance Group Limited (Direct Line). It underwrites a variety of non-life insurance products, including motor, home, rescue and commercial policies. These products are marketed under brands such as Direct Line, Churchill, Privilege and Green Flag.

UKIL became the sole active insurer writing business in the Direct Line Group following a consolidation of Direct Line's insurance business by way of an insurance business transfer scheme sanctioned in 2011 ("the 2011 Transfer"). Pursuant to the 2011 Transfer, the insurance business of Churchill Insurance Company Limited (CIC), Direct Line Insurance Plc (DLI) and the National Insurance and Guarantee Corporation Limited (NIG) was consolidated into UKIL.

Aviva Insurance Limited (AIL) (the Transferee) is an indirect wholly-owned subsidiary of Aviva plc (Aviva). AIL is Aviva's primary UK general insurance entity, and the principal activity of the company is the transaction of general and health (non-life) insurance business in the UK, together with risks insured from Aviva's Irish GI business. The main classes of business underwritten by AIL are personal lines (motor, home and other), health and commercial lines (property, liability, motor and other). In addition, AIL owns Aviva Canada Inc (Aviva Canada) which conducts general insurance business in Canada and various other UK & Ireland general insurance subsidiaries.

In December 2024, Aviva announced its intention to acquire Direct Line. The transaction was subsequently completed on 1 July 2025. Following completion of the acquisition, Aviva undertook an internal restructuring and UKIL is now an indirect subsidiary of AIL.

Aviva holds substantially all of the issued share capital of Direct Line, with the balance held by a sanctioned shareholder. The sanctioned shareholding is at Direct Line level and is not a direct shareholding in UKIL. In addition, the sanctioned shareholding represents a very small proportion of the share capital of Direct Line, and is therefore not a controlling holding. Aviva's legal team has informed me that the Proposed Transfer will have no bearing on the sanctioned shareholding, and that there is nothing under UK sanctions legislation to preclude the transfer of business from UKIL as a result of the small minority shareholding that is sanctions affected. As such, Aviva's legal team has informed me that there is no reason for the Part VII Scheme to be impacted by the existence of the sanctioned shareholder.

Following the 2011 Transfer, substantially all of Direct Line's insurance business was consolidated into UKIL. However, CIC retained its authorisation in order to continue to administer a small number of run-off policies and their associated periodical payment orders (PPOs). CIC is a wholly-owned subsidiary of UKIL and, following the completion of Aviva's acquisition of Direct Line, is now an indirect wholly-owned subsidiary of AIL.

At the time of the 2011 Transfer, it was identified that CIC benefited from a number of Swiss law-governed excess of loss reinsurance agreements. Local legal advice sought in 2011 confirmed that the 2011 Transfer may not be effective in transferring the benefit of those reinsurance contracts to UKIL. Therefore, these reinsurance agreements were not included in the business transferring from CIC to UKIL as at the effective date of the 2011 Transfer.

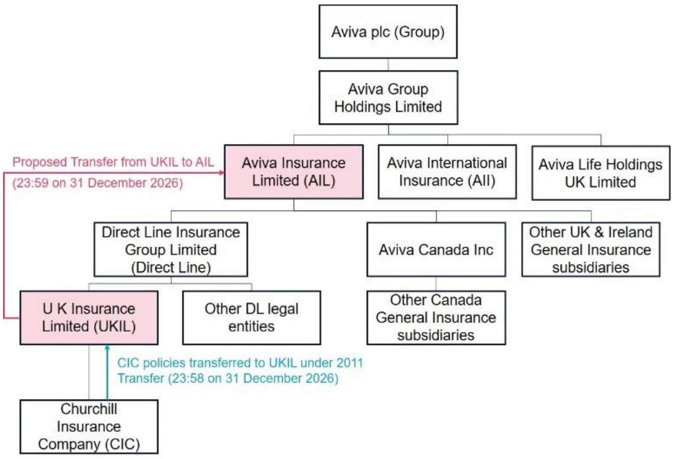
In addition, UKIL and CIC agreed that the transfer of the underlying insurance policies within CIC, in respect of which there was an open claim which exceeded (or might exceed) the applicable deductible under the relevant non-transferring reinsurance agreement, and their associated PPOs, would be delayed. 19 such policies were identified as meeting this threshold in 2011. As of January 2026, 6 of the original 19 policies, together with their associated PPOs, remain in CIC, and the associated reinsurance agreements also remain in place covering 4 of the remaining 6 PPOs.

Aviva's intention in relation to the remaining CIC policies is for these to transfer from CIC to UKIL (under the 2011 Transfer) immediately prior to the Proposed Transfer, and for these policies to subsequently transfer from UKIL to AIL as part of the Proposed Transfer. That is, the CIC policies are intended to be transferred from CIC to UKIL at 23:58 on 31 December 2026, and from UKIL to AIL at 23:59 on 31 December 2026.

Aviva has agreed to a novation of the Swiss law-governed reinsurance agreements, with a novation agreement to be signed in early July 2026. These reinsurance arrangements will novate from CIC to UKIL prior to the Proposed Transfer, and will subsequently novate from UKIL to AIL at the same time as the Proposed Transfer. Further detail is provided in section 3.1.13 of my Scheme Report.

Aviva received legal advice from counsel on the treatment of the CIC policies under the 2011 Transfer. This advice concluded that it is clear from the 2011 Transfer Document that the CIC policies and the PPOs are intended to be able to transfer from CIC to UKIL on a Subsequent Transfer Date as Residual Policies. Further detail is provided in section 3.1.14 of my Scheme Report.

Below is a simplified organisational chart showing the entities involved in the Proposed Transfer.



The Transferring Business

The Part VII transfer (Proposed Transfer) seeks to legally transfer to AIL all insurance business underwritten, issued or assumed by UKIL ("the Transferring Business").

The Transferring Business represents all of the Transferor's current liabilities as at 31 December 2025 and if the transfer is sanctioned will represent approximately 33% (by number of open claims) and 30% (by value of net IFRS 17 reserves) of the Transferee's Existing Business based on data as at 31 December 2025.

The Transferring Business consists of a range of personal (primarily motor and home) and commercial insurance products. These products have been sold both directly to consumers as well as through price comparison websites and partners including banks, brokers and managing general agents.

On 6 September 2023, UKIL and Intact Insurance UK Limited (IIUK) entered into a business transfer agreement for the sale of UKIL's brokered commercial insurance business to IIUK. This covered largely brokered commercial lines insurance for small and medium-sized companies/enterprises and the mid-market companies segment of the UK market underwritten by UKIL through the NIG and FarmWeb brands.

The transfer of such business, amounting to approximately 548,000 policies, concluded with an insurance business transfer scheme in accordance with Part VII, Section 109 of FSMA. This transfer was sanctioned in the UK on 25 February 2026 and in Jersey on 5 March 2026 and became effective on 1 April 2026.

The transfer effectively transferred all policies written by UKIL after 1 October 2023 as well as the unearned exposure from the UKIL policies that were live as at that date. The exposure from UKIL's policies that expired on or before 1 October 2023, and the earned exposure from policies that were live as at that date, remained with UKIL.

The business that transferred to IIUK as part of that transfer is outside the scope of this Proposed Transfer.

There are no live policies for the brokered commercial insurance business that remained with UKIL following that transfer. The open claims for this remaining business are currently handled by UKIL. The remaining business will transfer to AIL under the Proposed Transfer, alongside all other UKIL insurance business.

Further detail of the Transferring Business is set out in section 3 of my Scheme Report.

Policies not subject to the laws of England and Wales

UKIL and AIL have confirmed that the majority of the Transferring Policies are governed by English law, and a small number of the Transferring Policies are Isle of Man, Guernsey or Jersey law governed, based on the residence of the policyholder at the time the policy was issued.

In addition, the majority of Transferring Policyholders are residents of the UK. However, there is a small subset of Transferring Policies where the current address of the policyholder is located in Jersey, Guernsey and the Isle of Man.

UKIL and AIL have sought legal advice regarding these Transferring Policyholders. A summary of this legal advice is provided in section 3 of my Scheme Report. This concluded that a Jersey court-sanctioned transfer scheme is required, but no other transfer scheme is required in Guernsey or the Isle of Man in respect of the Proposed Transfer.

The transfer of policies issued as part of the business carried on by UKIL in or from within Jersey (the Jersey Transfer) is subject to approval by the Royal Court of Jersey under the Insurance Business (Jersey) Law 1996 and will take effect on the Effective Date.

These policyholders will be treated the same as the UK policyholders upon transfer, and my conclusions in this report apply equally to the Jersey policyholders and the Jersey Transfer. It is expected that this report will be made available to the Jersey Financial Services Commission and to the Royal Court of Jersey by UKIL and AIL when seeking approval for the transfer of these policies.

The Proposed Transfer is not contingent on the Jersey transfer going ahead, but the Jersey transfer would not go ahead if the Proposed Transfer is not sanctioned by the UK Court.

Transferring UKIL Policyholders

All UKIL policyholders will have their policies transferred to AIL as part of the Proposed Transfer. As of 30 April 2026, UKIL had identified approximately 8.2 million in-force Transferring Policies. Within the Transferring Policies are 2,021 Jersey policies.

Effective Date

The Effective Date (the date when the Proposed Transfer is expected to occur) is expected to be at 23:59 on 31 December 2026, both in the UK and Jersey. This is shortly after the Sanction Hearings, which are scheduled for 15 December 2026 in the UK and 18 December 2026 in Jersey.

For the purpose of this report and my Scheme Report, I refer to "Day 0" as the position immediately before the

Effective Date of the Proposed Transfer, and "Day 1" as the position immediately after the Effective Date.

Reinsurance

UKIL and AIL have confirmed that all outwards reinsurance arrangements that are in place immediately prior to the Proposed Transfer (i.e. at Day 0) in respect of the Transferring Business will continue following the Proposed Transfer. AIL will assume all of UKIL's rights and obligations as the ceding insurer under the relevant transferring reinsurance arrangements. The Proposed Transfer will not affect the underlying terms and conditions of any existing reinsurance arrangements covering the Transferring Business.

There is currently a quota share reinsurance agreement in place between AIL and Aviva International Insurance Limited (AII), under which AII reinsures 50% of AIL's insurance business. AII is another entity within the Aviva Group and is an indirect wholly-owned subsidiary of Aviva plc.

The AII reinsurance covers all of AIL's direct insurance business and (inward) reinsurance eg from AIIDAC (Aviva Insurance Ireland DAC) (including existing and new business), and there are no limits or material exclusions to the cover. The AII intra-group reinsurance applies after all external reinsurance (ie AII covers 50% of AIL's claims net of external reinsurance recoveries received). In the unlikely event of default of any of AIL's external reinsurers, the liability for outstanding reinsurance recoveries would fall to AII. The reinsurance arrangement between AIL and AII does not include AIL's subsidiaries, some of which have their own direct reinsurance arrangements with AII (eg Aviva Canada).

The Transferring Business is not currently reinsured by AII. Immediately following the Proposed Transfer, AII will reinsure 50% of the Transferring Business under the existing 50% quota share reinsurance agreement in place with AIL.

Overall, I do not expect this reinsurance arrangement to have a materially adverse impact on Transferring Policyholders or Existing Policyholders.

Post-transfer, the Transferring Policyholders will be exposed to the risk of AII defaulting on its reinsurance obligations. The Existing Policyholders are also exposed to the risk of AII default both before and after the Proposed Transfer. I regard the risk of AII defaulting to be very low, given its financial strength.

In addition, the risk and impact of an AII default on AIL is mitigated by a number of factors:

- The reinsurance provided by AII will be on a funds withheld basis, whereby an amount equal to the best estimate (IFRS) liabilities is retained by AIL in a funds withheld account. If the IFRS liabilities were to increase, then the funds withheld would be topped up by AII periodically. This means that, in order for a default by AII to directly impact AIL's own funds, it would need to occur before the funds withheld had been topped up in response to an increase in the IFRS liabilities. I consider this combination of events to have a remote likelihood. Even then, the direct impact on AIL's own funds would only be the value of AII's share of the increase in IFRS liabilities.
- Aviva has provided me with the results of its stress and scenario testing to assess the resilience of AII's business, including two extreme Group recovery scenarios. Even in these extreme scenarios, AII remains able to pay its claims in full and is projected to recover to above its solvency risk appetite within 2 years.
- I have considered the impact of a default of AII followed by a reserve deterioration (see section 6.10 of my Scheme Report). Even in this remote scenario, AIL is projected to be able to pay its claims in full.
- The risks associated with the intra-group reinsurance arrangement following the Proposed Transfer are reflected in AIL's projected Day 1 SCR, which allows for reinsurance default risk. AIL is currently projected to be at least well capitalised (as defined in section 6.1 of my Scheme Report) immediately after the Proposed Transfer. As the SCR captures reinsurance default risk over a one-year time horizon, I have also considered the effect of this risk over a longer time horizon through the scenario analysis in section 6.10 of my Scheme Report.

In addition, if the Effective Date of the Proposed Transfer is delayed into 2027, and the major model change (MMC) is implemented in 2026 in line with Aviva's plan, a whole account quota share (WAQS) agreement will be implemented between UKIL and AIL. Aviva's aim is for this WAQS to offer a contingency in the event of any delays to the Proposed Transfer. Under this WAQS, AIL would reinsure 100% of the Transferring Business (net of external reinsurance recoveries received), and 50% of AIL's exposure to the Transferring Business would then be reinsured by AII. This would effectively replicate the intended post-transfer economic position of UKIL, AIL and AII in this respect. Therefore, under this contingency option, AIL would continue to be exposed to the risk of AII default.

Therefore, a key point to note is that, regardless of whether or not the Proposed Transfer goes ahead, the Transferring Policyholders will from year-end 2026 be exposed to the risks within AIL, either directly (if the Proposed Transfer goes ahead) or via default risk on AIL's reinsurance of UKIL (if the Proposed Transfer does not proceed). Likewise, the Transferring Policyholders will from year-end 2026 be exposed to default risk by AII, either directly (if the Proposed Transfer proceeds) or indirectly via AII's reinsurance of AIL (if the Proposed Transfer does not proceed).

In order for AII to reinsure the Transferring Business, the AII Board needs to agree changes to the existing reinsurance treaty with AIL, give its non-objection and the Aviva Plc Board needs to give its approval. Prior to reinsuring the Transferring Business, AII is undertaking due diligence, assessing the impact of reinsuring the Transferring Business and ensuring its operational readiness. Further detail is provided in section 3.2 of my Scheme Report. I will provide an update on activities relating to AII's reinsurance of the Transferring Business in my Supplementary Report.

Ongoing integration activity

Following Aviva's acquisition of Direct Line, Aviva commenced a business plan to integrate Direct Line into the Aviva business. The Proposed Transfer is part of this integration business plan.

Various integration activities are underway to align processes covering (amongst other things) risk management, capital, reserving, reinsurance, claims handling, policy administration, systems and governance.

Aviva has conducted a detailed review of all integration activities to identify those which are linked to the Proposed Transfer. Through this process, two projects were identified as being critical to the Proposed Transfer and needing to be successfully executed to support the Proposed Transfer. These are the AIL major model change (MMC) and finance system integration.

Aviva has shared details of the wider integration activities with me as they have progressed. For the avoidance of doubt, with the exception of the MMC, the wider integration activities are independent of the Proposed Transfer and do not rely on the Proposed Transfer being implemented. As such, they do not require the review of an Independent Expert.

Nevertheless, I have considered the integration activities to the extent that they may impact my conclusions in respect of the Proposed Transfer. I am satisfied that, having reviewed the information provided to me, the integration activities do not change my conclusions in respect of the Proposed Transfer.

The incorporation of the Transferring Business into the existing AIL partial internal model represents a major model change (MMC) under Aviva's Model Change policy and, as such, requires regulatory approval. I have considered the MMC in section 6 of my Scheme Report. This has consisted of a review of AIL's MMC pre-application letter, the supporting addendum to AIL's 2024 SCR report and AIL's independent internal model validation that has been performed.

In addition, the parties have kept me informed of their progress on the integration of finance systems to ensure financial reporting and accounting alignment. During 2025, as part of initial integration activity, Aviva developed an integrated financial reporting solution to ensure that Direct Line results could be fully consolidated within the FY25 Aviva Group Plc Report and Accounts. A plan is in place to enhance this existing solution during 2026 as part of the preparations for the FY26 consolidated Group and legal entity reporting. This plan involves Aviva being ready to complete its FY26 financial reporting in advance of the Effective Date of the Proposed Transfer, regardless of whether or not the Proposed Transfer goes ahead.

Aviva has also kept me informed of its ongoing risk management oversight in relation to integration activity. I have been provided with a copy of AIL's Interim Own Risk and Solvency Assessment (ORSA) report, which focuses on a review of AIL's Risk Management Framework (RMF) to ensure it remains appropriate and effective following the acquisition of Direct Line. I have also had discussions with senior risk personnel to understand the processes in place to effectively monitor and manage the risks associated with integration activity.

Claims handling

Both AIL and UKIL have established claims handling philosophies and standards that focus on ensuring fair outcomes for customers. Detail on AIL's and UKIL's claims handling philosophies is provided in section 3 of my Scheme Report.

As part of ongoing integration activity following Aviva's acquisition of Direct Line, there are a range of updates underway to align UKIL's claims handling approach, methodology and systems with those of AIL. Some of these updates have already been implemented as at the date of this report. Other updates are planned to be implemented prior to the Proposed Transfer, and some changes are expected following the Proposed Transfer. Aviva's ultimate aim is to have one claims team and consistent platforms for handling both AIL's and UKIL's claims post-transfer. I have provided detail on some of these changes in my Scheme Report.

I do not expect the Proposed Transfer to have any materially adverse impact on Transferring Policyholders from a claims handling perspective. This is because the parties intend to implement the proposed changes to claims handling regardless of whether or not the Proposed Transfer goes ahead. The Proposed Transfer itself has no direct impact on claims handling arrangements for either Existing Policyholders or Transferring Policyholders.

Aviva is currently working on producing a detailed plan with associated timescales for the various changes expected to be made to claims handling. I will provide an update on the expected timescales for alignment of UKIL's and AIL's claims handling approach in my Supplementary Report.

Aviva has provided me with information on the governance processes and controls that will be in place to manage the transition and ensure policyholders are not materially adversely impacted by any changes to claims handling.

In line with Aviva's internal governance and controls processes, any material changes to the claims process (both before and after the Proposed Transfer) will be subject to appropriate governance, planning and communication as part of its ongoing integration plans, and will be guided by the core principle of fair and reasonable customer outcomes. These governance processes and controls will include a customer impact assessment, adherence to Consumer Duty principles, review by governance and risk teams and a control environment impact assessment where required.

In my Supplementary Report, I will provide an update on the governance process and controls that Aviva has followed for any changes in claims handling between now and the date of my Supplementary Report.

Aviva has confirmed to me that, following the Proposed Transfer, it does not expect any negative impact on average claims settlement times. Claims handling performance will continue to be subject to ongoing monitoring to ensure settlement times remain stable and that any improvements identified through integration activity are delivered safely and effectively.

Resource and capacity considerations are embedded in Aviva's integration plans. Processes are in place to ensure sufficient availability to service customers is maintained. Customer impact assessments and business readiness assessments are completed for all planned changes, which includes an assessment of operational readiness for any such change.

I will provide an update on these ongoing changes to claims handling for Transferring Policyholders in my Supplementary Report.

For Existing Policyholders, there are no expected changes to claims handling philosophy or procedures as a result of the Proposed Transfer.

Sanctions

UKIL and AIL have policies and processes in place for managing sanctions risks. The AIL business is subject to the Aviva Financial Crime Minimum Compliance standards and, since 1 April 2026, the UKIL business has also been subject to the Aviva Financial Crime Minimum Compliance standards.

A gap analysis has been completed between the sanctions-related standards of the two firms. The parties concluded that both organisations' approaches meet regulatory requirements.

The screening process for AIL consists of greater risk identification, including screening against 3rd party jurisdiction risks and OFAC United States sanctions lists, due to AIL's exposure to Global Corporate Specialty business. UKIL does not screen against OFAC lists as it writes UK-based business only. In addition, outside of the formal screening process, UKIL relies on suspicious activity reporting processes for identifying financial crime risks.

AIL has confirmed to me that sanctions checks have been conducted in line with their policies and are up to date. UKIL does not currently screen against the OFAC list and a project is currently in place to bring UKIL in line with AIL's approach by the end of Q1 2027.

As at the date of this report, outside of ordinary course sanctions screening processes, one UKIL policyholder has been identified who is sanctioned under the OFAC sanctions list, and whose policy will accordingly not transfer to AIL on the Effective Date but will remain in UKIL as a "Residual Policy" pursuant to the terms of the Scheme. Aviva has informed me that any policies subject to sanctions are treated as Residual Policies under the Scheme, and will remain in UKIL until they can be transferred to AIL. This will include any sanctioned policies that may be identified after the Effective Date of the Proposed Transfer. I will provide an update on any sanctions-exposed policies in my Supplementary Report.

As part of ongoing integration activity following Aviva's acquisition of Direct Line, the parties' intention is to pass all customers through the AIL screening tool and shut down the UKIL tool. Testing of this approach is planned for 2026, dual-running of both tools will be implemented in early 2027 to ensure stability and effectiveness, and the UKIL tool will be shut down before 30 June 2027. Once this process has been integrated, Aviva's standards and controls will be applied going forward.

2. My role as Independent Expert

UKIL and AIL have jointly appointed me to act as the Independent Expert (IE) for the Proposed Transfer. The Prudential Regulation Authority (PRA), in consultation with the Financial Conduct Authority (FCA), has approved my appointment.

As IE, my overall role is to assess whether:

- The security provided to policyholders of UKIL and AIL will be materially adversely affected by the implementation of the Proposed Transfer.
- The Proposed Transfer will have any adverse impact on service standards experienced by Transferring or Existing Policyholders.
- Any reinsurer of UKIL or AIL covering the Transferring Business will be materially adversely affected by the Proposed Transfer.

3. Summary of my conclusions

I have set out below my summary conclusions, considering the effect of the Proposed Transfer on the following three parties:

- "Transferring Policyholders", i.e. all UKIL policyholders whose policies will transfer to AIL under the Proposed Transfer.
- "Existing Policyholders", i.e. policyholders of AIL immediately prior to the Proposed Transfer, who will remain policyholders with AIL after the Proposed Transfer.
- Reinsurers of UKIL and AIL covering the Transferring Business.

There are no "Non-transferring Policyholders", as all UKIL policies will transfer to AIL under the Proposed Transfer.

In drawing my conclusions, I have considered the impact of the Proposed Transfer on all underlying Claimants and Beneficiaries as described above and including eg the dependants of policyholders.

4. The IE's Scheme Report

This is a summary of my full Scheme Report, "Scheme Report of the Independent Expert on the proposed transfer of insurance business from U K Insurance Limited to Aviva Insurance Limited in accordance with Part VII of the Financial Services and Markets Act 2000".

Unless otherwise stated, defined terms used in this summary report shall be the same meaning as set out in my full Scheme Report. A copy of the full Scheme Report will be available for download free of charge on the dedicated webpage (the Part VII webpage) on Aviva's website. The Part VII webpage will also be linked from the websites of all Direct Line branded homepages (including Direct Line, Churchill, Green Flag, Privilege and Darwin).

I will also prepare a Supplementary Report ahead of the Sanction Hearing for the Proposed Transfer. The purpose of the Supplementary Report is to confirm and/or update my conclusions on the Proposed Transfer, based on any new material or issues that arise, including any objections raised by any interested parties.

5. Transferring Policyholders

I have concluded that the security provided to Transferring Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Transferring Policyholders following the Proposed Transfer.

All UKIL policyholders will have their policies transferred to AIL as part of the Proposed Transfer. As of 30 April 2026, UKIL had identified approximately 8.2 million in-force Transferring Policies.

Summary rationale:

- The best estimate liabilities within the IFRS 17 and Solvency UK technical provisions for the Transferring Business will not change directly as a result of the Proposed Transfer. I am satisfied that the approaches used to calculate the IFRS 17 and Solvency UK technical provisions for the Transferring Business are appropriate, and AIL has confirmed that these will be materially unchanged post-transfer. In particular, UKIL's and AIL's best estimate reserves and assumptions underlying the IFRS17 and Solvency UK technical provisions for the Transferring Business as at 31 December 2025 are the same. My opinion is also based on an independent review of UKIL's reserves by the Aviva Group as at 30 June 2025 and an external actuarial review of UKIL's reserves performed as at 31 December 2025 as part of the annual audit.
- If the Proposed Transfer had been implemented on 31 December 2025, the Transferring Policyholders would have been transferred from one well capitalised entity (UKIL) (as defined in section 6.1 of my Scheme Report) to another well capitalised entity (AIL). On this basis I consider that the security provided to Transferring Policyholders would not have been materially adversely affected by the Proposed Transfer if it had occurred on 31 December 2025. I note that UKIL uses the standard formula to calculate its SCR. AIL uses a partial internal model to calculate its SCR. These are both intended to measure the same underlying concept of risk, but they do so in different ways. Accordingly, differences between the two firms' SCR coverage ratios do not, by themselves, indicate that one firm is more or less secure than the other, without considering the basis on which those figures have been calculated. See section 6.4 of my Scheme Report for details.
- In addition to the pro-forma position as at 31 December 2025, UKIL and AIL have provided me with indicative projections of the balance sheet positions immediately before and after the Proposed Transfer (i.e. as at 23:58 (and following the transfer of CIC policies to UKIL) and 23:59 on 31 December 2026), taking into account the changes expected to take place over this period, including forecast dividends expected to be paid during 2026, the MMC being approved and becoming effective, and AIL ceding 50% of the Transferring Business to AII. Based on my analysis of these projections, I am satisfied that AIL is expected to be at least well capitalised immediately after the Proposed Transfer, after allowing for each of the above items. This further supports my opinion that the security provided to Transferring Policyholders will not be materially adversely affected by the Proposed Transfer.
- Further, AIL has provided capital projections until 31 December 2028 which indicate that AIL will remain very well capitalised prior to the payment of dividends, and well capitalised after payment of dividends.
- I am satisfied that AIL is expected to have sufficient capital under a range of adverse scenarios in relation to both the Transferring Business and its other business. In more extreme adverse scenarios, where AIL's SCR coverage ratio would fall below 100%, I am satisfied that the likelihood of such scenarios is sufficiently remote that Transferring Policyholders are not materially adversely affected as a result of the Proposed Transfer.
- Prior to the Proposed Transfer, in the event of financial difficulty, the Transferring Policyholders would be reliant on support from the wider group, including AIL as a parent company. Following the Proposed Transfer, the Transferring Business will sit directly on AIL's balance sheet and, therefore, will be directly supported by AIL's capital resources. On the other hand, following the Proposed Transfer, Transferring Policyholders will also be exposed to the risks within AIL's business. However, overall, I consider that the benefits of being part of a significantly larger and more diversified entity (AIL) outweigh these risks.
- Following the Proposed Transfer, AII will reinsure 50% of the Transferring Business (net of external reinsurance recoveries received). Therefore, post transfer, the Transferring Policyholders will be exposed to the risk of AII defaulting on its reinsurance obligations. I regard the risk of AII defaulting to be very low, given its financial strength. In addition, the risk and impact of an AII default on AIL is mitigated by a number of factors:
    - The reinsurance provided by AII will be on a funds withheld basis, whereby an amount equal to the best estimate (IFRS) liabilities is retained by AIL in a funds withheld account. If the IFRS liabilities were to increase, then the funds withheld would be topped up by AII periodically. This means that, in order for a default by AII to directly impact AIL's own funds, it would need to occur before the funds withheld had been topped up in response to an increase in the IFRS liabilities. I consider this combination of events to have a remote likelihood. Even then, the direct impact on AIL's own funds would only be the value of AII's share of the increase in IFRS liabilities.
    - Aviva has provided me with the results of its stress and scenario testing to assess the resilience of AII's business, including two extreme Group recovery scenarios. Even in these extreme scenarios, AII remains able to pay its claims in full and is projected to recover to above its solvency risk appetite within 2 years.
    - I have considered the impact of a default of AII followed by a reserve deterioration in section 6.10 of my Scheme Report. Even in this remote scenario, AIL is projected to be able to pay its claims in full.
    - The risks associated with the intra-group reinsurance arrangement following the Proposed Transfer are reflected in AIL's projected Day 1 SCR, which allows for reinsurance default risk. AIL is currently

projected to be at least well capitalised immediately after the Proposed Transfer. As the SCR captures reinsurance default risk over a one-year time horizon, I have also considered the effect of this risk over a longer time horizon through the scenario analysis in section 6.10 of my Scheme Report.

- Note there are a number of governance and due diligence activities in progress in order for AII to reinsure the Transferring Business (see section 3.2 of my Scheme Report for detail).
- AIL is a UK entity so the Transferring Policyholders will continue to be regulated in the UK following the Proposed Transfer. The rights of policyholders in respect of access to the Financial Services Compensation Scheme (FSCS) or Financial Ombudsman Service (FOS) will not change as a result of the Proposed Transfer.
- There are no proposed changes to UKIL's claims handling arrangements arising directly as a result of the Proposed Transfer. As part of ongoing integration activity following Aviva's acquisition of Direct Line, there are a range of updates underway to align UKIL's claims handling approach, methodology and systems with those of AIL. Some of these updates have already been implemented as at the date of this report. Other updates are planned to be implemented prior to the Proposed Transfer, and some changes are expected following the Proposed Transfer. Aviva's ultimate aim is to have one claims team and consistent platforms for handling both AIL's and UKIL's claims post-transfer. I do not expect the Proposed Transfer to have any materially adverse impact on Transferring Policyholders from a claims handling perspective. This is because the parties intend to implement the proposed changes to claims handling regardless of whether or not the Proposed Transfer goes ahead. The Proposed Transfer itself has no direct impact on claims handling arrangements for either Existing Policyholders or Transferring Policyholders.

6. Existing Policyholders

I have concluded that the security provided to Existing Policyholders will not be materially adversely affected by the Proposed Transfer.

I have concluded that no material impact on service standards is expected for Existing Policyholders following the Proposed Transfer.

As at 30 April 2026, AIL had identified approximately 12.9 million existing policies which are in-force. UKIL's c. 8.2 million transferring policies will therefore make up approximately 40% of AIL's projected post-transfer policies.

The Existing Business will make up approximately 70% of AIL's projected post-transfer IFRS 17 net of reinsurance provisions (based on figures as at 31 December 2025).

Summary rationale:

- I am satisfied that the approaches used to calculate the IFRS 17 and Solvency UK technical provisions for AIL are appropriate. AIL has confirmed that these will be materially unchanged post-transfer. My opinion is based on AIL's reserves as at 31 December 2025, an independent review of AIL's reserves by the Aviva Group as at 31 March 2025 and an external actuarial review of AIL's reserves as at 31 December 2025 performed as part of the annual audit.
- If the Proposed Transfer had been implemented on 31 December 2025, AIL's SCR coverage ratio would have been expected to be unchanged at 192% as a result of the Proposed Transfer. On this basis I consider that the security provided to Existing AIL Policyholders would not have been materially adversely affected by the Proposed Transfer if it had occurred on 31 December 2025.
- In addition to the pro-forma figures as at 31 December 2025, AIL has provided me with indicative projections of the balance sheet positions immediately before and after the Proposed Transfer (i.e. as at 23:58 (and following the transfer of CIC policies to UKIL) and 23:59 on 31 December 2026), taking into account the changes expected to take place over this period, including forecast dividends expected to be paid during 2026, the MMC being approved and becoming effective, and AIL ceding 50% of the Transferring Business to AII. Based on my analysis of these projections, I am satisfied that AIL is expected to be at least well capitalised (as defined in section 6.1 of my Scheme Report) immediately after the Proposed Transfer, after allowing for each of the above items. In addition, AIL's SCR coverage ratio is expected to be higher at Day 1 than Day 0 due to the completion of the MMC and ceding 50% of the Transferring Business to AII. This further supports my opinion that the security provided to Existing Policyholders will not be materially adversely affected by the Proposed Transfer.
- Further, AIL has provided capital projections until 31 December 2028 which indicate that AIL will remain very well capitalised prior to the payment of dividends, and well capitalised after the payment of dividends.
- I am satisfied that AIL is expected to have sufficient capital under a range of adverse scenarios in relation to both the Transferring Business and its other business. In more extreme adverse scenarios, where AIL's SCR coverage ratio would fall below 100%, I am satisfied that the likelihood of such scenarios is sufficiently remote such that Existing Policyholders are not materially adversely affected as a result of the Proposed Transfer.
- AIL is not planning any material changes to how its Existing Policyholders are serviced following the Proposed Transfer.

7. Reinsurers covering the Transferring Business

I have concluded that reinsurers who provide cover for the Transferring Business will not be materially adversely affected by the Proposed Transfer.

I have considered the position of reinsurers of UKIL who currently provide cover for the Transferring Business.

Summary rationale:

- UKIL and AIL have both confirmed that all existing outwards reinsurance arrangements that are in place immediately prior to the Proposed Transfer (i.e. at Day 0) in respect of the Transferring Business will continue following the Proposed Transfer. AIL will assume all of UKIL's rights and obligations as the ceding insurer under the relevant transferring reinsurance arrangements, including any entitlements to reinsurance recoveries, with effect from the Effective Date. The Proposed Transfer will not affect the underlying terms and conditions of any existing reinsurance arrangements covering the Transferring Business.

- The existing reinsurers of the Transferring Business will be exposed to the same claims following the Proposed Transfer.
- All reinsurers of the Transferring Business will be informed of the Proposed Transfer.

8. Further information and next steps

Further details on my conclusions, and other supporting information, are set out in my full Scheme Report.

I will be reviewing these conclusions and preparing a Supplementary Report ahead of the Sanction Hearing for the Proposed Transfer. The purpose of the Supplementary Report is to confirm and/or update my conclusions based on any new material or issues that arise and any objections received from interested persons.

Specific items that I have highlighted in the full Scheme Report and this Summary Report which require further review in due course include:

- Any updates to the financial information provided in this report e.g. updated reserve estimates and financial projections including SCR coverage ratios and balance sheets;
- An update on the ongoing integration activity relating to the Proposed Transfer following Aviva's acquisition of Direct Line, including an update on UKIL's claims handling approach;
- An update on findings and developments since the MMC pre-application submission;
- An update on the progress of the novation or commutation of the CIC Swiss-law governed reinsurance arrangements;
- An update on activities relating to AII's reinsurance of the Transferring Business;
- An update on sanctions checks and any sanctions-exposed policies within the Transferring Business;
- The implementation of the communication plan for Transferring Policyholders;
- Any policyholder objections received; and
- Any developments regarding the structure of the Proposed Transfer.

Charl Cronje

Fellow of the Institute and Faculty of Actuaries

7 July 2026

Professional standards

Our work in preparing this document and the associated documents described above complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work and Technical Actuarial Standard 200: Insurance.

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