

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

CR – 2017 – 000759

BETWEEN:

IN THE MATTER OF FRIENDS LIFE LIMITED

- and -

IN THE MATTER OF FRIENDS LIFE AND PENSIONS LIMITED

- and -

IN THE MATTER OF AVIVA INVESTORS PENSIONS LIMITED

- and -

IN THE MATTER OF AVIVA LIFE & PENSIONS UK LIMITED

- and -

IN THE MATTER OF AVIVA PENSION TRUSTEES UK LIMITED

- and -

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

SCHEME

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PART 1 – INTRODUCTION

1 Definitions, Interpretation and Background

1.1 Definitions

In the Scheme including the Schedules, unless the context otherwise requires, the following expressions bear the meanings respectively set opposite them:

“2012 Scheme” means the scheme pursuant to Part VII of the Act (application no. 5968 of 2012), the effective date of which was 28 December 2012 and which provided for the transfer of the whole of the business of FLAS and part of the business of FLC and F&C Managed Pension Funds Limited to FLL and which ceased to have effect in accordance with the 2013 Scheme;

“2012 Scheme Effective Date” means 00.01 a.m. GMT on 28 December 2012;

“2012 Transferred Policy” means a Policy that was transferred to FLL pursuant to the 2012 Scheme and under which any liability remains unsatisfied at the relevant time;

“2013 Scheme” means the scheme pursuant to Part VII of the Act (application no. 4839 of 2013) and which provided for the transfer to FLP and FLL of the whole of the Long-Term Insurance Business of WLUK and FLC, as amended from time to time;

“2013 Transferred Policy” means a Policy that was transferred to FLP or FLL pursuant to the 2013 Scheme and under which any liability remains unsatisfied at the relevant time;

“Act” means the Financial Services and Markets Act 2000;

“Actuarial Function Holder” means the person appointed by the relevant insurance undertaking to perform the “actuarial function” of such relevant entity at the relevant time;

“Aggregate Asset Shares” means, in respect of a UKLAP With-Profits Sub-Fund, the sum of the Asset Shares of the specified holders of WP Policies, or, for policies where the Asset Share is not calculated, such equivalent measure as is used by UKLAP at the relevant time;

“AIPL” means Aviva Investors Pensions Limited, a company incorporated in England and Wales with registered number 01059606;

“AIPL Board” means the board of directors of AIPL from time to time;

“AIPL Transferred Business” means the in-force annuity business of AIPL carried on immediately prior to the Effective Date, including all activities carried on in connection with or for the purposes of such business, including the relevant Transferred Assets and Transferred Liabilities;

“Apportionment Date” has the meaning set out in paragraph 36.7;

“Asset Share” means in respect of a WP Policy, a retrospective accumulation of the premiums paid and other sources of income defined in the applicable UKLAP PPFM, under the Policy less the costs and charges attributable to the Policy as determined by the UKLAP Board (having taken appropriate actuarial advice) consistent with any applicable UKLAP PPFM (or other relevant policyholder communications) and legal and regulatory requirements, including UKLAP’s duty to pay due regard to the interests of its policyholders and to treat them fairly and for these purposes the rates of return to be used for this accumulation will be:

- (a) the rates of investment return earned on the Return Assets less Taxation for those UKLAP With-Profits Sub-Funds for which Return Assets are defined; and
- (b) the rates of investment return earned on the assets deemed to be backing that business for all other UKLAP With-Profits Sub-Funds;

“**Asset Value**” means in respect of any asset or assets (and in respect of any period prior to the Solvency II Implementation Date), the value of which is determined in accordance with Prudential Regulation;

“**Available Excess Assets**” means any amounts of assets which the UKLAP Board has decided (in accordance with the Scheme and the relevant UKLAP PPFM) shall be allocated, distributed or released, as the case may be in accordance with Part 5 of Schedule 1;

“**Aviva**” means Aviva plc (company number 2468686) with registered office at St Helen’s, 1 Undershaft, London EC3P 3DQ;

“**Aviva Group**” means Aviva and any company which is a subsidiary or holding company of Aviva, or a subsidiary of a holding company of Aviva, from time to time and “**Aviva Group Company**” shall be construed accordingly;

“**Bailiwick of Guernsey**” means the islands of Guernsey, Alderney, Sark, Herm, Jethou, Brecqhou and Lihou;

“**Belgian SF**” means the sub-fund of UKLAP named the “Belgian SF” and maintained pursuant to paragraph 17.1.15;

“**Best Estimate Liabilities**” means the value of the “best estimate” liabilities as defined in the PRA Rulebook Glossary;

“**BLAGAB trade losses**” means such term as defined in section 136, Part 2 of the Finance Act 2012;

“**BLAGAB trade profits**” means such term as defined in section 136, Part 2 of the Finance Act 2012;

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London;

“**Capital Requirements**” means:

- (a) in relation to an insurer, the capital requirements applicable in respect of the Long-Term Insurance Business of the insurer pursuant to the PRA Rulebook;
- (b) in relation to a UKLAP Sub-Fund, the capital requirements applicable in respect of the insurance business written in the UKLAP Sub-Fund pursuant to the PRA Rulebook, the UKLAP Sub-Fund being treated for this purpose as if it were a stand-alone insurer but (where specified) excluding Capital Requirements which are not required under the PRA Rulebook to be maintained within a specific UKLAP Sub-Fund save to the extent that the UKLAP Board has determined that it is appropriate to include such Capital Requirements;
- (c) in relation to more than one Non-Profit Sub-Fund, the capital requirements applicable in respect of the insurance business written in such Non-Profit Sub-Funds pursuant to the PRA Rulebook, such Non-Profit Sub-Funds being treated for this purpose as if, when aggregated together, they were a stand alone insurer but (where

specified) excluding the Capital Requirements not required to be maintained within a specific UKLAP Sub-Fund in accordance with (b) above; and

- (d) in relation to a block of Policies the capital requirements applicable in respect of such Policies pursuant to the PRA Rulebook, the block of Policies being treated for these purposes as if they were in a separate UKLAP Sub-Fund (save that in the case of Non-Profit Policies which are allocated to a UKLAP With-Profits Sub-Fund the Capital Requirements for such Non-Profit Policies shall be determined taking into account that they are so allocated) and (where specified) excluding Capital Requirements which are not required under the PRA Rulebook to be maintained within a specific UKLAP Sub-Fund save to the extent that the UKLAP Board has determined that it is appropriate to include such Capital Requirements;

“CGNU Life” means CGNU Life Assurance Limited (company number 226742) with registered office at Wellington Row, York YO90 1WR;

“COBS” means the Conduct of Business Sourcebook of the FCA Handbook;

“Colonial Policy” means a Policy allocated to the WL WPSF which was originally written by Colonial Life (UK) Limited prior to 1 June 2001 and under which any liability remains unsatisfied at the relevant time;

“Contract” means any written contract, commitment, agreement (including a facility agreement), deed, indenture, note, bond, mortgage, loan, instrument, lease or licence as amended, supplemented, varied or substituted from time to time;

“Conventional Non-Profit Annuity” means a conventional non-profit or index-linked annuity (excluding, for the avoidance of doubt, any property-linked annuity and any with-profits annuity which renders the annuitant eligible to participate in any established surplus);

“Conventional Non-Profit Policy” means any Non-Profit Policy which is not a UL Policy;

“Conventional WP Policy” means any WP Policy which is not a Unitised WP Policy, the WP Part of a DC Policy, or WP Part of a Hybrid Policy;

“Core Eligible Assets” means assets in the form of investments other than Non-Profit Business, Strategic Assets or in other Aviva Group companies;

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

“CULAC” means Commercial Union Life Assurance Company Limited (company number 79678) with registered office at St Helen's, 1 Undershaft, London EC3P 3DQ;

“DC Policy” means any defined charge Policy which includes the right to invest in with-profits investment (whether by the allocation of WP Units or otherwise) and which may also include the right to invest in UL Units, under which the only charges and expense deductions which may be made from the premiums or assets referable to that Policy are those specifically defined in the relevant Policy;

“Deficit” means in relation the FP WPSF, the FLC Funds and the FLAS WPSF (as applicable), a Deficit shall exist at any time when, and in the amount by which, the UKLAP Board determines, having taken account of appropriate actuarial advice, that:

- (a) in relation to the FP WPSF, the Regulatory Assets of the FP WPSF fall short of the FLL Regulatory Liabilities of the FP WPSF;

- (b) in relation to the FLC Funds, the Regulatory Assets of the relevant FLC Fund fall short of the FLL Regulatory Liabilities of the FLC Fund; and
- (c) in relation to the FLAS WPSF, the Regulatory Assets of the FLAS WPSF fall short of the FLL Regulatory Liabilities of the FLAS WPSF;

“Demutualisation Scheme” means the scheme pursuant to section 49 of, and Schedule 2C to, the Insurance Companies Act 1982 (application no. 2651 of 2001), which took effect on the Demutualisation Scheme Effective Date (and which was amended by order of the Court on 29 July 2004) which provided for the demutualisation of Friends Provident Life Office and which ceased to have effect in accordance with the terms of the 2012 Scheme;

“Demutualisation Scheme Effective Date” means 07.30 a.m. on 9 July 2001;

“Determined Amount Value” means at any given time the balance of the value, calculated in accordance with the principles and practices established and conducted in connection with the Demutualisation Scheme, of assets which were allocated to the FP WPSF on the Demutualisation Scheme Effective Date pursuant to paragraph 14.1(A)(3)(i) of the Demutualisation Scheme;

“EEA” means the European Economic Area;

“Effective Date” means the time and date on which the Scheme shall become effective in accordance with paragraph 66;

“Elected Policy” means:

- (a) a Policy in respect of which an Election was made pursuant to the UKLAP Reattribution Scheme (including for the avoidance of doubt the HLDAC Elected Reassurance Agreement); and
- (b) any Policy which terminated or converted into a Non-Profit Policy prior to the UKLAP Reattribution Scheme Effective Date as a result of an event which occurred prior to the UKLAP Reattribution Scheme Effective Date that did not result from a voluntary act or omission on the part of the holder or the life assured (including as a result of death, maturity or normal age retirement before the UKLAP Reattribution Scheme Effective Date) or which was deemed to have been In Force under the proviso to paragraph D of the definition of “In Force” (as defined in the UKLAP Reattribution Scheme) (provided in either case that the holder of such Policy had not responded prior to the UKLAP Reattribution Scheme Effective Date electing not to accept an incentive payment in which case such Policy shall be treated as a Non-Elected Policy);

“Election” means an Election in accordance with the UKLAP Reattribution Scheme;

“Eligible FLC Old WPSF Policies” means Policies in the FLC Old WPSF eligible immediately prior to the FLC Fund Merger Date to receive FLC Special Scheme Bonuses;

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

“Enhancement” means an amount determined by the FLL Board (prior to the Effective Date) or by the UKLAP Board (after the Effective Date), having taken account of appropriate actuarial advice, in respect of a Temporary Transfer (or Temporary Transfers) as the

outstanding principal amount of such Temporary Transfer (or Temporary Transfers) multiplied by the compounded cumulative average investment return (which may be negative), expressed as a percentage, in respect of the assets advanced under that Temporary Transfer since the date on which such Temporary Transfer (or Temporary Transfers) was originally made or, if later, the date as at which an Enhancement in respect of such Temporary Transfer (or Temporary Transfers) was most recently determined and certified by the FLL Board (prior to the Effective Date) or by the UKLAP Board (after the Effective Date), having taken account of appropriate actuarial advice, at least annually as at each Year End and, in addition, on any occasion on which any amount of the remaining principal of a Temporary Transfer falls to be repaid pursuant to paragraph 60;

“Estate Assets” means:

- (a) in the case of the Old WPSF, assets in the Old WPSF; and
- (b) in the case of the New WPSF, assets in the New WPSF, including for these purposes, the RIEESA,

in each case in excess of those assets required to cover the Realistic Liabilities of the Old WPSF or the New WPSF (as the case may be) (including in the case of the New WPSF, the RIEESA) such Realistic Liabilities calculated in accordance with Schedule 1;

“Excluded Policies” means Policies comprised in the Transferred Business under which any liability remains unsatisfied or outstanding at the Effective Date:

- (a) written by a Transferor Company in the course of carrying on Long-Term Insurance Business in the United Kingdom or any other EEA State, in respect of which:
 - (i) for the purpose of paragraph 1(2A) of Schedule 12 to the Act, an EEA State other than the United Kingdom is the State of the commitment; and
 - (ii) the PRA has not, prior to the making of the Order by which the Court sanctions this Scheme, provided the certificate referred to in paragraph 3A of Schedule 12 to the Act with respect to the relevant EEA State which is the State of the commitment;
- (b) which are:
 - (i) Guernsey Policies (to the extent that and for so long only as the Guernsey Scheme has not then received the requisite court approval and become effective in accordance with its terms); or
 - (ii) Jersey Policies (to the extent that and for so long only as the Jersey Scheme has not then received the requisite court approval and become effective in accordance with its terms); or
- (c) written by a Transferor Company in the course of carrying on Long-Term Insurance Business but which, prior to the Effective Date, the Transferor Companies and UKLAP agree shall not be transferred pursuant to the Act on the Effective Date, including, for the avoidance of doubt:
 - (i) any Policy within paragraphs (a) or (b) of this definition which has lapsed on or before the Effective Date but which the relevant policyholder is entitled to require the relevant Transferor Company to reinstate;

- (ii) any proposal for a Policy received or issued by or on behalf of a Transferor Company before the Effective Date which has not become a Policy in force by the Effective Date but which would fall within paragraphs (a) or (b) of this definition were it to come into force; and
- (iii) any further Policy issued by a Transferor Company pursuant to the exercise of any right or option under an Excluded Policy, as described in paragraph 11.6;

“Excluded Policies Reassurance Agreement” means a reinsurance agreement in respect of Excluded Policies entered into pursuant to paragraph 11.2;

“Existing Temporary Transfer” means any Temporary Transfer that has been made pursuant to the 2013 Scheme and has not been repaid prior to the Effective Date;

“Existing UKLAP Assets” means all assets of UKLAP (whatsoever and wheresoever situated) forming part of UKLAP’s Long-Term Insurance Business or the UKLAP Shareholder Fund immediately prior to the Effective Date;

“Existing UKLAP Business” means the whole of the Long-Term Insurance Business of UKLAP carried on immediately prior to the Effective Date, including the Existing UKLAP Policies, Existing UKLAP Assets and Existing UKLAP Liabilities, and all activities directly arising from that business and any proposals to or on behalf of UKLAP for insurance not yet accepted as at the Effective Date;

“Existing UKLAP Closing Fund” has the meaning given to it in paragraph 63.3.6;

“Existing UKLAP Liabilities” means all liabilities whatsoever of UKLAP forming part of UKLAP’s Long-Term Insurance Business or the UKLAP Shareholder Fund immediately prior to the Effective Date, including without prejudice to the generality of the foregoing all liabilities under Existing UKLAP Policies (which for the avoidance of doubt shall include any liability resulting from the obligation to treat customers fairly (as it applies to the terms of the relevant Existing UKLAP Policy) and all mis-selling and other liabilities which relate to or arise from the conduct of insurance business) and all liabilities to Taxation attributable to the Existing UKLAP Business in respect of any period prior to the Effective Date;

“Existing UKLAP Policy” means every Policy written by or novated or transferred to UKLAP under which any liability remains unsatisfied or outstanding at the Effective Date;

“Existing UKLAP Reserved Sub-Funds” means the Stakeholder WPSF, the Belgian SF and WPSF 5;

“Existing UKLAP Sub-Funds” means the Existing UKLAP WPSFs, the Existing UKLAP Reserved Sub-Funds and the NPSF and **“Existing UKLAP Sub-Fund”** means any one of them;

“Existing UKLAP WPSF” means any of the New WPSF, the Old WPSF, the UKLAP WPSF, the PM SF and the Irish WPSF;

“Expense Allowances” means amounts in respect of expenses to be transferred from a UKLAP With-Profits Sub-Fund established or maintained pursuant to paragraph 17 to a Non-Profit Sub-Fund in accordance with paragraph 33.5;

“F&C Managed Pension Funds Limited” means F&C Managed Pension Funds Limited (company number 01020044) with registered office at Exchange House, Primrose Street, London EC2A 2NY;

“Fair Value” means:

- (a) where the asset is quoted on a recognised market, Market Value; or
- (b) where the assets is not quoted on a recognised market, the value calculated on a mark to model basis calibrated to reproduce market prices;

“FCA” means the Financial Conduct Authority of the United Kingdom or such other governmental, statutory or other authority as shall from time to time carry out such functions in relation to insurance companies as are allocated to the FCA under the Act;

“FCA Handbook” means the Handbook of rules and guidance issued by the FCA from time to time pursuant to the Act or, as the case may be, such successor provisions of the FCA Handbook as most closely replace the contents thereof;

“FCA Handbook Glossary” means the Glossary to the FCA Handbook;

“Financial Year” means, subject to paragraph 1.2.2(xxvi), each calendar year;

“FL Fund Internal Cedant” has the meaning given to it in paragraph 30.1.1;

“FL Fund Internal Reassurer” has the meaning given to it in paragraph 30.1.1;

“FL Fund Internally Reassured Policy” has the meaning given to it in paragraph 30.1.3;

“FL Funds Internal Arrangements” has the meaning given to it in paragraph 30.1.1;

“FL Reinsurance Arrangements” means any reinsurance policies or other arrangements having similar effect to reinsurance policies, including for such purposes any FL Funds Internal Arrangements applicable to an FL With-Profits Sub-Fund (as the context may require);

“FL With-Profits Sub-Funds” means any of the FLL With-Profits Sub-Funds and the SGF;

“FLAS” means Friends Life Assurance Society Limited, a company incorporated in England and Wales with registered number 00776273;

“FLAS Remaining Support Amount” means the amount of support remaining available in the FLAS WPSF Support Account, taking account of the balance of any Temporary Transfers, determined in accordance with paragraph 60;

“FLAS WPSF” means the with-profits sub-fund of FLL prior to the Effective Date named the “FL FLAS With Profits Fund” and after the Effective Date named the “FLAS With-Profits Sub-Fund” as established and maintained by UKLAP pursuant to paragraph 17.1.3;

“FLAS WPSF PPFM” means the PPFM governing the FLAS WPSF known as the “Principles and Practices of Financial Management of the FLAS WSPF”, as in force from time to time or any other similar arrangements in respect of the FLAS WPSF required to be established and maintained by Regulatory Requirements from time to time;

“FLAS WPSF Support Account” means the memorandum account established with the name “FL FLAS WPF Support Account” under the 2013 Scheme and after the Effective Date maintained pursuant to paragraph 58.1.4;

“FLC” means Friends Life Company Limited, a company incorporated in England and Wales with registered number 03291349;

“FLC 2001 Scheme” means the scheme pursuant to section 49 of, and Schedule 2C to, the Insurance Companies Act 1982 (application no. 4569 of 2000), the effective date of

which was 1 April 2001 (and which was amended by orders of the Court on 7 July 2006) which provided for the transfer of the business of AXA Equity and Law Life Assurance Society plc to FLC (then known as AXA Sun Life plc) and which ceased to have effect in accordance with the terms of the 2012 Scheme;

“FLC 2001 Scheme Effective Date” means 00.01 a.m. on 1 April 2001;

“FLC Elected Policies” means those Policies in respect of which an FLC Election was made or deemed to have been made;

“FLC Election” means an election made or deemed to be made in accordance with the procedures described in the circular entitled “Policyholder Circular” issued in connection with the FLC 2001 Scheme (including an election made under the second proposal which became effective on 1 January 2002);

“FLC Fund Merger” has the meaning given to it in paragraph 62.1;

“FLC Fund Merger Date” has the meaning given to it in paragraph 62.3;

“FLC Funds” means the FLC New WPSF and the FLC Old WPSF;

“FLC Funds PPFM” means the PPFM governing the FLC Funds known as the “Principles and Practices of Financial Management of the FLC WPSFs”, as in force from time to time or any other similar arrangements in respect of the FLC Funds required to be established and maintained by Regulatory Requirements from time to time;

“FLC Funds Support Account” means the memorandum account established with the name “FL FLC Funds Support Account” under the 2013 Scheme and after the Effective Date maintained pursuant to paragraph 58.1.1;

“FLC New WPSF” means the with-profits sub-fund of FLL prior to the Effective Date named the “FL FLC New With Profits Fund” and after the Effective Date named the “FLC New With-Profits Sub-Fund” as established and maintained by UKLAP pursuant to paragraph 17.1.1;

“FLC Old Fund Proportion” means 12.7125 per cent.;

“FLC Old WPSF” means the with-profits sub-fund of FLL prior to the Effective Date named the “FL FLC Old With Profits Fund” and after the Effective Date named the “FLC Old With-Profits Sub-Fund” as established and maintained by UKLAP pursuant to paragraph 17.1.2;

“FLC OWPSF Reassured Policies” has the meaning given to it in paragraph 30.2.3(ii);

“FLC Remaining Support Amount” means the amount of support remaining available in the FLC Funds Support Account, taking account of the balance of any Temporary Transfers, determined in accordance with paragraph 60;

“FLC Special Scheme Bonus” means any bonus which was declared pursuant to Schedule 8 of the 2013 Scheme and any bonus which is declared after the Effective Date in respect of relevant Policies in accordance with Paragraph 50.2 and Schedule 5;

“FLC Special Scheme Bonus Calculation Date” means 31 December 2020, and every fifth 31 December thereafter until a merger of the FLC Funds has taken place in accordance with paragraph 62;

“FLL” means Friends Life Limited, a company incorporated in England and Wales with registered number 04096141;

“FLL 90:10 Funds” means the FLC Funds, the FP WPSF, the FLAS WPSF and the WL WPSF;

“FLL Board” means the board of directors of FLL at the relevant time;

“FLL Closing Fund” has the meaning given to it in paragraph 63.3.2;

“FLL Fund” means any of the FLL With-Profits Sub-Funds;

“FLL Minimum Transferor Residual Asset Requirement” means the requirement of FLL under Regulatory Requirements to meet its applicable solvency capital requirement, calculated in accordance with applicable Regulatory Requirements in place immediately prior to the Effective Date (and taking account of (i) any additional capital required by the PRA to be held by FLL and (ii) of any Excluded Policies of FLL) and taking account of the Excluded Policies Reassurance Agreement, plus a margin above the statutory minimum as determined by the FLL Board (having taken account of appropriate actuarial advice);

“FLL NPSF” means the non-profit fund of FLL prior to the Effective Date;

“FLL Regulatory Liabilities” means Regulatory Liabilities plus liabilities arising from its regulatory duty to treat customers fairly (where not already included in the Best Estimate Liabilities) and the value of any prospective future shareholder transfers out of the relevant FLL With-Profits Sub-Funds;

“FLL SHF” means, prior to the Effective Date, the assets and liabilities of FLL other than those attributable to or represented by the FLL Funds or the FLL NPSF;

“FLL Transferred Business” means the whole of the Long-Term Insurance Business of FLL carried on immediately prior to the Effective Date, including all activities carried on in connection with or for the purposes of such business and any proposals for insurance not yet accepted at the Effective Date, including the relevant Transferred Assets and Transferred Liabilities;

“FLL Transitional Adjustments” means any adjustments made by FLL to the value of its assets or liabilities under measures within the Solvency II Requirements which implement articles 308c or 308d of the Solvency II Directive;

“FLL Withheld Assets” means the assets held by FLL as at the Effective Date to meet the FLL Minimum Transferor Residual Asset Requirement;

“FLL With-Profits Sub-Funds” means the FLC Funds, the FLAS WPSF, the FP WPSF, the FPLAL WPSF and the WL WPSF;

“FLP” means Friends Life and Pensions Limited, a company incorporated in England and Wales with registered number 00475201;

“FLP Board” means the board of directors of FLP at the relevant time;

“FLP Minimum Transferor Residual Asset Requirement” means the requirement of FLP under Regulatory Requirements to meet its applicable solvency capital requirement, calculated in accordance with applicable Regulatory Requirements in place immediately prior to the Effective Date (and taking account of (i) any additional capital required by the PRA to be held by FLP and (ii) any Excluded Policies of FLP) and taking account of the Excluded Policies Reassurance Agreement, plus a margin above the statutory minimum as determined by the FLP Board (having taken account of appropriate actuarial advice);

“FLP NPSF” means the non-profit sub-fund of FLP prior to the Effective Date;

“FLP SHF” means, prior to the Effective Date, the assets and liabilities of FLP other than those attributable to or represented by the FLP NPSF or the SGF;

“FLP Transferred Business” means the whole of the Long-Term Insurance Business of FLP carried on immediately prior to the Effective Date, including all activities carried on in connection with or for the purposes of such business (including, for the avoidance of doubt, providing the My Money SIPP, and performing all activities thereunder which comprise the effecting or carrying out of contracts of insurance) and any proposals for insurance not yet accepted at the Effective Date, including the relevant Transferred Assets and Transferred Liabilities but excluding the UKPTL Transferred Business;

“FLP Withheld Assets” means the assets held by FLP as at the Effective Date to meet the FLP Minimum Transferor Residual Asset Requirement;

“FLWL” means Friends Life WL Limited, a company incorporated in England and Wales with registered number 03116645;

“FP Demutualisation Protected Policies” means all Policies transferred to FLL by the Demutualisation Scheme and under which any liability remained unsatisfied at the relevant time;

“FP Post Demutualisation Policies” means all Policies written in the FP WPSF, which are not FP Demutualisation Protected Policies;

“FP Post Demutualisation Remaining Support Amount” means the amount of support remaining available in the FP Post Demutualisation WPSF Support Account, taking account of the balance of any Temporary Transfers, determined in accordance with paragraph 60;

“FP Post Demutualisation WPSF Support Account” means the memorandum account established with the name “FL FP Post Demutualisation With Profits Support Account” under the 2013 Scheme and after the Effective Date maintained pursuant to paragraph 58.1.3;

“FP Remaining Support Amount” means the amount of support remaining available in the FP WPSF Support Account, taking account of the balance of any Temporary Transfers, determined in accordance with paragraph 60;

“FP Schedule 3 Amount” has the meaning given to it in paragraph 1 of Schedule 3;

“FP Schedule 3 Policies” has the meaning given to it in paragraph 1 of Schedule 3;

“FP WPSF” means the with-profits sub-fund of FLL prior to the Effective Date named the “FL FP With Profits Fund” and after the Effective Date named the “FP With-Profits Sub-Fund” as established and maintained by UKLAP pursuant to paragraph 17.1.4;

“FP WPSF PPFM” means the PPFM governing the FP WPSF known as the “Principles and Practices of Financial Management of FP WPSF”, as in force from time to time or any other similar arrangements in respect of the FP WPSF required to be established and maintained by Regulatory Requirements from time to time;

“FP WPSF Support Account” means the memorandum account established with the name “FL FP With Profits Support Account” under the 2013 Scheme, and after the Effective Date maintained pursuant to paragraph 58.1.2;

“FPLAL WPSF” means the with-profits sub-fund of FLL prior to the Effective Date named the “FL FPLAL With Profits Fund” and after the Effective Date named the “FPLAL With-Profits Sub-Fund” as established and maintained by UKLAP pursuant to paragraph 17.1.5;

“FPLAL WPSF PPFM” means the PPFM governing the FPLAL WPSF known as the “Principles and Practices of Financial Management of the FPLAL WPSF”, as in force from time to time or any other similar arrangements in respect of the FPLAL WPSF to be established and maintained by Regulatory Requirements from time to time;

“Further Temporary Transfer” has the meaning given to it in paragraph 60.5;

“General FLC Funds Merger” has the meaning given to it in paragraph 64.3;

“GENPRU” means (in respect of any period prior to the Solvency II Implementation Date) the General Prudential sourcebook forming part of the FCA Handbook;

“Guarantee Charge Account” means, in relation to the FP WPSF, the “Guarantee Charge Account” as that term is defined in the glossary of the FP WPSF PPFM;

“Guaranteed Benefits” means any guaranteed benefits payable under:

- (a) a Conventional WP Policy;
- (b) a Unitised WP Policy; or
- (c) a Hybrid Policy (including guaranteed benefits purchased solely by the cancellation of UL Units or WP Units) which are not calculated by reference to UL Units;

“Guernsey Effective Date” means the time and date on which the Guernsey Scheme becomes effective in accordance with its terms;

“Guernsey Policy” means a Policy of FLL or FLP comprised in the Transferred Business that was written under Guernsey law or issued to a resident of the Bailiwick of Guernsey or part of the insurance business of either of FLL or FLP carried on in or from within the Bailiwick of Guernsey and which the Royal Court of Guernsey has jurisdiction to transfer pursuant to section 44(1) of the Insurance Business (Bailiwick of Guernsey) Law 2002;

“Guernsey Scheme” means the scheme to be sanctioned by the Royal Court of Guernsey for the transfer of the Guernsey Policies to UKLAP on the Effective Date;

“Hamilton Schemes” means the scheme of transfer sanctioned by the Court pursuant to Part VII of the Act dated 10 December 2009 (Claim Number 18760 of 2009) by which the assets and liabilities of Hamilton Life Assurance Company Limited were transferred to UKLAP and the scheme of transfer sanctioned by the Court pursuant to Part VII of the Act dated 10 December 2009 (Claim Number 18759 of 2009) by which certain assets and liabilities of Hamilton Insurance Company Limited were transferred to UKLAP;

“HLDAC” means Harcourt Life International Designated Activity Company (formerly known as Aviva Life International Limited) (company number 303257) with registered office at Block 2, Harcourt Centre, Harcourt Street, Dublin 2;

“HLDAC Elected Reassurance Agreement” means the “Restated Reassurance Agreement in respect of Elected With Profit Life Reassurance” executed by HLDAC and UKLAP dated 26 July 2016 and having effect on and from the UKLAP Reattribution Scheme Effective Date;

“HLDAC Non-Elected Reassurance Agreement” means the “Restated Reassurance Agreement in respect of Non-Elected With Profit Life Reassurance” executed by HLDAC and UKLAP dated 26 July 2016 and having effect on and from the UKLAP Reattribution Scheme Effective Date;

“Hybrid Policy” means any Policy which is not a DC Policy with its with-profits component allocated to, or reassured to, an Existing UKLAP WPSF, the effecting and carrying out of which constitutes in whole or in part linked Long-Term Insurance Business within the meaning ascribed to that term in paragraph III of Part II of Schedule 1 to the RAO and which includes the option to invest in both UL Units and with-profits investment (whether by the allocation of WP Units or otherwise);

“In Force” means the status of a Policy (or part of a Policy) which has not been surrendered and has not lapsed or terminated (other than as a result of it having become a claim);

“Independent Expert” means the actuary appointed to produce a report on the terms of the Scheme for the purposes of section 109 of the Act;

“INSPRU” means (in respect of any period prior to the Solvency II Implementation Date) the Prudential Sourcebook for Insurers forming part of the FCA Handbook;

“Insurer” means a firm with permission to effect or carry out contracts of insurance (other than an Insurance Special Purpose Vehicle (as defined in the FCA Handbook));

“Interest” means:

- (a) in relation to Pooled Assets, the interest in the Pooled Assets allocated to a UKLAP Sub-Fund; and
- (b) in relation to a Linked Fund, the units in the Linked Fund allocated to a UKLAP Sub-Fund;

“Irish Scheme” means the scheme of transfer sanctioned by the High Court of Ireland pursuant to the Assurance Companies Act 1909, the Insurance Act 1989 and the European Communities (Life Assurance) Framework Regulations 1994 (as amended) dated 2 December 2014, by which the assets and liabilities of Aviva Life & Pensions Ireland Limited were transferred to UKLAP, as amended from time to time;

“Irish WPSF” means the existing with-profits sub-fund of UKLAP relating to Long-Term Insurance Business named the “Irish With-Profits Sub-Fund” and maintained in accordance with paragraph 17.1.16;

“Jersey Effective Date” means the time and date on which the Jersey Scheme becomes effective in accordance with its terms;

“Jersey Policy” means a Policy of any of FLL or FLP comprised in the Transferred Business carried on by either of FLL or FLP in or from within Jersey (as such expression is interpreted for the purposes of the Insurance Business (Jersey) Law 1996) and which the Royal Court of Jersey has jurisdiction to transfer pursuant to Article 27 of, and Schedule 2 to, the Insurance (Business) Jersey Law 1996;

“Jersey Scheme” means the scheme to be sanctioned by the Royal Court of Jersey for the transfers of the Jersey Policies to UKLAP on the Effective Date;

“Level 2 Delegated Acts” means Regulation (EU) 2015/35 of the European Commission supplementing the Solvency II Directive, published in the Official Journal of the European Commission on 17 January 2015;

“Linked Fund” means an internal fund forming part of Long-Term Insurance Business maintained for the purpose of calculating linked benefits under Policies, other than benefits linked to the value of WP Units, including any successor to any such internal fund;

“Linked Fund Assets” means assets that are specifically allocated to one or more Linked Fund(s) of UKLAP and separately managed for such Linked Fund(s) for the benefit of one or more UKLAP Sub-Funds;

“Linked Policy” means a long-term insurance contract where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description or by reference to fluctuations in, or in an index of, the value of property of any description;

“Long-Term Insurance Business” has the meaning set out in the PRA Rulebook Glossary;

“Market Value” means the market value as determined in accordance with generally accepted accounting practice;

“Marketing Preference” means a consent (for the purposes of paragraph 1 of Schedule 2 to the Data Protection Act 1998) given by a data subject (as defined in the Data Protection Act 1998) for use of his Transferred Personal Data to market directly to him by any means, or an indication (by act or omission as appropriate) by the data subject that such consent is withheld;

“Matching Adjustment Approval” means approval in writing conditional only on the Scheme becoming effective from the PRA to an application by UKLAP to apply a matching adjustment to the risk-free interest rate term structure in order to calculate the Best Estimate Liabilities in respect of the Transferred Policies in accordance with Regulation 42 of the Solvency II Regulations following the Effective Date;

“MCR” means the minimum capital requirement calculated in accordance with the Minimum Capital Requirement Part of the PRA Rulebook;

“Minimum Asset Requirement” means in relation to the Old WPSF and the New WPSF, the minimum amount of assets (including the value of reinsurance assets, whether external or internal) to be maintained in the Old WPSF or the New WPSF (as applicable) to cover the Technical Provisions calculated, at the relevant time, in respect of the insurance business written in the Old WPSF or the New WPSF (as applicable) as adjusted by the Transitional Adjustments;

“My Money SIPP” means the Friends Life Corporate Self Invested Personal Pension Plan established by a declaration of trust dated 6 June 2011 and the Flexible Retirement Account and all other products issued thereunder;

“My Money SIPP Provider” means the person appointed as the “provider” of the My Money SIPP in accordance with the My Money SIPP Terms;

“My Money SIPP Scheme Administrator” means the person appointed as the “scheme administrator” of the My Money SIPP in accordance with the My Money SIPP Terms, such party for the avoidance of doubt being both the scheme administrator for the purposes of section 270 of the Finance Act 2004 and the operator of the My Money SIPP for the purposes of performing the regulated activity of operating a personal pension scheme;

“My Money SIPP Terms” means:

- (a) the declaration of trust dated 6 June 2011 that established the Friends Life Corporate Self Invested Personal Pension Plan; and
- (b) the terms and conditions issued to each member of the Friends Life Corporate Self Invested Personal Pension Plan,

(each as amended and replaced from time to time);

“New Policy” means a Policy issued by UKLAP after the Effective Date (including any Policy which comes into force after the Effective Date as a result of an option or right contained in any Transferred Policy or Existing UKLAP Policy);

“New WPSF” means the with-profits sub-fund of UKLAP established pursuant to the UKLAP Reattribution Scheme and named “New With-Profits Sub-Fund” and to be maintained under this Scheme pursuant to paragraph 17.1.11;

“New WPSF Adequacy Assets” has the meaning given to it in paragraph 43.4;

“New WPSF Proportion” means 88.25 per cent.;

“non-BLAGAB trade losses” means the losses, calculated in accordance with the ordinary trading rules, in respect of Long-Term Insurance Business which, had such Long-Term Insurance Business produced profits, would be subject to tax pursuant to section 71 to Finance Act 2012;

“non-BLAGAB trade profits” means the profits which would be subject to tax pursuant to section 71 to Finance Act 2012;

“Non-Elected Policy” means a Policy which was eligible to make an Election under the UKLAP Reattribution Scheme but in respect of which no Election was made (including for the avoidance of doubt those policies reassured to UKLAP pursuant to the terms of the HLDAC Non-Elected Reassurance Agreement);

“Non-Profit Business” means Long-Term Insurance Business in relation to Non-Profit Policies;

“Non-Profit Element” means, in relation to a Stakeholder Pension Policy, all liabilities under the Policy other than those within the definition of the WP Part of the Policy or relating to guarantees or support to that part of the Policy;

“Non-Profit Policy” means a Policy (or relevant part thereof) which does not confer on the holder a right to share in surplus and for the avoidance of doubt includes a conventional policy that does not participate in surplus, a UL Policy, the UL Part of Hybrid Policies and the DC Policies other than the WP Part thereof and rider benefits (such as risk benefits and waiver of premium benefits) attaching to WP Policies that do not themselves participate in surplus;

“Non-Profit Sub-Fund” means the NPSF and includes any non-profit sub-fund of UKLAP from time to time as the UKLAP Board may determine (but for the avoidance of doubt excluding the Existing UKLAP Reserved Sub-Funds);

“Northern Scheme” means the scheme for the transfer of certain long-term insurance business of The Northern Assurance Company Limited to NULLA pursuant to Schedule 2C to the Insurance Companies Act 1982 sanctioned by order of the Court dated 18 January 1999;

“NPSF” means the existing non-profit sub-fund of UKLAP, named the “non-profit sub-fund”;

“NULAP Scheme” means the scheme for the transfer of certain insurance business of a number of Aviva subsidiaries to UKLAP and UKA pursuant to Part VII of the Act sanctioned by an order of the Court on 18 November 2004;

“**NULIS**” means the Norwich Union Life Insurance Company Limited, formerly Norwich Union Life Insurance Society, (company number 38832) with registered office at Wellington Row, York YO90 1WR;

“**NULIS Scheme**” means the scheme for the transfer of certain long-term insurance business of NULIS to UKLAP, among others, pursuant to Schedule 2C to the Insurance Companies Act 1982 sanctioned by order of the Court dated 25 April 1997;

“**NULLA**” means Undershaft (NULLA) Limited (formerly known as Norwich Union Linked Life Assurance Limited) (company number 161274) with registered office at Wellington Row, York, YO90 1WR;

“**Old WPSF**” means the with-profits sub-fund of UKLAP relating to Long-Term Insurance Business established pursuant to the UKLAP Reattribution Scheme named “Old With-Profits Sub-Fund” and to be maintained pursuant to paragraph 17.1.10;

“**Old WPSF Estate Value**” has the meaning set out in paragraph 61.4.1;

“**Old WPSF Merger Date**” means the date determined by the UKLAP Board for the merger of the Old WPSF and the New WPSF pursuant to paragraph 61.1;

“**Old WPSF Proportion**” means 11.75 per cent.;

“**Old WPSF Relevant Proportion**” means the proportion of liabilities of the New WPSF arising in relation to Policies issued by UKLAP after the UKLAP Reattribution Scheme Effective Date or new liabilities reassured from HLDAC after the UKLAP Reattribution Scheme Effective Date to be borne by the Old WPSF from time to time in accordance with paragraph 29.4.3;

“**Old WPSF Uplifted Aggregate Asset Shares**” has the meaning set out in paragraph 61.12;

“**Old/New WPSF PPFM**” means the PPFM governing the Old WPSF and the New WPSF known as the “Principles and Practices of Financial Management of the Old WPSF and the New WPSF”, as in force from time to time or any other similar arrangement in respect of the Old WPSF and the New WPSF required to be established and maintained by Regulatory Requirements from time to time;

“**Order**” means an order made by the Court pursuant to section 111 of the Act sanctioning the Scheme and any order (including any subsequent order) in relation to the Scheme made by the Court pursuant to section 112 of the Act;

“**Own Funds**” means the sum of basic own funds and ancillary own funds as determined in accordance with the Own Funds Part of the PRA Rulebook;

“**PA Business**” means the Long-Term Insurance Business relating to Pension Policies that include any liability or contingent liability of the insurer to provide or procure the provision of a Conventional Non-Profit Annuity which were assumed by UKLAP under the UKA Scheme;

“**Peak Scheme**” means the scheme of transfer sanctioned by the Court pursuant to Part VII of the Act dated 21 September 2011 by which the assets and liabilities of Royal Scottish Assurance plc and National Westminster Life Assurance Limited were transferred to UKLAP;

“**Peak Transferring Policies**” means the WP Policies and the Non-Profit Policies transferred to UKLAP pursuant to the Peak Scheme;

“Pension Policy” means a pension policy that constitutes “pension business” for the purposes of section 58 of the Finance Act 2012;

“Permanent Contribution” means any contribution of assets made to the WL WPSF from the WL WPSF Support Account in accordance with Part 5 of Schedule 2;

“PHI Policies” means Policies the effecting and carrying out of which constitutes Long-Term Insurance Business falling within Class IV in Part II of Schedule 1 to the RAO;

“PIP Payments” means the aggregate amount of the initial individual Policyholder Incentive Payments paid or to be paid in respect of Elected Policies under the UKLAP Reattribution Scheme;

“PM Incremental Business” has the meaning given in paragraph 25.4.2;

“PM Scheme” means the scheme for the transfer of the business of Provident Mutual to NULLA pursuant to Schedule 2C of the Insurance Companies Act 1982 sanctioned by order of the Court dated 21 December 1995;

“PM SF” means the existing sub-fund of UKLAP relating to Long-Term Insurance Business named the “Provident Mutual Sub-Fund” and maintained pursuant to paragraph 17.1.13;

“PM SF PPFM” means the PPFM governing the PM SF known as the “Principles and Practices of Financial Management of the Provident Mutual Sub-Fund”, as in force from time to time;

“PM UL Policy” means any Policy allocated to the PM SF which constitutes in whole or in part a linked long-term contract, including for the avoidance of doubt Policies with benefits linked in whole or in part to the “Pension Assured Fund I” or the “Pension Assured Fund II” Linked Funds;

“Policy” means:

- (a) a contract of insurance or reinsurance or any claim under such contract; and
- (b) save where the context otherwise requires, includes any constituent part of a Policy (as defined in paragraph (a) above) which in the opinion of the UKLAP Board having taken account of appropriate advice gives rise to any separately identifiable benefit or claim under such Policy;

“Policyholder Incentive Payments” means the payment offered to holders of certain policies in the form of a cash payment or cash equivalent payment as calculated in accordance with the UKLAP Reattribution Scheme;

“Pooled Asset Category” has the meaning set out in paragraph 36.9;

“Pooled Assets” means those assets that are not Specifically Allocated Assets nor Linked Fund Assets, which shall be managed as one or more pools for the benefit of one or more UKLAP Sub-Funds;

“Potential Excess Assets” means an amount of assets calculated as in excess of the relevant required capital coverage in accordance with Part 5 of Schedule 1;

“PPFM” means a set of Principles and Practices of Financial Management established pursuant to COBS 20.3;

“**PRA**” means the Prudential Regulation Authority of the United Kingdom or such other governmental, statutory or other authority as shall from time to time carry out such functions in relation to insurance companies as are allocated to the PRA under the Act;

“**PRA Rulebook**” means the book of rules issued by the PRA from time to time pursuant to the Act or, as the case may be, such successor provisions as most closely replace the contents thereof and including the Solvency II Regulations;

“**PRA Rulebook Glossary**” means, in respect of the period prior to the Solvency II Implementation Date, the Glossary to the PRA Rulebook and, in respect of the period after the Solvency II Implementation Date, the Glossary Part of the PRA Rulebook as applicable to Solvency II Firms;

“**Predecessor Company**” means:

- (a) any insurance or reinsurance undertaking which has, pursuant to an insurance business transfer scheme which became effective prior to the Effective Date, transferred all or part of its insurance business to UKLAP, FLL or FLP (including the UKLAP Reattribution Scheme Transferor Companies and UKA); or
- (b) an insurance company which transferred all or part of its insurance business pursuant to an insurance business transfer scheme to a company falling within limb (a) above which was subsequently transferred to UKLAP, FLL or FLP;

“**Predecessor Company Records**” means Records of a Predecessor Company;

“**Predecessor Scheme**” means any insurance business transfer scheme pursuant to Part VII of the Act (or equivalent predecessor legislation) which became effective prior to the Effective Date, transferring all or part of an entity’s insurance business to UKLAP, FLL, FLP or a Predecessor Company;

“**Predecessor Scheme Transferred Assets**” means any assets comprised within a Predecessor Scheme Transferred Business;

“**Predecessor Scheme Transferred Business**” means, in connection with any Predecessor Scheme between a Predecessor Company and any of UKLAP, FLL, FLP or another Predecessor Company, the business, Policies, assets and liabilities transferred pursuant to the terms of the relevant scheme;

“**Predecessor Scheme Transferred Liabilities**” means any liabilities comprised within a Predecessor Scheme Transferred Business;

“**Predecessor Scheme Transferred Policy**” means a Policy transferred to UKLAP, FLL, FLP or a Predecessor Company (as applicable) and comprised within a Predecessor Scheme Transferred Business;

“**Promise**” has the meaning set out in paragraph 69.3.1;

“**Provident Mutual**” means Provident Mutual Life Assurance Limited, formerly Provident Mutual Life Assurance Association, (registered number 8870) with registered office at 1 The Embankment, Neville Street, Leeds LS1 4DW and dissolved on 13 June 2003;

“**Prudential Regulation**” means the principles for the valuation of assets and liabilities of insurance companies carrying on business of the type carried on by the Transferor Companies and UKLAP prescribed (in respect of any period prior to the Solvency II Implementation Date) by the relevant provisions of GENPRU and INSPRU (including, but

not limited to, GENPRU 1.3 and INSPRU 1.2) or (in respect of any period since the Solvency II Implementation Date) the Solvency II Requirements;

“**RAO**” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

“**RBM Account**” has the meaning given to it in paragraph 58.3;

“**RBM Account Value**” means the balance of the RBM Account from time to time;

“**Realistic Liabilities**” means, in relation to a Policy, the Best Estimate Liabilities in respect of the Policy, including other contractual liabilities under the terms of the Policy (but, for the avoidance of doubt, excluding any non-Policy related liabilities), calculated on an adjusted basis with adjustments as proposed by the UKLAP Board having taken account of appropriate actuarial advice and with the approval of the With-Profits Committee in accordance with Prudential Regulation;

“**Reassured Transferred Policies**” means those Transferred Policies which are reassured pursuant to the Transferred Policies Existing Reassurance Arrangements;

“**Records**” means all documents, files and other records, whether in physical or electronic form, relating to the Transferred Business, the UKPTL Transferred Business, the Transferred Policies, the Transferred Assets, the UKPTL Transferred Assets, the Residual Assets, the UKPTL Residual Assets, the Transferred Liabilities, the UKPTL Transferred Liabilities, the Residual Liabilities and the UKPTL Residual Liabilities which are in the possession of, or under the control of, a Transferor Company or a Predecessor Company and the Transferred Personal Data;

“**Regulatory Assets**” means, in respect of a UKLAP Sub-Fund or a UKLAP Shareholder Fund, such amount as represents the assets of such UKLAP Sub-Fund or UKLAP Shareholder Fund (excluding, in the case of a UKLAP Sub-Fund assets representing amounts recoverable from any relevant reassurance arrangements ceded by such UKLAP Sub-Fund, including for such purposes any internal reassurance arrangements) determined in accordance with Prudential Regulation (but excluding any relevant Transitional Adjustments);

“**Regulatory Handbook**” means the PRA Rulebook and the FCA Handbook taken together;

“**Regulatory Liabilities**” means, in respect of a UKLAP Sub-Fund, such amount as represents the Best Estimate Liabilities and other liabilities of such UKLAP Sub-Fund (excluding any liabilities ceded by any reassurance arrangements of such UKLAP Sub-Fund in respect of which the amounts recoverable are not taken into account in the calculation of Regulatory Assets), determined in accordance with Prudential Regulation (including, for the avoidance of doubt the Best Estimate Liabilities in respect of all Policies in the relevant UKLAP Sub-Fund but excluding any Transitional Adjustments applicable to such UKLAP Sub-Fund);

“**Regulatory Requirements**” means all applicable laws, statutes, regulations, rules, orders, directives, requirements, guidance, standards, guidelines 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;

“Reinsuring Sub-Fund” has the meaning attributed to it in paragraph 29.6.1 or 29.10.1 as relevant;

“Relevant Apportionment Period” has the meaning set out in paragraph 36.7;

“Relevant Co-insured Policy Transfer Amount” has the meaning set out in paragraph 32.2.2;

“Relevant Date” means the Effective Date, except in the case of:

- (a) any Residual Asset or UKA Residual Asset or Residual Liability or UKA Residual Liability, in which case it means the applicable Subsequent Transfer Date or UKA Subsequent Transfer Date (as applicable); and
- (b) any UKPTL Residual Asset or UKPTL Residual Liability, in which case it means the UKPTL Subsequent Transfer Date;

“Relevant Net Cashflow” has the meaning set out in paragraph 36.11;

“Relevant Old WPSF WP Policies” has the meaning set out in paragraph 61.12.1;

“Relevant Policy” has the meaning attributed to it in paragraph 29.6.1 or 29.10.1 as relevant;

“Relevant Proceedings” has the meaning given in paragraph 8.1;

“Relevant Vesting Date” means the date on which a Conventional Non-Profit Annuity first becomes due and payable and is not subject to any further contingency (ignoring for this purpose any provision specifying that the payment of the annuity is to be made in arrears) to a holder or beneficiary under a Pension Policy (other than a widow, widower, child or dependant of a holder or beneficiary of the Policy to whom a Conventional Non-Profit Annuity under the Policy has previously become payable) and, if the Pension Policy provides for any Conventional Non-Profit Annuity to be payable to more than one holder or beneficiary (other than widows, widowers, children or dependants of a holder of the Policy or beneficiary to whom a Conventional Non-Profit Annuity under the Policy has previously become payable), each date on which a Conventional Non-Profit Annuity first becomes payable under the Policy to any such holder or beneficiary (with more than one Relevant Vesting Date applying to each such Pension Policy). For these purposes, beneficiary refers to the person in respect of whom the Conventional Non-Profit Annuity is payable pursuant to the terms of the relevant pension scheme, where the holder of the Pension Policy is a trustee, scheme administrator or provider;

“Remaining Assets” means assets allocated to the Old WPSF or the New WPSF (including the RIEESA) other than the Return Assets allocated to the Old WPSF or the New WPSF (as applicable);

“Reorganisation Bonus” has the meaning given to it in the FLC Funds PPFM;

“Residual Asset” means in relation to the Transferred Business of a particular Transferor Company means any asset (or interest in any asset) which falls into the following categories:

- (a) any asset comprised in or relating to the Transferred Business of that Transferor Company, in respect of which the Court declined to order the transfer to UKLAP under Section 112 of the Act as part of the Order;

- (b) any asset comprised in or relating to the Transferred Business of that Transferor Company where the relevant Transferor Company and UKLAP agree that the transfer of such asset should be delayed under this Scheme;
- (c) any asset comprised in or relating to the Transferred Business of the Transferor Company which is outside the jurisdiction of the Court or in respect of which its transfer pursuant to an order of the Court is not recognised by the laws of the jurisdiction in which the property is situated;
- (d) any asset comprised in or relating to the Transferred Business of a Transferor Company which cannot be transferred or vested in UKLAP for any other reason;
- (e) the FLL Withheld Assets and/or the FLP Withheld Assets (as applicable) in respect of FLL and FLP, respectively; and
- (f) any proceeds of sale or income or other accrual or return whatsoever, whether or not in the form of cash, earned on or received by the relevant Transferor Company, from time to time after the Effective Date in respect of any such relevant asset referred to in paragraphs (a) to (e) of this definition,

but excluding the rights, benefits and powers under the Excluded Policies of the relevant Transferor Company;

“Residual Liability” means any liability whatsoever of a Transferor Company in relation to the Transferred Business which falls into the following categories:

- (a) that is attributable to or connected with a Residual Asset and arises at any time before the Subsequent Transfer Date applicable to that Residual Asset;
- (b) in respect of which the Court declined to order the transfer to UKLAP under Section 112 of the Act as part of the Order;
- (c) any liability of a Transferor Company which cannot be transferred to or vested in UKLAP for any other reason; or
- (d) attributable to the Transferred Business of a Transferor Company (including any liability to Tax in respect of all transactions, income, profits and gains effected, earned, accrued or received on, or in respect of, the Transferred Business of that Transferor Company and the Transferred Assets at or before the Effective Date) where the relevant Transferor Company and UKLAP have agreed in writing that the transfer of such liability should be delayed or that such liability should not be transferred (including any liability under any Transferred Policy),

but excluding any liability under the Excluded Policies of that Transferor Company;

“Retail Prices Index” means the Retail Prices Index maintained by the Office for National Statistics (or such other substantially equivalent index as the UKLAP Board, having taken appropriate advice, may substitute therefor);

“Return Assets” means the assets invested in accordance with the Old/New WPSF PPFM, the investment return on which is used to determine the investment return to be credited to Asset Shares or the benefits under WP Policies where Asset Shares are not used to determine such benefits each as described in Section 5.14 (*Ongoing Financial Management of the New WPSF and the Old WPSF after the Effective Date*) of the UKLAP Reattribution Scheme Actuarial Function Holder’s Report;

“**RIEESA**” or “**Reattributed Inherited Estate External Support Account**” is an identifiable separate account allocated to the NPSF;

“**RIEESA 2**” has the meaning set out in paragraph 61.5.2;

“**Scheme**” means the insurance business transfer scheme set out in this document, as modified or amended from time to time in accordance with its provisions;

“**SGF**” means:

- (a) the with-profits sub-fund of FLP prior to the Effective Date named the “Secure Growth Fund”; and
- (b) after the Effective Date named the “Secure Growth Fund” as established and maintained by UKLAP as of the Effective Date pursuant to paragraph 17.1.7;

“**SGF Policies**” means those Policies allocated or reinsured to the SGF;

“**SGF PPFM**” means the PPFM governing the SGF known as the “Principles and Practices of Financial Management of the SGF”, as in force from time to time or any other similar arrangements in respect of the SGF required to be established and maintained by Regulatory Requirements from time to time;

“**SHF**” means:

- (a) prior to the Effective Date, the assets and liabilities of UKLAP other than those attributable or represented by the Existing UKLAP Sub-Funds; and
- (b) after the Effective Date, the assets and liabilities of UKLAP other than those attributable to or represented by any UKLAP Sub-Fund;

“**Shortfall**” means the extent that the cost of guarantees for FP Post Demutualisation Policies is greater than the value of reasonable future deductions in respect of the cost of guarantees for FP Post Demutualisation Policies plus or minus the value of the Guarantee Charge Account;

“**Solvency II Directive**” means the Solvency II Directive (2009/138/EC) as amended or supplemented by the Omnibus II Directive (2014/51/EU) (each as amended from time to time and any successors thereto);

“**Solvency II Implementation Date**” means 00:00:01 on 1 January 2016;

“**Solvency II Regulations**” means the Solvency 2 Regulations 2015 (SI 2015/575) (as amended from time to time and any successor thereto);

“**Solvency II Requirements**” means the Solvency II Directive, the Solvency II Regulations and any directive, legislation, regulation, decision, order, decree, determination, award, standard, guidance or rule which implements, gives effect to or is made pursuant to the Solvency II Directive, including the Level 2 Delegated Acts;

“**Solvency Risk Appetite**” means the internal risk appetite of UKLAP adopted by the UKLAP Board and as amended from time to time in accordance with its provisions;

“**Specifically Allocated Assets**” means those assets as so designated by the UKLAP Board from time to time, being:

- (a) assets that are specifically allocated (in whole or in part) to one or more UKLAP Sub-Funds or the RIEESA and separately managed for such UKLAP Sub-Fund (or for

such UKLAP Sub-Funds together if more than one) or the RIEESA but not allocated to a Linked Fund of UKLAP;

- (b) rights under third party reinsurance contracts to the extent any such contract relates to Policies allocated to such UKLAP Sub-Fund; and
- (c) assets that are specifically allocated in the provision of support under any Support Account;

“Specified Policies” means FP Demutualisation Protected Policies, 2012 Transferred Policies, and 2013 Transferred Policies;

“Specified Year End Support Amount”, in respect of each Support Account, has the meaning given to it in respect of that Support Account in Schedule 2;

“Stakeholder Pension Policy” means a Pension Policy made under or for the purposes of a stakeholder pension scheme as defined in section 1 of the Welfare Reform and Pensions Act 1999;

“Stakeholder WPSF” means the existing with-profits sub-fund of UKLAP relating to Long-Term Insurance Business named the “Stakeholder With-Profits Sub-Fund” maintained pursuant to paragraph 17.1.14;

“Stakeholder WPSF PPFM” means the PPFM governing the Stakeholder WPSF known as the “Principles and Practice of Financial Management of the Stakeholder WPSF”, as in force from time to time or any other similar arrangements in respect of the Stakeholder WPSF required to be established and maintained by Regulatory Requirements from time to time;

“Strategic Assets” means strategic investments as defined in the strategic investment policy of UKLAP as at the date of this Scheme, and as such definition may be amended from time to time with the approval of the With-Profits Committee;

“Subject Access Request” means a request for information made by a data subject (as defined in the Data Protection Act 1998) pursuant to section 7 of the Data Protection Act 1998;

“Subsequent Transfer Date” means in relation to any Residual Asset or Residual Liability or Excluded Policy, the date after the Effective Date on which such Residual Asset or Residual Liability or Excluded Policy is or is to be transferred to UKLAP, namely:

- (a) in respect of any Residual Asset falling within paragraphs (a), (c) or (d) of the definition of “Residual Asset”, and of any Residual Liability, which falls within paragraphs (a), (b) or (c) of the definition of “Residual Liability”, the date on which any impediment to its transfer shall have been removed or overcome (where applicable, without any third party right to terminate or to receive compensation);
- (b) in respect of any Residual Asset falling within paragraphs (b) or (f) of the definition of “Residual Asset”, of any Residual Liability which is attributable to or connected with that Residual Asset, and of any Residual Liability falling within paragraph (d) of the definition of “Residual Liability”, the date on which the parties agree in writing that the transfer should take effect;
- (c) in respect of any Residual Asset falling within paragraph (e) of the definition of “Residual Asset”, and of any Residual Liability which is attributable to or connected with any such Residual Asset, the date on which the FLL Board, in the case of the FLL Withheld Assets, or the FLP Board, in the case of the FLP Withheld Assets, (in

each case having taken account of appropriate actuarial advice) considers that all or part of such assets are no longer required to meet the FLL Minimum Transferor Residual Asset Requirement (in the case of FLL) or the FLP Minimum Transferor Residual Asset Requirement (in the case of FLP), which may include a decision to reduce the margin above the statutory minimum determined by the FLL Board or the FLP Board (as applicable) (having taken account of appropriate actuarial advice) to be held as part of the FLL Minimum Transferor Residual Asset Requirement or the FLP Minimum Transferor Residual Asset Requirement (as the case may be);

- (d) in respect of any Excluded Policy falling within paragraphs (a) and (c) of the definition thereof, the date on which the transfer of all rights, title, interest in, and obligations under such Policy is fully effective in the UK and under the law of any other country or territory to which it is subject; and
- (e) in respect of any Excluded Policy falling within paragraph (b) of the definition thereof, the Guernsey Effective Date or the Jersey Effective Date (as the case may be);

“SUP” means the supervision manual in the FCA Handbook;

“Support Account” means:

- (a) in relation to the FP WPSF, the FP WPSF Support Account and/or the FP Post Demutualisation WPSF Support Account, as the context requires;
- (b) in relation to the FLC Funds, the FLC Funds Support Account;
- (c) in relation to the FLAS WPSF, the FLAS WPSF Support Account; and
- (d) in relation to the WL WPSF, the WL WPSF Support Account;

“Supporting Fund” has the meaning given to it in paragraph 60.1;

“Tax” or **“Taxation”** means all forms of tax, duty, rate, levy, charge or other imposition or withholding whenever and by whatever authority imposed and whether of the United Kingdom or elsewhere, together with any interest, penalty or fine in connection with any taxation, and any liability to make a payment by way of reimbursement, recharge, indemnity, damages or management charge connected in any way with any taxation;

“Tax Reliefs” means any reliefs, allowances or credits in respect of any Taxation, any deductions in computing income, profits or gains for the purposes of any Taxation, or any right to repayment of Taxation;

“Technical Provisions” means the value of “technical provisions” as defined in the PRA Rulebook Glossary;

“Temporary Transfers” means any Existing Temporary Transfers or any Further Temporary Transfers as the context requires;

“Total Estate Value” has the meaning set out in paragraph 61.4;

“Transferee” means any one of UKLAP or UKPTL as the context requires and **“Transferees”** shall mean both of them;

“Transferor Company” means any one of FLP, FLL and AIPL as the context requires and **“Transferor Companies”** shall mean all of them;

“Transferred Assets” means:

- (a) in relation to FLP, all assets of FLP whatsoever and wheresoever situated comprised in or attributable to the FLP Transferred Business immediately prior to the Effective Date including (without prejudice to the generality of the foregoing):
- (i) all rights, benefits and powers of FLP under or by virtue of the Transferred Policies;
 - (ii) all rights and claims (in contemplation, present or future, actual or contingent) against any third party in relation to the FLP Transferred Business or arising as a result of FLP having carried on the FLP Transferred Business;
 - (iii) all rights, benefits and powers of FLP under or by virtue of Contracts (whether or not FLP is a party to such Contracts and including, without limitation, the Transferred Reassurance Agreements);
 - (iv) all rights, benefits and powers of FLP under or by virtue of the Wealth Scheme;
 - (v) all assets attributable to the Excluded Policies of FLP (except if and for so long as such assets constitute a Residual Asset);
 - (vi) all assets allocated at the Effective Date to the FLP SHF; and
 - (vii) all books, records, files and papers, whether in hard copy or computer format, relating to the relevant Transferred Business, including insurance and reinsurance contracts, claims and underwriting files, sales and promotional literature, manuals and data, sales and purchase correspondence and lists of present and former customers, excluding the Records that FLP is required by law to retain,
- but excluding:
- (A) FLP’s Residual Assets (until the relevant Subsequent Transfer Date);
 - (B) any rights, benefits and powers of FLP under or relating to the Excluded Policies of FLP or an Excluded Policies Reassurance Agreement; and
 - (C) for the avoidance of doubt, any UKPTL Transferred Assets and UKPTL Residual Assets;
- (b) in relation to FLL, all assets of FLL whatsoever and wheresoever situated comprised in or attributable to the FLL Transferred Business immediately prior to the Effective Date including (without prejudice to the generality of the foregoing):
- (i) all rights, benefits and powers of FLL under or by virtue of the Transferred Policies;
 - (ii) all rights and claims (present or future, actual or contingent) against any third party in relation to the FLL Transferred Business or arising as a result of FLL having carried on the FLL Transferred Business;
 - (iii) all rights, benefits and powers of FLL under or by virtue of Contracts in relation to the FLL Transferred Business (whether or not FLL is a party to such Contracts and including, without limitation, the Transferred Reassurance Agreements);

- (iv) all assets attributable to the Excluded Policies of FLL (except if and for so long as such assets constitute a Residual Asset);
- (v) all assets allocated at the Effective Date to the FLL SHF; and
- (vi) all books, records, files and papers, whether in hard copy or computer format, relating to the relevant Transferred Business, including insurance and reinsurance contracts, claims and underwriting files, sales and promotional literature, manuals and data, sales and purchase correspondence and lists of present and former customers, excluding the Records that FLL is required by law to retain,

but excluding:

- (A) FLL's Residual Assets (until the relevant Subsequent Transfer Date); and
 - (B) any rights, benefits and powers of FLL under or relating to the Excluded Policies of FLL or an Excluded Policies Reassurance Agreement; and
- (c) in relation to AIPL, all assets of AIPL whatsoever and wheresoever situated comprised in or attributable to the AIPL Transferred Business immediately prior to the Effective Date including (without prejudice to the generality of the foregoing):
- (i) all rights, benefits and powers of AIPL under or by virtue of the Transferred Policies;
 - (ii) all rights and claims (present or future, actual or contingent) against any third party in relation to the AIPL Transferred Business or arising as a result of AIPL having carried on the AIPL Transferred Business;
 - (iii) all rights, benefits and powers of AIPL under or by virtue of Contracts in relation to the AIPL Transferred Business including the UKLAP-AIPL Reassurance Agreement (whether or not AIPL is a party to such Contracts and including, without limitation, the Transferred Reassurance Agreements);
 - (iv) all assets attributable to the Excluded Policies of AIPL (except if and for so long as such assets constitute a Residual Asset); and
 - (v) all books, records, files and papers, whether in hard copy or computer format, relating to the AIPL Transferred Business, including insurance and reinsurance contracts, claims and underwriting files, sales and promotional literature, manuals and data, sales and purchase correspondence and lists of present and former customers, excluding the Records that AIPL is required by law to retain,

but excluding:

- (A) AIPL's Residual Assets (until the relevant Subsequent Transfer Date); and
- (B) any rights, benefits and powers of AIPL under or relating to the Excluded Policies of AIPL or an Excluded Policies Reassurance Agreement;

"Transferred Business" means the AIPL Transferred Business, the FLL Transferred Business and the FLP Transferred Business including, for the avoidance of doubt, Transferred Policies, Transferred Assets and Transferred Liabilities but excluding, for the avoidance of doubt, the UKPTL Transferred Business;

“Transferred Liabilities” means in relation to a specified Transferor Company, all liabilities whatsoever of such Transferor Company in relation to the Transferred Business, in each case excluding any Residual Liabilities (until the relevant Subsequent Transfer Date) and liabilities relating to Excluded Policies, including:

- (a) all liabilities under the Transferred Policies written by such Transferor Company;
- (b) all liabilities arising as a result of such Transferor Company having carried on its Transferred Business;
- (c) all liabilities to or in respect of Taxation which are attributable to such Transferred Business or the transfer thereof (pursuant to the Scheme or otherwise) or arising as a consequence of the provisions of or implementation of the Scheme whensoever incurred;
- (d) all liabilities of such Transferor Company connected with the sale of Transferred Policies or policies which were sold by such Transferor Company but which are no longer in force at the Effective Date;
- (e) liabilities (not included in limb (a)) in connection with any Policies of such Transferor Company which are not longer in force at the Effective Date; and
- (f) liabilities of such Transferor Company (if any) arising from a refusal or failure to issue a Policy to an applicant prior to the Effective Date,

but excluding:

- (i) for the avoidance of doubt, the UKPTL Transferred Liabilities and UKPTL Residual Liabilities; and
- (ii) liabilities under or relating to the Excluded Policies or the Excluded Policies Reassurance Agreement;

“Transferred Personal Data” means all personal data in the Transferred Business and the UKPTL Transferred Business in which a Transferor Company or Predecessor Company was the data controller immediately before the Effective Date;

“Transferred Policies” means:

- (a) in relation to a specified Transferor Company, every Policy effected and/or carried out by such Transferor Company as part of its Transferred Business under which any liability remains unsatisfied or outstanding at the Effective Date (other than the Excluded Policies) including:
 - (i) Policies which have lapsed on or before the Effective Date and which are reinstated by UKLAP after the Effective Date; and
 - (ii) in the case of the FLL Transferred Business and the FLP Transferred Business, all proposals for insurance received by or on behalf of the Transferor Company before the Effective Date which have not become Policies in force by the Effective Date but which subsequently become Policies;
- (b) in all cases, any Excluded Policy which is subsequently novated pursuant to paragraph 11.8; and

(c) the Guernsey Policies (with effect from the Guernsey Effective Date only) and the Jersey Policies (with effect from the Jersey Effective Date only);

“Transferred Policies Existing Reassurance Arrangements” means the reassurance arrangements in place between AIPL, FLL and FLP immediately prior to the Effective Date in relation to the liabilities of certain Transferred Policies, including those set out in Schedule 6;

“Transferred Reassurance Agreements” all contracts, agreements, policies and other arrangements of whatsoever nature made between a Transferor Company and a third party in the nature of reassurance of the Transferred Business or in connection with which any right or liability remains unsatisfied or outstanding immediately prior to the Effective Date, including those set out in Schedule 6;

“Transitional Adjustments” means any adjustment made by UKLAP to the value of its assets or liabilities under measures within the Solvency II Requirements which implement article 308c or 308d of the Solvency II Directive;

“Transitional Deduction Approval” means approval in writing conditional only on the Scheme becoming effective from the PRA to an application to recalculate UKLAP’s Transitional Measures to Technical Provisions as at the Effective Date to take account of the impact of this Scheme;

“Transitional Measures to Technical Provisions” means the deduction from Technical Provisions applied in accordance with Transitional Measures Part 11.1 of the PRA Rulebook;

“UKA” means Aviva Annuity UK Limited (company number 3253948) with registered office at Wellington Row, York, YO90 1WR;

“UKA Allocated Sub-Fund” means the Existing UKLAP WPSF to which the UKLAP part of a UKA Co-insured Policy is allocated;

“UKA Co-insured Policies” means the Co-insured Policies (as defined in the UKA Scheme);

“UKA Co-insured Policy Rebate” has the meaning set out in paragraph 32.5.2(ii);

“UKA Co-insured Policy Rebate Interest” has the meaning set out in paragraph 32.5.2(ii);

“UKA Co-insured Policy Re-Transfer Date” has the meaning set out in paragraph 32.5.1(i);

“UKA Effective Date” means the time and date at which the UKA Scheme became effective in accordance with its terms;

“UKA Internal Cedant” has the meaning set out in paragraph 29.9.2;

“UKA Internal Reinsurance Arrangements” has the meaning set out in paragraph 29.9.2;

“UKA Internal Reinsurer” has the meaning set out in paragraph 29.9.2;

“UKA Internally Reinsured Policy” means any UKA Transferred Policy which is, to any extent, the subject of the UKA Internal Reinsurance Arrangements;

“UKA Minimum Transferor Residual Asset Requirement” means the requirement of UKA under Regulatory Requirements to meet its applicable solvency capital requirement, calculated in accordance with applicable Regulatory Requirements (and taking account of any additional capital required by the PRA to be held by UKA) immediately prior to the UKA Effective Date, plus a margin above the statutory minimum as determined by the UKA Board (having taken account of appropriate actuarial advice);

“UKA Order” means the order made by the Court pursuant to Section 111 of the Act sanctioning the UKA Scheme and any order (including any subsequent order) in relation to the UKA Scheme made by the Court pursuant to Section 112 of the Act;

“UKA Reinsured Liabilities” means all liabilities under any reinsurance arrangements which were in place between UKA and an Existing UKLAP Sub-Fund, whether UKA was the cedant or the reinsurer, immediately prior to the UKA Effective Date;

“UKA Residual Assets” means any property of UKA which has been retained by UKA under the UKA Scheme and which, as at the Effective Date, continues to fall into any of the following categories:

- (a) property in respect of which the Court declined to order the transfer to UKLAP under Section 112 of the Act (excluding UKA Transferred Policies) as part of the UKA Court Order;
- (b) property attributable to the UKA Transferred Business where UKA and UKLAP agreed that the transfer of such property should be delayed under the UKA Scheme;
- (c) property attributable to the UKA Transferred Business which is outside the jurisdiction of the Court or in respect of which its transfer pursuant to an order of the Court is not recognised by the laws of the jurisdiction in which the property is situated;
- (d) property attributable to the UKA Transferred Business which cannot be transferred or vested in UKLAP for any other reason;
- (e) the UKA Withheld Assets; or
- (f) proceeds of sale or income or other accrual or return, whether or not in the form of cash, earned or received by UKA from time to time after the UKA Effective Date in respect of any property referred to in paragraphs (a) to (e) of this definition;

“UKA Residual Liability” means any liability whatsoever of UKA which has been retained by UKA under the UKA Scheme and which, as at the Effective Date, continues to fall into one of the following categories:

- (a) that is attributable to or connected with a UKA Residual Asset and arises at any time before the UKA Subsequent Transfer Date applicable to that UKA Residual Asset;
- (b) in respect of which the Court declined to order the transfer to UKLAP under Section 112 of the Act as part of the UKA Court Order;
- (c) any liability of UKA which cannot be transferred to or vested in UKLAP for any other reason; or
- (d) attributable to the UKA Transferred Business (including any liability to Tax in respect of all transactions, income, profits and gains effected, earned, accrued or received on, or in respect of, the UKA Transferred Business and the UKA Transferred Assets at or before the UKA Effective Date) where UKA and UKLAP have agreed that the transfer of such liability should be delayed or that such liability should not be transferred (including any liability under any UKA Transferred Policy);

“UKA Scheme” means the scheme of transfer sanctioned by the Court pursuant to Part VII of the Act dated 6 December 2016 by which the assets and liabilities of UKA were transferred to UKLAP;

“UKA Subsequent Transfer Date” means in relation to any UKA Residual Asset or UKA Residual Liability, the date after the Effective Date on which such UKA Residual Asset or UKA Residual Liability is or is to be transferred to UKLAP, namely:

- (a) in respect of any UKA Residual Asset falling within paragraph (a), (c) or (d) of the definition of “UKA Residual Assets”, and of any UKA Residual Liability which is attributable to or connected with that UKA Residual Asset, or which falls within paragraph (b) or (c) of the definition of “UKA Residual Liability”, the date on which any impediment to its transfer shall have been removed or overcome;
- (b) in respect of any UKA Residual Asset falling within paragraph (b) or (f) of the definition of “UKA Residual Assets”, of any UKA Residual Liability which is attributable to or connected with that UKA Residual Asset, and of any UKA Residual Liability falling within paragraph (d) of the definition of “UKA Residual Liability”, the date on which the parties agree the transfer should take effect; and
- (c) in respect of UKA Residual Assets falling within paragraph (e) of the definition of “UKA Residual Assets” and of any UKA Residual Liability which is attributable to or connected with those UKA Residual Assets, the date on which the UKLAP Board (having taken account of appropriate actuarial advice) considers that all or part of such assets are no longer required to meet the UKA Minimum Transferor Residual Asset Requirement (which may include a decision to reduce the margin above the statutory minimum determined by the UKLAP Board (having taken account of appropriate actuarial advice) to be held as part of the UKA Minimum Transferor Residual Asset Requirement);

“UKA Transferred Assets” means all property of UKA transferred under the UKA Scheme to UKLAP, other than the UKA Residual Assets (until the applicable UKA Subsequent Transfer Date applicable thereto);

“UKA Transferred Business” means the whole undertaking and business of UKA transferred under the UKA Scheme to UKLAP, but excluding the UKA Residual Assets and the UKA Residual Liabilities (until the Subsequent Transfer Date applicable thereto);

“UKA Transferred Liabilities” means all liabilities of UKA transferred under the UKA Scheme to UKLAP, but excluding the UKA Residual Liabilities (until the UKA Subsequent Transfer Date applicable thereto);

“UKA Transferred Policies” means every Policy or, as the context may require, part of a Policy written or assumed by UKA, transferred under the UKA Scheme to UKLAP;

“UKA Withheld Assets” means the assets held by UKA as at the UKA Effective Date to meet the UKA Minimum Transferor Residual Asset Requirement;

“UKLAP” means Aviva Life & Pensions UK Limited (company number 3253947) with registered office at Wellington Row, York, YO90 1WR;

“UKLAP Board” means the board of directors of UKLAP from time to time;

“UKLAP Closing Fund” has the meaning attributed to it in paragraph 63.1;

“UKLAP Fund Closure Date” has the meaning attributed to it in paragraph 63.2;

“UKLAP PPFM” means the WL WPSF PPFM, the FP WPSF PPFM, the FLC Funds PPFM, the FLAS WPSF PPFM, the FPLAL WPSF PPFM, the SGF PPFM, the Old/New WPSF PPFM, the Stakeholder WPSF PPFM, the UKLAP WPSF PPFM, the PM SF PPFM or any

other similar arrangements in respect of the UKLAP With-Profits Sub-Funds required to be established and maintained by Regulatory Requirements from time to time;

“UKLAP Reattribution Scheme” means the scheme of transfer sanctioned by the Court pursuant to Part VII of the Act dated 18 September 2009 by which the assets and liabilities of various subsidiary companies of Aviva were transferred to UKLAP and by which the Court sanctioned the reattribution of the inherited estates of CULAC and CGNU Life and the establishment of new sub-funds in UKLAP;

“UKLAP Reattribution Scheme Actuarial Function Holder’s Report” means the actuarial function holder report prepared in relation to the UKLAP Reattribution Scheme;

“UKLAP Reattribution Scheme Effective Date” means 12.01 am (London time) on 1 October 2009;

“UKLAP Reattribution Scheme Qualifying Date” means 21 November 2006;

“UKLAP Reattribution Scheme Transferor Companies” means the various subsidiary companies of Aviva whose assets and liabilities were transferred to UKLAP pursuant to the UKLAP Reattribution Scheme;

“UKLAP Reattribution Scheme Transferred Policies” means the policies transferred to UKLAP in accordance with the UKLAP Reattribution Scheme;

“UKLAP Reattribution Scheme With-Profits Actuary’s Report” means the with-profits actuary report prepared in relation to the UKLAP Reattribution Scheme;

“UKLAP Services Agreement” means the management services agreements entered into by UKLAP with Aviva Life Services UK Limited with an effective date of 1 January 2009 or other management services agreements entered into by UKLAP with Aviva Life Services UK Limited (or other Aviva Group Company) pursuant to the terms of such management services agreements to replace such agreements, and any investment management agreement covering the relevant assets as the context may require;

“UKLAP Shareholder Funds” means the SHF and any other shareholder funds established and maintained by UKLAP after the Effective Date, and **“UKLAP Shareholder Fund”** means any one of them;

“UKLAP Sub-Fund” means any Existing UKLAP Sub-Fund, any FL With-Profits Sub-Fund or any other sub-fund which may be established by UKLAP after the Effective Date;

“UKLAP With-Profits Sub-Fund” means any of the Existing UKLAP WPSFs, any of the FL With-Profits Sub-Funds and any other with-profits sub-fund which may be established by UKLAP after the Effective Date;

“UKLAP WPSF” means the existing with-profits sub-fund of UKLAP relating to Long-Term Insurance Business named the “With-Profits Sub-Fund” and maintained pursuant to paragraph 17.1.9;

“UKLAP WPSF PPFM” means the PPFM governing the UKLAP WPSF known as the “Principles and Practice of Financial Management of the UKLAP WPSF”, as in force from time to time or any other similar arrangements in respect of the UKLAP WPSF required to be established and maintained by Regulatory Requirements from time to time;

“UKLAP WPSF Relevant Proportion” has the meaning attributed to it in paragraph 29.4.3;

“UKLAP-AIPL Reassurance Agreement” means the Reinsurance and Administration Agreement entered into between Aviva Investors Pensions Limited and UKLAP (previously with UKA) dated 23 December 2015;

“UKPTL” means Aviva Pension Trustees UK Limited (company number 02407799) with registered office at Wellington Row, York, YO90 1WR;

“UKPTL Residual Asset” means in relation to the UKPTL Transferred Business means any asset (or interest in any asset) which falls into the following categories:

- (a) any asset comprised in or relating to the UKPTL Transferred Business, in respect of which the Court declined to order the transfer to UKPTL under Section 112 of the Act as part of the Order;
- (b) any asset comprised in or relating to the UKPTL Transferred Business where FLP and UKPTL agree that the transfer of such asset should be delayed under this Scheme;
- (c) any asset comprised in or relating to the UKPTL Transferred Business which cannot be transferred or vested in UKPTL for any other reason;
- (d) any asset comprised in or relating to the UKPTL Transferred Business which is outside the jurisdiction of the court or in respect of which its transfer pursuant to an order of the Court is not recognised by the laws of the jurisdiction in which the property is situated; or
- (e) any proceeds of sale or income or other accrual or return whatsoever, whether or not in the form of cash, earned on or received by FLP, from time to time after the Effective Date in respect of any such relevant asset referred to in paragraphs (a) to (d) of this definition;

“UKPTL Residual Liability” means any liability whatsoever of FLP in relation to the UKPTL Transferred Business which falls into the following categories:

- (a) that is attributable to or connected with a UKPTL Residual Asset and arises at any time before the UKPTL Subsequent Transfer Date applicable to that UKPTL Residual Asset;
- (b) in respect of which the Court declined to order the transfer to UKPTL under Section 112 of the Act as part of the Order;
- (c) any liability of FLP relating to the UKPTL Transferred Business which cannot be transferred to or vested in UKPTL for any other reason; or
- (d) attributable to the UKPTL Transferred Business (including any liability to Tax in respect of all transactions, income, profits and gains effected, earned, accrued or received on, or in respect of, the UKPTL Transferred Business and the UKPTL Transferred Assets at or before the Effective Date) where FLP and UKPTL have agreed in writing that the transfer of such liability should be delayed or that such liability should not be transferred;

“UKPTL Subsequent Transfer Date” means in relation to any UKPTL Residual Asset or UKPTL Residual Liability, the date after the Effective Date on which such UKPTL Residual Asset or UKPTL Residual Liability is or is to be transferred to UKPTL, namely:

- (a) in respect of any UKPTL Residual Asset falling within paragraph (a), (c) or (d) of the definition of “UKPTL Residual Asset”, and of any UKPTL Residual Liability which is attributable to or connected with that UKPTL Residual Asset, or which falls within paragraph (b) or (d) of the definition of “UKPTL Residual Liability”, the date on which any impediment to its transfer shall have been removed or overcome (where applicable, without any third party right to terminate or to receive compensation); and
- (b) in respect of any UKPTL Residual Asset falling within paragraph (b) or (e) of the definition of “UKPTL Residual Asset”, and of any UKPTL Residual Liability which is attributable to or connected with such UKPTL Residual Asset, the date on which FLP and UKPTL agree in writing that the transfer should take effect;

“UKPTL Transferred Assets” means all assets, including Contracts, to the extent that they directly relate to, or are comprised within, the UKPTL Transferred Business;

“UKPTL Transferred Business” means all the assets and liabilities of FLP relating to or arising in connection with the carrying out of its function as the scheme administrator and operator of the My Money SIPP provided by it (but for the avoidance of doubt, excluding any other activity relating to the provision of the My Money SIPP and any activities comprising the effecting or carrying out of contracts of insurance);

“UKPTL Transferred Liabilities” means all liabilities, including under Contracts, to the extent that they directly relate to, or are comprised within, the UKPTL Transferred Business;

“UL Investment Element” means that part of any premium (including any amount derived from a rebate of charges) in respect of a DC Policy or a PM UL Policy as has been applied or is applicable to the allocation of UL Units after any adjustment in accordance with the terms of the relevant Policy (including in relation to any charges and the bid/offer spread) or the liabilities referable to such UL Units as the context shall require;

“UL Part” means in relation to any Hybrid Policy, that part of the Policy in respect of which the value of the benefits thereunder is measured by reference to UL Units allocated to that Policy, and the appropriate proportion (as determined by the UKLAP Board, having taken account of appropriate actuarial advice) of any Guaranteed Benefits in respect of that Policy;

“UL Policy” means any Policy which constitutes in whole or in part a Linked Policy which does not confer an option to invest in with-profits products, whether by the allocation of WP Units or otherwise;

“UL Units” means notional units whose value or number vary by reference to the value of a Linked Fund for the purpose of calculating benefits payable under Linked Policies;

“United Kingdom” means England and Wales, Scotland and Northern Ireland (but not the Channel Islands or the Isle of Man);

“Unitised WP Policy” means a WP Policy which has a readily identifiable current benefit, whether or not this benefit is currently realisable, which is adjusted by an amount explicitly related to the amount of any premium payment and to which additional benefits are added in respect of participation in profits by additions directly related to the current benefit or a Policy with similar characteristics;

“VAT” means value added or similar turnover or sales tax, wheresoever imposed (including any interest, surcharges or penalties in respect of the same);

“Wealth Scheme” means the scheme of transfer sanctioned by the Court pursuant to Part VII of the Act dated 1 October 2011 by which part of the business of Friends Life WL Limited was transferred to AXA Wealth Limited;

“Winterthur” means Winterthur 1 Limited (formerly known as Axa Wealth Limited), a company incorporated in England and Wales with registered number 0019772;

“With-Profits Actuary” means the person(s) in relation to the relevant Transferor Company or UKLAP appointed to perform the “With-Profits Actuary function” (SMF20a), described more fully in Actuaries 5.1 of the PRA Rulebook at the relevant time;

“With-Profits Committee” means the committee of UKLAP with certain powers and duties in relation to the UKLAP With-Profits Sub-Funds and which shall exercise the powers and oversight in relation to the UKLAP With-Profits Sub-Funds;

“With-Profits Regulatory Asset Value” means the Asset Value of the relevant UKLAP With-Profits Sub-Fund less the Best Estimate Liabilities in respect of Non-Profit Policies allocated to such UKLAP With-Profits Sub-Fund;

“WL Deferred Bonus Policies” means the policies identified as such in paragraph 49 and under which any liability remains unsatisfied at the relevant time;

“WL Remaining Support Amount” means the amount of support remaining available in the WL WPSF Support Account, taking account of any Permanent Contributions determined in accordance with Part 5 of Schedule 2;

“WL WPSF” means the with-profits sub-fund of FLL prior to the Effective Date named “FL WL With Profits Fund” and after the Effective Date named the “WL With-Profits Sub-Fund” as established and maintained by UKLAP pursuant to paragraph 17.1.6;

“WL WPSF PPFM” means the PPFM governing the WL WPSF known as the “Principles and Practices of Financial Management of the WL WPSF”, as in force from time to time or such other similar arrangement in respect of the WL WPSF required to be established and maintained by Regulatory Requirements from time to time;

“WL WPSF Support Account” means the memorandum account having that name established under the 2013 Scheme with the name “FL WL WPF Support Account” and after the Effective Date maintained pursuant to paragraph 58.1.5;

“WLUK” means Friends Life WL Limited (formerly known as Winterthur Life UK Limited) (company number 03116645) with registered office at Pixham End, Dorking, Surrey, RH4 1QA;

“WLUK Scheme” means the scheme pursuant to Section 49 of, and Schedule 2C to, the Insurance Companies Act 1982 (application no. 7333 of 2000), the effective date of which was 1 June 2001 (and which was amended by an order of the Court made on 29 November 2004 and a further order of the Court made on 14 September 2011) and which ceased to have effect under the 2013 Scheme;

“WLUK Scheme Effective Date” means 1 June 2001;

“WP Part” means:

- (a) in relation to a Hybrid Policy, that part of the Policy in respect of which the value of the benefits thereunder is measured by reference to with-profits investment (whether by the allocation of WP Units or otherwise), and the appropriate proportion if any, as

determined by the UKLAP Board, having taken account of appropriate actuarial advice of any Guaranteed Benefits in respect of that Policy; and

- (b) in relation to a DC Policy, including a Stakeholder Pension Policy that is a DC Policy, that part of any premium (including any amount derived from a rebate of charges) in respect of a DC Policy as has been applied or is applicable to investment in with-profits (whether by the allocation of WP Units or otherwise) after any adjustment in accordance with the terms of the relevant Policy (including any Policy charges and the bid/offer spread) or the liabilities referable to such WP Units as the context shall require;

“WP Policy” means a Policy (or relevant part thereof) which confers on the holder eligibility to share in established surplus in a relevant sub-fund (including a Policy where either benefits provided or the contributions required to be made may vary by reference to bonuses declared on that Policy) and for the avoidance of doubt includes the WP Part of a DC Policy and the WP Part of a Hybrid Policy;

“WP Units” means notional units whose value or number vary by reference to bonuses declared, or surpluses otherwise distributed out of a with-profits sub-fund for the purposes of calculating benefits payable under Policies;

“WPC Terms of Reference” means the terms of reference for the With-Profits Committee, as in force from time to time following the Effective Date;

“WPSF 5” means the non-profit sub-fund created following the order of the High Court of Justice, Chancery Division, Companies Court for the transfer of the entire long-term insurance business of National Westminster Life Assurance Limited and Royal Scottish Assurance plc to UKLAP in accordance with the terms of a scheme of transfer issued pursuant to Part VII of the Act and attached to the court order, and maintained pursuant to paragraph 17.1.12; and

“Year End” means, subject to paragraph 1.2.2(xxvi) the close of business on 31 December in any calendar year.

1.2 Interpretation

1.2.1 The Schedules form an integral part of the Scheme.

1.2.2 In this Scheme:

- (i) any reference to **“annuity”** includes a reference to pension but excludes income withdrawal;
- (ii) **“appropriate actuarial advice”** means (in addition to other appropriate advice, if relevant) such internal actuarial advice as the UKLAP Board may determine in the context of the relevant matter, provided that the advice of the With-Profits Actuary shall always be sought in any matter which pertains to the security or benefit expectations of holders of WP Policies of a UKLAP With-Profits Sub-Fund, unless the UKLAP Board determines in its absolute discretion to obtain external actuarial advice (but without prejudice to the need to obtain advice from the With-Profits Actuary where Regulatory Requirements so provide);
- (iii) **“appropriate advice”** means tax, legal, actuarial and/or other specialist advice as appropriate which can be obtained from one or more employees

of the Aviva Group unless the relevant company's board determines in its absolute discretion to obtain external advice (but without prejudice to the need to obtain advice from the With-Profits Actuary where Regulatory Requirements so provide);

- (iv) any reference to **“asset”** or **“assets”** or **“property”** means any asset and property of every kind and description, wherever located, whether real, personal or mixed, tangible or intangible, that is owned, leased or licensed by a Transferor Company (and comprised within the Transferred Business (or the UKPTL Transferred Business, as the case may be)), or by the relevant Transferee (as the context requires) including all rights, benefits and powers (whether present or future, actual or contingent) of the relevant Transferor Company or the relevant Transferee under any Contract and all rights (including any right to repayment or recovery of Tax relating to the Transferred Business (or the UKPTL Transferred Business, as the case may be) or to the transfer thereof), claims and powers of the relevant Transferor Company or the relevant Transferee against any third party, and including (for the avoidance of doubt) any such asset or property to which legal title is held by another party, provided that the relevant Transferor Company or the relevant Transferee has an interest in such asset or property (including beneficial ownership of such asset or property), and investment management agreements, service agreements and external and internal reinsurance agreements (where relevant) pursuant to which any part of the Transferred Business is reassured;
- (v) **“company”** includes any body corporate, wherever incorporated;
- (vi) **“internal reinsurance”** refers to an internal arrangement between UKLAP Sub-Funds equivalent to reinsurance, in that it would be reinsurance if each UKLAP Sub-Fund participating in the arrangement was a stand-alone insurer, **“internally reassured”** being construed accordingly, and references to **“reinsurance”** include (unless the context otherwise requires) internal reinsurance;
- (vii) any reference to **“liabilities”** includes duties, burdens, encumbrances and obligations of every description (whether present or future, actual or contingent);
- (viii) **“subsidiary undertaking”** or **“parent undertaking”** is to be construed in accordance with section 1162 of the Companies Act 2006 and **“subsidiary”**, **“wholly-owned subsidiary”** or **“holding company”** is to be construed in accordance with section 1159 of the Companies Act 2006;
- (ix) **“transfer”** includes (as the context may require) **“assign”** or **“assignment”** or **“assignment”**, **“dispose”** or **“disposal”**, **“convey”** or **“conveyance”**;
- (x) any reference to the **“UKLAP Board”**, the **“UKPTL Board”** or the **“AIPL Board”** shall include, with reference to any decision in this Scheme, the responsibility for which is assigned to the board of directors of UKLAP, UKPTL or AIPL (as the case may be), any committee or individual(s) (in each case being a **“Delegate”**) to whom the board of directors of UKLAP, UKPTL or AIPL (as the case may be) has at that time delegated the authority to make that decision it being understood that the UKLAP Board, the UKPTL Board

or the AIPL Board shall always retain the right to delegate its authority to take any decisions as required under, or permitted by, the Scheme so long as such delegation is in accordance with, and permitted by, the constitutional documents of UKLAP, UKPTL or AIPL (as applicable) and Regulatory Requirements. For the avoidance of doubt, any reference in this Scheme to the UKLAP Board, the UKPTL Board or the AIPL Board (as applicable) making a determination, giving an approval or taking any other action shall be deemed to include reference to any such Delegate being entitled to make such determination or take such action as authorised by the UKLAP Board, the UKPTL Board or the AIPL Board (as applicable);

- (xi) the expression “**variation**” or “**varied**” shall include any variation, supplement, deletion, modification, replacement or termination, however effected;
- (xii) any reference to “**waiver**” shall mean a direction waiving or modifying certain rights and/or obligations, including a waiver given by the PRA and/or the FCA modifying certain obligations in respect of Regulatory Requirements;
- (xiii) any reference to a Policy written by a specified Transferor Company or UKLAP shall include a reference to any Policy transferred or novated to that company so that it is obliged in the same way as if it had issued the Policy;
- (xiv) any reference to the singular shall include a reference to the plural and vice versa and any reference to one gender shall include a reference to the other;
- (xv) save as expressly provided otherwise, any reference in this Scheme to an enactment, a statutory provision or any subordinate legislation (including, for the avoidance of doubt, provisions of the Regulatory Handbook) 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 after the date of this Scheme and to any instrument or order made from time to time after the date of this Scheme under such enactment, statutory provision or subordinate legislation. Where such reference is to an enactment, a statutory provision or any subordinate legislation that has been repealed and not amended, replaced or re-enacted, then the UKLAP Board shall determine the most appropriate replacement provision (having taken appropriate advice). Such determination shall be subject to prior consultation with:
 - (a) the With-Profits Committee if the matter relates to a UKLAP With-Profits Sub-Fund; or
 - (b) an independent actuary if the matter is of a financial nature (not relating to a UKLAP With-Profits Sub-Fund);
- (xvi) expressions used in this Scheme which have meanings under the Act shall bear those meanings, including:
 - (a) “**State of the commitment**” which bears the meaning set out in paragraph 6, Part I of Schedule 12 to the Act; and
 - (b) “**EEA State**” which bears the meaning set out in paragraph 8, Part I of Schedule 3 to the Act;

- (xvii) unless otherwise specified, any reference in the Scheme to a Part, paragraph or Schedule is a reference to a Part, or paragraph of, or Schedule to, the Scheme;
- (xviii) any reference to writing shall include any mode of reproducing words in a legible and non-transitory form;
- (xix) if a period of time is specified from a given day or date or from the day or date of an act or event, it shall be calculated exclusive of that day or date;
- (xx) for the avoidance of doubt, where reference is not specifically made in the context of an action of the UKLAP Board (or, to the extent applicable, the UKPTL Board) to the duty of the UKLAP Board (or UKPTL Board, to the extent applicable) to treat its customers fairly, this is not intended to displace such a duty if it would otherwise apply;
- (xxi) any reference to “including” shall (where appropriate) mean “including without limitation”;
- (xxii) headings are inserted for convenience only and shall not affect the construction of this Scheme;
- (xxiii) 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;
- (xxiv) any reference to a document in the form agreed is to the form of the relevant document agreed between the parties in accordance with this Scheme and for the purpose of identification initialled by or on behalf of the parties prior to the date on which the Court sanctions this Scheme;
- (xxv) any reference to an amount shall be exclusive of any applicable value added or other Tax (unless the context otherwise requires); and
- (xxvi) in the event that UKLAP changes the date to which it prepares its financial report and accounts from 31 December, and the period for which it prepares such reports and accounts from a calendar year, UKLAP shall make such changes to the definitions of “Financial Year” and “Year End” as the UKLAP Board, having obtained appropriate actuarial advice (and, in the case of any changes to Schedule 2 and Schedule 3, after having also consulted with the With-Profits Committee), may specify in order to ensure that such definitions continue to have the effect intended as at the Effective Date. Such changes shall be notified in writing to the PRA and the FCA within 10 Business Days after they have taken effect.

2 Background to the Scheme

2.1 Transferor Companies

- 2.1.1** FLL is a company incorporated in England and Wales (registered number 04096141) whose registered office is at Pixham End, Dorking, Surrey RH4 1QA.
- 2.1.2** FLP is a company incorporated in England and Wales (registered number 00475201) whose registered office is at Pixham End, Dorking, Surrey RH4 1QA.
- 2.1.3** FLL is a directly and wholly-owned subsidiary of Friends Life FPL Limited, which in turn, is a directly and wholly-owned subsidiary of Friends Life FPG Limited, which in turn is a directly and wholly-owned subsidiary of Aviva Life Holdings UK Limited. Aviva Life Holdings UK Limited is, in turn, directly and wholly-owned by Aviva Group Holdings Limited which is in turn directly and wholly-owned by Aviva. Aviva is the ultimate parent of the Aviva Group.
- 2.1.4** FLP is a wholly-owned subsidiary of FLL.
- 2.1.5** AIPL is a company incorporated in England and Wales (registered number 01059608) whose registered office is 1 Poultry, London EC2R 8EJ.
- 2.1.6** AIPL is a wholly owned subsidiary of Aviva Investors Holdings Limited, which is a wholly owned subsidiary of Aviva Group Holdings Limited which, in turn, is a wholly owned subsidiary of Aviva.

2.2 Transferees

- 2.2.1** UKLAP is a company incorporated in England and Wales (registered number 03253947), whose registered office is at Wellington Row, York YO90 1WR.
- 2.2.2** UKLAP is a wholly-owned subsidiary of Aviva Life Holdings UK Limited. Aviva Life Holdings UK Limited is, in turn, directly and wholly owned by Aviva Group Holdings Limited which is in turn directly and wholly owned by Aviva. Aviva is the ultimate parent of the Aviva Group.
- 2.2.3** UKPTL is a company incorporated in England and Wales (registered number 02407799) whose registered office is at Wellington Row, York YO90 1WR.
- 2.2.4** UKPTL is a wholly-owned subsidiary of UKLAP.

2.3 Permissions

- 2.3.1** Each of FLL, FLP, AIPL and UKLAP is an authorised person for the purposes of the Act and each has a Part 4A permission under the Act to carry on Long-Term Insurance Business in the United Kingdom, as follows:
- (i) FLL has permission to effect and to carry out contracts of long-term insurance in classes I, II, III, IV, VI and VII set out in Part II of Schedule 1 to the RAO;
 - (ii) FLP has permission to effect and to carry out contracts of long-term insurance in classes I, II, III, IV, VI and VII set out in Part II of Schedule 1 to the RAO;

- (iii) UKLAP has permission to effect and to carry out contracts of long-term insurance in classes I, II, III, IV, VI and VII set out in Part II of Schedule 1 to the RAO; and
- (iv) AIPL has permission to effect and to carry out contracts of long-term insurance in classes I, II, III, IV, VI and VII set out in Part II of Schedule 1 to the RAO.

2.3.2 UKPTL is an authorised person for the purposes of the Act and has permissions:

- (i) to establish, operate and wind up personal pension schemes; and
- (ii) to deal as a principal in investments, to arrange (bring about) deals in investments and to make arrangements in investments, in each case limited to dealing, arranging or making arrangements in the rights under the pension scheme(s) that it operates.

2.3.3 In the EEA:

- (i) UKLAP carries on Long-Term Insurance Business through branches in France, Germany, Ireland and Belgium; and
- (ii) UKLAP, FLL and FLP carry on Long-Term Insurance Business on a services basis in a number of EEA States.

2.3.4 In addition:

- (i) UKLAP, FLL and FLP carry on Long-Term Insurance Business in Jersey; and
- (ii) UKLAP, FLL and FLP carry on Long-Term Insurance Business in Guernsey.

2.4 The Transfer

2.4.1 It is proposed that:

- (i) the whole of the Long-Term Insurance Business carried on by FLL other than the Excluded Policies shall, in accordance with this Scheme, be transferred to UKLAP;
- (ii) the whole of the Long-Term Insurance Business carried on by FLP other than the Excluded Policies and the UKPTL Transferred Business shall, in accordance with this Scheme, be transferred to UKLAP;
- (iii) the AIPL Transferred Business carried on by AIPL shall, in accordance with this Scheme, be transferred to UKLAP; and
- (iv) the UKPTL Transferred Business carried on by FLP, which is carried on in the United Kingdom shall, in accordance with this Scheme, be transferred to UKPTL.

2.5 Guernsey and Jersey Schemes

2.5.1 It is proposed that:

- (i) the transfer of the Guernsey Policies to UKLAP shall only take place to the extent that the transfer of such Policies to UKLAP by a scheme of transfer pursuant to the Insurance Business (Bailiwick of Guernsey) Law 2002 has been approved by the Royal Court of Guernsey and has become effective; and

- (ii) the transfer of the Jersey Policies to UKLAP shall only take place to the extent that the transfer of such Policies to UKLAP by a scheme of transfer pursuant to the Insurance Business (Jersey) Law 1996 has been approved by the Royal Court of Jersey and has become effective.

2.5.2 The Guernsey Policies and the Jersey Policies shall be treated for all purposes of the Scheme as if they were Transferred Policies with effect from the Effective Date, unless they are Excluded Policies, in which case they shall be treated as if they were Transferred Policies only with effect from the later date (if any) on which the transfer of such Policies to UKLAP becomes effective under the Guernsey Scheme or the Jersey Scheme. Until such later date, the Excluded Policies shall be reassured to UKLAP under the Excluded Policies Reassurance Agreement pursuant to paragraph 11.2. To the extent necessary to comply with Part VII of the Act, Guernsey Policies and Jersey Policies transferred under the Guernsey Scheme or the Jersey Scheme shall also be transferred pursuant to the terms of the Scheme.

PART 2 – TRANSFER OF INSURANCE BUSINESS FROM THE TRANSFEROR COMPANIES TO THE TRANSFEREES

3 Transfer of Transferred Business and UKPTL Transferred Business

- 3.1** The Transferred Business, the Transferred Assets, the Transferred Liabilities and the Residual Assets and Residual Liabilities of the Transferor Companies shall by the Order and without any further act or instrument be transferred to and be vested in UKLAP in accordance with this Part 2.
- 3.2** The UKPTL Transferred Business, UKPTL Transferred Assets, UKPTL Transferred Liabilities and the UKPTL Residual Assets and UKPTL Residual Liabilities of FLP shall by the Order and without any further act or instrument be transferred to and be vested in UKPTL in accordance with this Part 2.
- 3.3** Unless and to the extent otherwise provided in the Order the transfer of any rights, benefits, liabilities and obligations under or in connection with any Transferred Policy, Transferred Asset, UKPTL Transferred Asset, Residual Asset, UKPTL Residual Asset, Transferred Liability, UKPTL Transferred Liability, Residual Liability or UKPTL Residual Liability pursuant to this Scheme 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 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.
- 3.4** The Transferred Assets, UKPTL Transferred Assets, Residual Assets, UKPTL Residual Assets, Transferred Liabilities, UKPTL Transferred Liabilities, Residual Liabilities and UKPTL Residual Liabilities shall be allocated in accordance with Part 3.
- 3.5** For the avoidance of doubt and without limitation to the generality of the provisions of paragraphs 4 to 5:
- 3.5.1** an offer or invitation to treat made to or by a Transferor Company prior to the Relevant Date in relation to:
- (i) the Transferred Business shall be construed and have effect after the Relevant Date as an offer or invitation to treat made to or by UKLAP; or
 - (ii) the UKPTL Transferred Business shall be construed and have effect after the Relevant Date as an offer or invitation to treat made to or by UKPTL;
- 3.5.2** any existing indemnity, power of attorney, authority, declaration or consent given to or by a Transferor Company:
- (i) relating to any part of the Transferred Business (including, for the avoidance of doubt, the Transferred Policies) shall have effect from the Relevant Date as if given to or, as the case may be, by UKLAP; and
 - (ii) relating to the UKPTL Transferred Business shall have effect from the Relevant Date as if given to or as the case may be by UKPTL;
- 3.5.3** any Contract or asset (including (i) any legal or beneficial title arising pursuant to any trust and (ii) any rights or liabilities pursuant to any custody arrangements) transferred to and vested in UKLAP or UKPTL by virtue of the Order and which was

held by a Transferor Company (whether alone or jointly with others) as a trustee, custodian or in a similar fiduciary capacity shall, with effect from the Relevant Date:

- (i) in relation to the Transferred Business be held by UKLAP; and
- (ii) in relation to the UKPTL Transferred Business, be held by UKPTL,

in either case, (alone or jointly, as the case may be and in the capacity of a trustee, custodian or in a similar fiduciary capacity, as the case may be) subject to the rights, powers and duties previously applicable to the relevant trust, custodian or other fiduciary arrangement in question;

3.5.4 any security in respect of the Transferred Business or the UKPTL Transferred Business held immediately before the Relevant Date by a Transferor Company, or by a nominee or agent of or trustee for a Transferor Company, as security for the payment or discharge of any liability shall, on and from that day:

- (i) in relation to the Transferred Business, be held by UKLAP; or
- (ii) in relation to the UKPTL Transferred Business, be held by UKPTL,

or, as the case may require, by that nominee, agent or trustee for UKLAP or UKPTL (as the case may be), and be available to UKLAP or UKPTL (as the case may be) (whether for its own benefit or, as the case may be, for the benefit of any other person) as security for the payment or discharge of that liability (and if not physically delivered to UKLAP or UKPTL (as the case may be) shall be deemed to be so delivered on that day);

3.5.5 UKLAP shall be entitled to rely on and enforce any consent, waiver, representation, statement or estoppel given or made to a Transferor Company by a person in relation to the Transferred Business prior to the Relevant Date as though such consent, waiver, representation, statement or estoppel had been given or made to UKLAP and to the same extent that that Transferor Company would have been able to rely on or enforce the same; and

3.5.6 UKPTL shall be entitled to rely on and enforce any consent, waiver, representation, statement or estoppel given by or made to FLP by a person in relation to the UKPTL Transferred Business prior to the Relevant Date as though such consent, waiver, representation, statement or estoppel had been given or made to UKPTL and to the same extent that FLP would have been able to rely on or enforce the same.

4 Transfer of Transferred Assets and UKPTL Transferred Assets

4.1 On and from the Effective Date, the Transferred Assets of the Transferor Companies and all the estate and interest of the Transferor Companies in them shall, by the Order and without any further act or instrument, be transferred by the Transferor Companies to, and be vested in, UKLAP subject to all Encumbrances (if any) affecting such Transferred Assets.

4.2 On and from the Effective Date, the UKPTL Transferred Assets of FLP and all the estate and interest of FLP in them shall, by the Order and without any further act or instrument, be transferred by FLP to, and be vested in, UKPTL subject to all Encumbrances (if any) affecting such UKPTL Transferred Assets.

4.3 On and from each Subsequent Transfer Date, each Residual Asset of the Transferor Companies to which such Subsequent Transfer Date applies and all the estate and interest

of the Transferor Companies in it shall, by the Order and without any further act or instrument, be transferred by the Transferor Companies to, and be vested in, UKLAP subject to all Encumbrances (if any) affecting such Residual Asset.

- 4.4** On and from each UKPTL Subsequent Transfer Date, each UKPTL Residual Asset to which such UKPTL Subsequent Transfer Date applies and all the estate and interest of FLP in it shall, by the Order and without any further act or instrument, be transferred by FLP to, and be vested in, UKPTL subject to all Encumbrances (if any) affecting such UKPTL Residual Asset.
- 4.5** UKLAP shall accept without investigation such title as the Transferor Companies shall have at the Effective Date to the Transferred Assets of the Transferor Companies and at each Subsequent Transfer Date to the Residual Assets of the Transferor Companies then transferred.
- 4.6** UKPTL shall accept without investigation such title as FLP shall have at the Effective Date to the UKPTL Transferred Assets of FLP and at each UKPTL Subsequent Transfer Date to the UKPTL Residual Assets then transferred.

5 Transfer of Transferred Liabilities and UKPTL Transferred Liabilities

- 5.1** On and from the Effective Date, the Transferred Liabilities of the Transferor Companies and all the estate and interest of the Transferor Companies in them shall, by the Order and without any further act or instrument, be transferred by the Transferor Companies to, and become liabilities of, UKLAP and shall cease to be liabilities of the Transferor Companies.
- 5.2** On and from the Effective Date, the UKPTL Transferred Liabilities of FLP and all the estate and interest of FLP in them shall, by the Order and without any further act or instrument, be transferred by FLP to, and become liabilities of, UKPTL and shall cease to be liabilities of FLP.
- 5.3** On and from each Subsequent Transfer Date, each Residual Liability of the Transferor Companies to which such Subsequent Transfer Date applies shall, by the Order and without any further act or instrument, be transferred by the Transferor Companies to, and become a liability of, UKLAP and shall cease to be a liability of the Transferor Companies.
- 5.4** On and from each UKPTL Subsequent Transfer Date, each UKPTL Residual Liability to which such UKPTL Subsequent Transfer Date applies shall, by the Order and without any further act or instrument, be transferred by FLP to, and become a liability of, UKPTL and shall cease to be a liability of FLP.
- 5.5** The Transferor Companies and the Transferees shall as and when appropriate execute all such documents and do all such other things as may be necessary or desirable to effect or perfect the transfer to and vesting in:
 - 5.5.1** UKLAP of any Transferred Liability or Residual Liability of the Transferor Companies in accordance with the terms of the Scheme; and
 - 5.5.2** UKPTL of any UKPTL Transferred Liability or UKPTL Residual Liability of FLP in accordance with the terms of the Scheme.

6 UKA Residual Assets

6.1 The provisions of the UKA Scheme which relate to UKA Residual Assets shall continue to apply such that:

6.1.1 on and with effect from each UKA Subsequent Transfer Date, each UKA Residual Asset to which such UKA Subsequent Transfer Date applies and all the interest of UKA in the same shall by the Order and without any further act or instrument be transferred to UKLAP subject to all Encumbrances (if any) affecting such asset; and

6.1.2 UKLAP shall accept without investigation, requisition or objection such title as UKA shall have at each UKA Subsequent Transfer Date to each UKA Residual Asset transferred on that UKA Subsequent Transfer Date.

7 UKA Residual Liabilities

7.1 The provisions of the UKA Scheme which relate to UKA Residual Liabilities shall continue to apply such that:

7.1.1 on each UKA Subsequent Transfer Date, each UKA Residual Liability to which such UKA Subsequent Transfer Date applies shall, by the Order and without any further act or instrument be transferred to, and shall become a liability of, UKLAP and shall cease to be a liability of UKA; and

7.1.2 from the Effective Date UKLAP shall continue to discharge on UKA's behalf or, failing which, shall indemnify UKA against the UKA Transferred Liabilities and UKA Residual Liabilities on the terms set out in paragraph 16.1.

8 Continuity of proceedings

8.1 On and with effect from the Effective Date, any proceedings or applications to any authority (including, without limitation, any complaint or claim to any ombudsman) whether pending, current or future, by, against or in relation to and/or in respect of which a Transferor Company or Predecessor Company is a party (or, in the case of future proceedings, would have been a party but for this Scheme) (including, without limitation, as the plaintiff, claimant, applicant, defendant, respondent, pursuer, defender or petitioner) (the "**Relevant Proceedings**") to the extent:

8.1.1 connected with the Transferred Business or the Predecessor Scheme Transferred Business shall be commenced or continued by or against UKLAP; and

8.1.2 connected with the UKPTL Transferred Business shall be commenced or continued by or against UKPTL,

UKLAP or UKPTL (as the case may be) shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off and any other rights that would have been available to the relevant Transferor Company or Predecessor Company in relation to the Transferred Business, the Predecessor Scheme Transferred Business or the UKPTL Transferred Business (as applicable) and such proceedings or applications.

8.2 On and with effect from the Subsequent Transfer Date, UKA Subsequent Transfer Date or UKPTL Subsequent Transfer Date (as applicable), any proceedings or applications to any authority (including, without limitation, any complaint or claim to any ombudsman) whether pending, current or future, by, against or in relation to and/or in respect of which a Transferor

Company or UKA (as applicable) is a party (or, in the case of future proceedings, would have been a party but for this Scheme) (including, without limitation, as the plaintiff, claimant, applicant, defendant, respondent, pursuer, defender or petitioner) to the extent connected with:

- 8.2.1 the Residual Assets, the Residual Liabilities or UKA Residual Assets or UKA Residual Liabilities (as applicable) which are to be transferred on such Subsequent Transfer Date or UKA Subsequent Transfer Date shall be commenced or continued by or against UKLAP; and
- 8.2.2 the UKPTL Residual Assets or UKPTL Residual Liabilities which are to be transferred on such UKPTL Subsequent Transfer Date shall be commenced or continued by or against UKPTL,

and UKLAP or UKPTL (as the case may be) shall be entitled to all defences, claims, counterclaims and rights of set-off that would have been available to that Transferor Company or UKA (as applicable) in relation to the Residual Assets and the Residual Liabilities or UKA Residual Assets or UKA Residual Liabilities or UKPTL Residual Assets or UKPTL Residual Liabilities (as applicable).

8.3 Any judgment, settlement, order or award obtained by or against:

- 8.3.1 a Transferor Company to the extent that it relates to any part of the Transferred Business, the Residual Assets or the Residual Liabilities;
- 8.3.2 a Predecessor Company to the extent that it relates to any part of the Predecessor Scheme Transferred Business, UKA Residual Assets or UKA Residual Liabilities (as applicable); or
- 8.3.3 FLP to the extent that it relates to any part of the UKPTL Transferred Business, the UKPTL Residual Assets or the UKPTL Residual Liabilities,

and which is not fully satisfied before the Relevant Date shall, on that date and to the extent to which it was enforceable by or against the relevant Transferor Company or the Predecessor Company (as applicable) immediately prior to such date, become enforceable by or against UKLAP or UKPTL (as applicable) (to the exclusion of the relevant Transferor Company or Predecessor Company (as applicable)).

8.4 After the Effective Date, Subsequent Transfer Date, UKPTL Subsequent Transfer Date or UKA Subsequent Transfer Date (as applicable), any Relevant Proceedings commenced in error against a Transferor Company or Predecessor Company shall be deemed to have been commenced and shall continue against UKLAP or UKPTL (as applicable) without the need for further order, whether for substitution of the parties or otherwise.

9 UKA Transferred Business – UKA Residual Assets and UKA Residual Liabilities Continuity

From a UKA Subsequent Transfer Date, any references to UKA in any contracts with any party, or in any document, relating to the UKA Transferred Business which comprises a UKA Residual Asset (or UKA Residual Liability) shall, insofar as they are transferred to UKLAP as at a UKA Subsequent Transfer Date be read and construed as if the same were references to UKLAP so that such Contract or document shall take effect as if UKLAP was the original party to the Contract in place of UKA or was the party originally referenced in the Contract or document in place of UKA.

10 Rights and obligations under the Transferred Policies and Contracts and Predecessor Scheme Transferred Policies

10.1 On and with effect from the Effective Date:

10.1.1 UKLAP shall become entitled to all the rights, benefits and powers of the relevant Transferor Company whatsoever subsisting on the Effective Date under or by virtue of the Transferred Policies and shall continue to be entitled to all rights, benefits and powers of any Predecessor Company under or by virtue of the Predecessor Scheme Transferred Policies; and

10.1.2 UKPTL shall become entitled to all the rights, benefits and powers of FLP whatsoever subsisting on the Effective Date in its capacity as My Money SIPP Scheme Administrator under or by virtue of the My Money SIPP and shall continue to be entitled to all rights, benefits and powers of FLP in its capacity as My Money SIPP Scheme Administrator under or by virtue of the My Money SIPP.

10.2 Without prejudice to the generality of paragraph 10.1, where the benefits of any Transferred Policy are held under the terms of a trust, such terms, together with the terms of any rules applicable to any pension scheme in the case of any pension scheme under which benefits are referable to a Transferred Policy, shall operate and be construed on and from the Effective Date on a basis which is consistent with the transfer of such Transferred Policy in accordance with the provisions of this Scheme. For the avoidance of doubt:

10.2.1 where the consent of a Transferor Company is required under any such terms, the consent of UKLAP shall, with effect from the Effective Date, instead be treated as required; and

10.2.2 where a power to appoint trustees under such terms is conferred on a Transferor Company, that power shall, with effect from the Effective Date, instead be treated as conferred on UKLAP.

10.3 Subject to the terms of this Scheme, every person who is a holder of any of the Transferred Policies or the Predecessor Scheme Transferred Policies (as applicable) or is a party to, or has the benefit of, any other agreement with a Transferor Company or Predecessor Company (as applicable) relating to the Transferred Business or Predecessor Scheme Transferred Business (as applicable) shall (or shall continue to) on and with effect from the Effective Date:

10.3.1 become entitled, in succession to, and to the exclusion of, any rights which he may have had against a Transferor Company or Predecessor Company (as applicable) under any of the Transferred Policies or the Predecessor Scheme Transferred Policies (as applicable) or any other such agreement relating to the Transferred Business or Predecessor Scheme Transferred Business (as applicable), to the same rights against UKLAP subject to the terms of this Scheme as were available to him against that Transferor Company or Predecessor Company (as applicable) under such Policies or such other agreement relating to the Transferred Business or Predecessor Scheme Transferred Business (as applicable); and

10.3.2 (as regards Transferred Policies or the Predecessor Scheme Transferred Policies (as applicable) under which premiums or other sums attributable or referable thereto continue to be payable) account to UKLAP for any further or additional premiums or

other sums attributable or referable thereto as and when the same become due and payable.

10.4 If any person entitled to do so with respect to a Transferred Policy or a Predecessor Scheme Transferred Policy exercises any right or option granted under the terms of that Policy and either:

10.4.1 the right or option provides for a new, additional or replacement Policy to be issued; or

10.4.2 it is appropriate in the opinion of the UKLAP Board, having taken account of appropriate actuarial advice, in order to comply with that right or option to issue a new Policy,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue by UKLAP of a Policy which complies with the terms of such right or option, but (without prejudice to the right of such person to have the right or option satisfied by the issue by UKLAP of such a Policy) if UKLAP is not at the time of the exercise of such right or option writing Policies complying exactly with the Policy to which the right or option refers, UKLAP shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) the Policy commonly offered by UKLAP or any other member of the Aviva Group which UKLAP considers to be the nearest equivalent Policy in accordance with the terms and conditions applicable to Policies of UKLAP or such other member of the Aviva Group (as the case may be) at that time, provided that the issue of such alternative Policy would not in the opinion of the UKLAP Board (having taken account of appropriate actuarial advice) result in a liability or in an increase in liability to taxation of the holder of such Policy (or in the event that such liability or increase in liability would occur UKLAP shall have the option to indemnify the policyholder in full and to issue, or procure the issue by another member of the Aviva Group of another Policy pursuant to this paragraph 10.4) or otherwise fail to satisfy the reasonable expectations of the holder of such Policy.

10.5 All references in any Transferred Policy or Predecessor Scheme Transferred Policy or other contract, document or instrument forming part of or relating to the Transferred Business or the Predecessor Scheme Transferred Business to:

10.5.1 a Transferor Company or a Predecessor Company or their respective Boards;

10.5.2 an Actuarial Function Holder (or other internal actuarial role other than the With-Profits Actuary);

10.5.3 a With-Profits Actuary (or equivalent predecessor role);

10.5.4 a With-Profits Committee (or similar);

10.5.5 auditors; or

10.5.6 any other officers, employees or agents,

of a Transferor Company or Predecessor Company shall from and after the Effective Date be (or continue to be) read as references to, respectively:

(i) UKLAP or the UKLAP Board;

(ii) such actuary to whom the relevant responsibilities referred to in the original reference have been assigned as the Board of UKLAP may determine;

(iii) UKLAP's With-Profits Actuary;

- (iv) UKLAP's With-Profits Committee;
- (v) UKLAP's auditors; or
- (vi) any other officers or employees of UKLAP or, where appropriate, agents of UKLAP to which the administration or investment management of the relevant part of the business carried on by UKLAP has been delegated.

10.6 Without limitation to paragraph 10.5, all rights and duties exercisable or expressed to be exercisable, or responsibilities to be performed, by:

10.6.1 a Transferor Company or a Predecessor Company or their respective Boards;

10.6.2 Actuarial Function Holders (or other internal actuarial roles other than the With-Profits Actuary);

10.6.3 With-Profits Actuaries;

10.6.4 With-Profits Committees (or similar);

10.6.5 auditors; or

10.6.6 any other officers, employees or agents,

of a Transferor Company or Predecessor Company in relation to any of the Transferred Policies or Predecessor Scheme Transferred Policies (as the case may be) or other contracts, documents or instruments forming part of or relating to the Transferred Business or Predecessor Scheme Transferred Business shall, from and after the Effective Date, be (or continue to be) exercisable or required to be performed by respectively:

- (i) UKLAP or the UKLAP Board;
- (ii) such actuary to whom the relevant rights or duties or responsibilities have been passed as the Board of UKLAP may determine;
- (iii) UKLAP's With-Profits Actuary;
- (iv) UKLAP's With-Profits Committee;
- (v) UKLAP's auditors; or
- (vi) any other of its officers, employees or such agents.

10.7 All references in a Transferred Policy or Predecessor Scheme Transferred Policy (as applicable) to the group of companies of which a Transferor Company or Predecessor Company (as applicable) is or has been a member shall, where the context requires, be (or continue to be) read and construed with effect from the Effective Date as references to the Aviva Group.

10.8 UKLAP shall on and with effect from the Effective Date, as principal, take over from the relevant Transferor Company the administration and negotiation of proposals for insurance which would be Transferred Policies if a Transferor Company had determined to accept them (but whether or not UKLAP does so determine). UKLAP shall on, and with effect from, the Effective Date bear all expenses and liabilities in relation thereto and any liability in relation to interim death benefits. Nothing contained herein shall oblige UKLAP to accept any proposal for insurance received by or on behalf of a Transferor Company before the Effective Date but not accepted by that Transferor Company by then.

- 10.9** Without prejudice to paragraphs 10.5 and 10.6, at and with effect from the Effective Date, any applications for Policies where such applications were completed on FLL, FLP or AIPL branded materials, and where such Policies were not issued prior to the Effective Date, shall be read and construed as applications for New Policies to UKLAP.
- 10.10** The provisions of paragraphs 10.1 to 10.8 shall apply, mutatis mutandis, to all Contracts comprising part of the Transferred Assets or otherwise relating or referring to the Transferred Business, the Predecessor Scheme Transferred Business or any part thereof.
- 10.11** The above provisions of this paragraph 10 shall apply to the UKPTL Transferred Business with the further amendments set out in this paragraph 10.11:
- 10.11.1** paragraph 10.2 shall apply such that the My Money SIPP Terms shall operate and be construed on and from the Effective Date on a basis which is consistent with the transfer of the My Money SIPP Scheme Administrator role to UKPTL in accordance with paragraph 10.1.2 and the other provisions of this Scheme. For the avoidance of doubt:
- (i) where the consent of the “Scheme Administrator” is required under the My Money SIPP Terms, the consent of UKPTL shall, with effect from the Effective Date, instead be treated as required; and
 - (ii) where a power under such terms is exercised by the “Scheme Administrator”, that power shall, with effect from the Effective Date, instead be treated as conferred on UKPTL;
- 10.11.2** without prejudice to paragraph 10.3 every person who is a holder of a My Money SIPP or is a party to, or has the benefit of, any other Contract with FLP relating to the UKPTL Transferred Business shall on and with effect from the Effective Date become entitled, in succession to, and to the exclusion of, any rights which he may have had against FLP, to the same rights against UKPTL subject to the terms of this Scheme as were available to him against FLP under the My Money SIPP or such other Contract relating to the UKPTL Transferred Business and (to the extent any payments or other sums attributable or referable thereto continue to be payable to the My Money SIPP Scheme Administrator) shall on and with effect from the Effective Date account to UKPTL for any further or additional payments or other sums attributable or referable thereto as and when the same become due and payable;
- 10.11.3** without prejudice to paragraph 10.3 and other than in respect of the role of My Money SIPP Provider in the My Money SIPP Terms (to which paragraphs 10.5 and 10.6 shall apply), all references in the My Money SIPP Terms or any other contract, document or instrument forming part of or relating to the UKPTL Transferred Business to FLP, its Board, its auditor or any other officers, employees or agents of FLP shall from and after the Effective Date be read as references to UKPTL, the UKPTL Board, its auditor or any other officers or employees of UKPTL or, where appropriate, agents of UKPTL to which the administration or investment management of the relevant part of the business carried on by UKPTL has been delegated;
- 10.11.4** without limitation to paragraph 10.11.3, all rights and duties exercisable or expressed to be exercisable or responsibilities to be performed by FLP, its Board, its auditor or any other officers, employees or agents of FLP in relation to the UKPTL Transferred Business (as the case may be) or other contracts, documents or instruments forming

part of or relating to the UKPTL Transferred Business shall, from and after the Effective Date, be (or continue to be) exercisable or required to be performed by UKPTL, the UKPTL Board, its auditor or any other of its officers, employees or such agents. In particular, in relation to references to FLP, all references to 'us', 'we' and 'our' in the terms and conditions of the Friends Life Corporate Self Invested Personal Pension Plan shall be treated as references to UKPTL in its role as My Money SIPP Scheme Administrator except for those references set out in Schedule 7, which shall be treated as references to UKLAP or UKPTL and/or UKLAP. All references in a My Money SIPP to the group of companies of which FLP is or has been a member shall, where the context requires, be (or continue to be) read and construed with effect from the Effective Date as references to the Aviva Group;

10.11.5 in addition to the changes to the terms and conditions of the My Money SIPP described in this paragraph 10.11 above, the terms and conditions shall be further amended as described in Schedule 7; and

10.11.6 if there is any doubt as to whether a reference to FLP should be construed as a reference to UKPTL pursuant to the provisions of this paragraph 10.11, the UKPTL Board shall, having taken account of appropriate advice, determine this.

11 Excluded Policies

11.1 The Excluded Policies of the Transferor Companies shall not be transferred to UKLAP and shall remain liabilities of the relevant Transferor Company but shall from the Effective Date be reassured in their entirety into UKLAP on terms consistent with those described in this paragraph 11.

11.2 On or prior to the Effective Date the Transferor Companies shall enter into one or more Excluded Policies Reassurance Agreements with UKLAP pursuant to which, with effect from the Effective Date, all the liabilities of the Transferor Companies attributable to the Excluded Policies of the Transferor Companies and all other amounts paid or payable by the Transferor Companies in respect of such Excluded Policies (including amounts paid or payable in connection with the surrender of any such Excluded Policy) shall be reassured in their entirety to UKLAP.

11.3 The premiums payable by the Transferor Companies in respect of such reassurance shall be an amount relating to the reassured Excluded Policies as at the Effective Date, which shall be deemed to have been satisfied by the transfer to UKLAP of the appropriate proportion of the Transferred Assets of the Transferor Companies, plus all subsequent premium payments received by the Transferor Companies in respect of such Excluded Policies.

11.4 All benefits to UKLAP in respect of such reassurance, including the premiums payable thereunder, shall be allocated to the UKLAP Sub-Fund to which each Excluded Policy of the Transferor Companies would have been allocated had it been a Transferred Policy in accordance with Part 3.

11.5 All liabilities of UKLAP in respect of such reassurance, including the obligation to make payments in respect of claims made, instalments of sums assured, and bonuses declared, shall be allocated in accordance with Part 3 to the UKLAP Sub-Fund to which each Excluded Policy of the Transferor Companies would have been allocated had it been a Transferred Policy. Such liabilities shall be calculated, unit allocations made and bonuses declared on

the same basis as that applied to the equivalent Transferred Policies of the relevant Transferor Company.

11.6 If any person entitled to do so with respect to an Excluded Policy exercises any option granted under the terms of that Policy and either:

11.6.1 the option provides for a new, additional or replacement Policy to be issued; or

11.6.2 it is appropriate in the opinion of the UKLAP Board having taken account of appropriate actuarial advice in order to comply with that option to issue a new Policy,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue by the relevant Transferor Company of a replacement Policy that complies with the terms of such option and such replacement Policy shall be reassured by UKLAP under a reinsurance agreement referred to in paragraph 11.2 but (without prejudice to the right of such person to have the option satisfied by the issue by the relevant Transferor Company of such a Policy), UKLAP shall be entitled to offer in lieu thereof the Policy it considers to be the nearest equivalent to such replacement Policy.

11.7 Excluded Policies of the Transferor Companies shall be treated as if they were Transferred Policies of the Transferor Companies with effect from the Effective Date.

11.8 If UKLAP is able to procure the novation or transfer of any Excluded Policy of the Transferor Companies to UKLAP then the assets and liabilities relating to such Policy shall, to the extent not previously transferred, be transferred to UKLAP pursuant to the Scheme. Such Policy shall thereafter be dealt with by UKLAP under the provisions of the Scheme as if it were a Policy allocated to the same UKLAP Sub-Fund as the UKLAP Sub-Fund to which the Excluded Policy of the relevant Transferor Company would have been allocated had it been a Transferred Policy.

11.9 Jersey Policies shall be treated for all purposes of this Scheme as if they were Transferred Policies with effect from the Jersey Effective Date, and shall, on the later of the Effective Date and the Jersey Effective Date, be transferred to and vested in UKLAP by the Order (in addition to any order of the Royal Court of Jersey).

11.10 Guernsey Policies shall be treated for all purposes of this Scheme as if they were Transferred Policies with effect from the Guernsey Effective Date, and shall, on the later of the Effective Date and the Guernsey Effective Date, be transferred to and vested in UKLAP by the Order (in addition to any order of the Royal Court of Guernsey).

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13 Premiums, Mandates and other Payments relating to the Transferred Business, UKPTL Transferred Business and Predecessor Scheme Transferred Business

13.1 Any future premiums attributable or referable to the Transferred Policies, Predecessor Scheme Transferred Policies or the Excluded Policies shall on and after the Effective Date be (or continue to be, as applicable) payable to UKLAP and shall be receivable and received by UKLAP and shall be allocated to the UKLAP Sub-Fund to which the Policy to which they relate is allocated pursuant to Part 3 (or, in the case of Excluded Policies, to which they would have been allocated had they been Transferred Policies or Predecessor Scheme Transferred Policies).

- 13.2** Any mandate or other instruction in force on the Relevant Date (including, without limitation, any instruction given to a bank by its customer in the form of a direct debit or standing order) and providing for the payment by a banker or other intermediary of premiums payable:
- 13.2.1** in respect of the Transferred Business, a Transferor Company or Predecessor Company (as applicable) under or in respect of any of the Transferred Policies or Predecessor Scheme Transferred Policies or the Excluded Policies shall thereafter take effect (or continue to take effect, as applicable) as if it had provided for and authorised such payment to UKLAP; or
 - 13.2.2** in respect of the UKPTL Transferred Business, to FLP as the My Money SIPP Scheme Administrator under or in respect of the My Money SIPP or any Contract relating to the UKPTL Transferred Business shall thereafter take effect as if it had provided for and authorised such payment to UKPTL.
- 13.3** Any mandate or other instruction in force on the Relevant Date as to the manner of payment of any sum payable by a Transferor Company or Predecessor Company (as applicable) under any of the Transferred Policies or Predecessor Scheme Transferred Policies or the Excluded Policies or any Contract forming part of the Transferred Business or Predecessor Scheme Transferred Business shall, on and from the Effective Date, continue in force as an effective authority to UKLAP.
- 13.4** Any mandate or other instruction in force on the Relevant Date as to the manner of payment of any sum payable by FLP under or in respect of the My Money SIPP or Contract (to the extent such Contract relates to the UKPTL Transferred Business), shall, on and from the Relevant Date continue in force as an effective authority to UKPTL.

14 Declaration of trust by the Transferor Companies

- 14.1** If:
- 14.1.1** any asset of a Transferor Company comprised in or attributable to the Transferred Business or the UKPTL Transferred Business is not, or is not capable of being, transferred to and vested in UKLAP or UKPTL by the Order on the Effective Date by reason of such asset being a Residual Asset or UKPTL Residual Asset or for any other reason;
 - 14.1.2** any Residual Asset or UKPTL Residual Asset is not, or is not capable of being, transferred to and vested in UKLAP or UKPTL by the Order on the Subsequent Transfer Date or the UKPTL Subsequent Transfer Date applicable thereto; or
 - 14.1.3** there is any asset of a Transferor Company comprised in or attributable to the Transferred Business or UKPTL Transferred Business in respect of which the relevant Transferor Company and UKLAP or UKPTL (as applicable) agree in writing before the Effective Date (or, in the case of (i) a Residual Asset, the relevant Transferor Company and UKLAP agree in writing before the Subsequent Transfer Date applicable thereto, and (ii) a UKPTL Residual Asset, FLP and UKPTL agree in writing before the UKPTL Subsequent Transfer Date applicable thereto) that it is, or would be expedient not to effect the transfer of such asset to UKLAP or UKPTL (as applicable);

then that Transferor Company shall, from the Effective Date (but save to the extent that giving effect to such a trust would require a consent or waiver which has not been obtained)

hold on trust absolutely any asset referred to in this paragraph 14.1 together with any proceeds of sale or income or other right accrued or return accruing in respect thereof (including any payment, property or right within paragraph 14.3) for UKLAP or UKPTL (as applicable).

14.2 From the Effective Date, the Transferor Companies shall be subject to the exclusive directions of UKLAP or UKPTL (as applicable) in respect of any asset referred to in paragraph 14.1 until the relevant asset:

14.2.1 is transferred to or otherwise vested in UKLAP or UKPTL (as applicable); or

14.2.2 is disposed of (whereupon the relevant Transferor Company shall, so far as it is able, account to UKLAP or UKPTL (as applicable) for the proceeds of sale thereof),

and UKLAP or UKPTL (as applicable) shall have authority to act as the attorney of each of the Transferor Companies in respect of such asset for all such purposes.

14.3 In the event of any payment being made to, asset being received by, or right being conferred upon a Transferor Company after the Effective Date in respect of the Transferred Business, any Transferred Asset or any Residual Asset, that Transferor Company shall hold the same on trust for UKLAP. As soon as is reasonably practicable after its receipt, unless the relevant Transferor Company and UKLAP agree that such payment, property or right be retained by the relevant Transferor Company as a Residual Asset, the relevant Transferor Company shall pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such asset or right to, or in accordance with the directions of, UKLAP and UKLAP shall indemnify the relevant Transferor Company on demand against any costs incurred in making any such payment or transfer.

14.4 In the event of any payment being made to, asset being received by, or right being conferred upon FLP after the Effective Date in respect of the UKPTL Transferred Business, any UKPTL Transferred Asset or any UKPTL Residual Asset, FLP shall hold the same on trust for UKPTL. As soon as is reasonably practicable after its receipt, unless FLP and UKPTL agree that such payment, property or right be retained by FLP as a UKPTL Residual Asset, FLP shall pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such asset or right to, or in accordance with the directions of, UKPTL and UKPTL shall indemnify FLP on demand against any costs incurred in making any such payment or transfer.

14.5 The FLL Withheld Assets and the FLP Withheld Assets shall only be subject to the provisions of this paragraph 14 insofar as that is consistent with the relevant Transferor Company meeting the FLL Minimum Transferor Residual Asset Requirement or the FLP Minimum Transferor Residual Asset Requirement (as applicable).

15 Declaration of Trust by UKA

15.1 If:

15.1.1 any property of UKA was not, or was not capable of being, transferred to and vested in the UKLAP by the UKA Order at the UKA Effective Date by reason of such property being a UKA Residual Asset or for any other reason; or

15.1.2 any UKA Residual Asset was not, or is not capable of being transferred to and vested in UKLAP by the UKA Order on the UKA Subsequent Transfer Date applicable thereto; or

15.1.3 there continues to be, at the Effective Date, any property of UKA in respect of which UKA and UKLAP agreed in writing before the UKA Effective Date (or, in the case of any UKA Residual Asset, UKA and UKLAP agree before the UKA Subsequent Transfer Date applicable thereto) that it was, or would be, expedient not to effect a transfer of such property to UKLAP,

UKA shall, from the Effective Date (but save to the extent that giving effect to such a trust would require a consent or waiver which has not been obtained), continue to hold on trust absolutely any property referred to in paragraphs 15.1.1 to 15.1.3 which it holds on trust absolutely for UKLAP immediately prior to the Effective Date (or, in the case of any UKA Residual Asset, immediately prior to the UKA Subsequent Transfer Date) together with any proceeds of sale or income or other right accrued or return arising in respect thereof (including any payment, property or right within paragraph 15.3 below).

15.2 From the Effective Date, UKA shall continue to be subject to the exclusive directions of UKLAP in respect of any property referred to in paragraph 15.1 until the relevant property:

15.2.1 is transferred to or otherwise vested in UKLAP; or

15.2.2 is disposed of (whereupon UKA shall, so far as it is able, account to UKLAP for the proceeds of sale thereof),

and UKLAP shall have authority to act as the attorney of UKA in respect of such property for all such purposes.

15.3 In the event of any payment being made to, property being received by or right being conferred upon UKA after the Effective Date in respect of the UKA Transferred Business, any UKA Transferred Asset or any UKA Residual Asset, UKA shall hold the same on trust for UKLAP. As soon as is reasonably practicable after its receipt, unless the parties agree that such payment, property or right be retained by UKA as a Residual Asset, UKA shall pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such property or right to, or in accordance with the directions of, UKLAP and UKLAP shall indemnify UKA on demand against any costs incurred in making any such payment or transfer.

15.4 The UKA Withheld Assets of UKA shall only be subject to the provisions of paragraph 15.3 insofar as that is consistent with UKA meeting its UKA Minimum Transferor Residual Asset Requirement.

16 Indemnities in favour of the Transferor Companies or Predecessor Companies

16.1 Subject to paragraph 16.3, UKLAP shall discharge or indemnify (or continue to discharge or indemnify) each Transferor Company and Predecessor Company against:

16.1.1 with effect from the Effective Date, charges, costs, liabilities and claims arising in respect of all Transferred Liabilities and Predecessor Scheme Transferred Liabilities (as applicable);

16.1.2 with effect from each Subsequent Transfer Date, all Residual Liabilities payable by the Transferor Company (to the extent not reassured to UKLAP under an Excluded Policies Reassurance Agreement);

16.1.3 with effect from the UKA Subsequent Transfer Date, all UKA Residual Liabilities which are payable by UKA; and

- 16.1.4** save as otherwise provided in this Scheme, any other liability of a Transferor Company or a Predecessor Company relating to the Transferred Business or Predecessor Scheme Transferred Business whether arising before or after the Effective Date.
- 16.2** Subject to paragraph 16.3, UKPTL shall discharge or indemnify (or continue to discharge or indemnify) FLP against:
- 16.2.1** with effect from the Effective Date, charges, costs, liabilities and claims arising in respect of all UKPTL Transferred Liabilities;
- 16.2.2** with effect from each UKPTL Subsequent Transfer Date, all UKPTL Residual Liabilities payable by FLP; and
- 16.2.3** save as otherwise provided in this Scheme, any other liability of FLP relating to the UKPTL Transferred Business whether arising before or after the Effective Date.
- 16.3** Neither UKLAP nor UKPTL (as applicable) shall indemnify a Transferor Company or a Predecessor Company against and shall not be obliged to discharge a Transferor Company or a Predecessor Company from:
- 16.3.1** any liability of a Transferor Company or a Predecessor Company to the extent that it is entitled to recover the same from any third party (including by way of insurance) which right of recovery has not transferred to UKLAP as part of the Transferred Business or Predecessor Scheme Transferred Business or to UKPTL as part of the UKPTL Transferred Business (as applicable); or
- 16.3.2** any liability which would fall on a Transferor Company or a Predecessor Company by virtue of paragraphs 16.5 or 16.6 (as applicable) unless, and then only to the extent that, a Transferor Company or a Predecessor Company shall have failed to recover any such amount pursuant to rights they may have against any third party (including under any applicable contract of insurance) which right of recovery has not transferred to UKLAP as part of the Transferred Business or Predecessor Scheme Transferred Business or to UKPTL as part of the UKPTL Transferred Business (as applicable), having used all reasonable endeavours to do so.
- 16.4** UKLAP or UKPTL (as applicable) shall continue to discharge or indemnify a Transferor Company or a Predecessor Company against any costs and/or expenses which it may incur in pursuing any claim against any such third party as is referred to in paragraph 16.3 (including under any applicable contract of insurance). Subject thereto, a Transferor Company or a Predecessor Company shall take such steps as UKLAP or UKPTL (as applicable) shall require in order to pursue the rights either of them may have against any such third party (including under any applicable contract of insurance). UKLAP or UKPTL (as applicable) shall continue to be entitled to have conduct of all litigation or other proceedings in respect of any such claim (including taking such action in the name of and on behalf of a Transferor Company or a Predecessor Company as UKLAP or UKPTL (as applicable) shall determine). In that connection, a Transferor Company or a Predecessor Company shall give all such assistance as UKLAP or UKPTL (as applicable) may reasonably require in conducting all proceedings.
- 16.5** Subject to paragraph 16.7, the Transferor Company or a Predecessor Company shall indemnify (or continue to indemnify, as applicable) UKLAP against all liabilities, losses, claims and expenses in respect of the Transferred Business or Predecessor Scheme Transferred Business, the Transferred Assets, Predecessor Scheme Transferred Assets,

Residual Assets, UKA Residual Assets, UKA Residual Liabilities, Transferred Liabilities, Predecessor Scheme Transferred Liabilities or Residual Liabilities:

16.5.1 to the extent they are otherwise recoverable by the Transferor Company or Predecessor Company (as applicable) from any third party; or

16.5.2 in connection with any defect (whether in title or otherwise) in relation to, or any other diminution in the value of, any property transferred to UKLAP to the extent that the loss resulting therefrom is otherwise recoverable from any third party.

16.6 Subject to paragraph 16.7, FLP shall indemnify (or continue to indemnify, as applicable) UKPTL against all liabilities, losses, claims and expenses in respect of the UKPTL Transferred Business, UKPTL Transferred Assets, UKPTL Residual Assets, UKPTL Transferred Liabilities or UKPTL Residual Liabilities:

16.6.1 to the extent they are otherwise recoverable by the FLP from any third party; or

16.6.2 in connection with any defect (whether in title or otherwise) in relation to, or any other diminution in the value of, any property transferred to UKPTL to the extent that the loss resulting therefrom is otherwise recoverable from any third party.

16.7 The indemnities in paragraphs 16.5 and 16.6 shall be limited to such amounts as the Transferor Company or the Predecessor Company (as applicable) shall recover pursuant to the rights either of them may have against any third party (including under any applicable contract of insurance).

PART 3 – ESTABLISHMENT OF FUND STRUCTURE OF UKLAP

17 Establishment of UKLAP Sub-Funds

- 17.1** On and with effect from the Effective Date, UKLAP shall:
- 17.1.1** establish and maintain the FLC New WPSF as a new with-profits sub-fund;
 - 17.1.2** establish and maintain the FLC Old WPSF as a new with-profits sub-fund;
 - 17.1.3** establish and maintain the FLAS WPSF as a new with-profits sub-fund;
 - 17.1.4** establish and maintain the FP WPSF as a new with-profits sub-fund;
 - 17.1.5** establish and maintain the FPLAL WPSF as a new with-profits sub-fund;
 - 17.1.6** establish and maintain the WL WPSF as a new with-profits sub-fund;
 - 17.1.7** establish and maintain the SGF as a new with-profits sub-fund;
 - 17.1.8** maintain its existing non-profit sub-fund named as “NPSF” immediately prior to the Effective Date;
 - 17.1.9** maintain the UKLAP WPSF as a with-profits sub-fund;
 - 17.1.10** maintain the Old WPSF as a with-profits sub-fund;
 - 17.1.11** maintain the New WPSF as a with-profits sub-fund;
 - 17.1.12** maintain the WPSF 5 as a non-profit sub-fund;
 - 17.1.13** maintain the PM SF as a with-profits sub-fund;
 - 17.1.14** maintain the Stakeholder WPSF as a with-profits sub-fund dedicated to stakeholder pension business and being a sub-fund in the New WPSF and the Old WPSF, and having its assets and liabilities allocated in the New WPSF Proportion and the Old WPSF Proportion, respectively;
 - 17.1.15** maintain the Belgian SF as a non-profit sub-fund; and
 - 17.1.16** maintain the Irish WPSF as a with-profits sub-fund,
- and the Long-Term Insurance Business of UKLAP shall, on the Effective Date, be allocated to such UKLAP Sub-Funds.
- 17.2** On and with effect from the Effective Date, UKLAP shall maintain its existing shareholder fund as the SHF and the shareholder assets and liabilities of UKLAP shall, on the Effective Date, be allocated to the SHF.
- 17.3** Any allocation of assets or liabilities to a UKLAP Sub-Fund or any UKLAP Shareholder Fund from time to time, and any re-allocation or re-attribution of the same, is for the purpose of establishing or recognising respective policyholder and shareholder entitlements from time to time and shall not be taken to affect the availability of all the property from time to time of UKLAP to meet its liabilities to policyholders and other third parties to the extent required by applicable law from time to time.
- 17.4** Subject to compliance with Regulatory Requirements, nothing in the Scheme shall prevent UKLAP from establishing further UKLAP Sub-Funds in relation to its Long-Term Insurance Business at any time after the Effective Date as the UKLAP Board may determine and,

subject to any restrictions in the Scheme, allocating New Policies or re-allocating Policies to such UKLAP Sub-Funds.

17.5 Unless the UKLAP Board, having taken appropriate legal and actuarial advice, determines otherwise, any surplus which emerges in WPSF 5 shall be attributable to the SHF maintained by UKLAP.

17.6 On and with effect from the Effective Date, any Transferred Assets and Transferred Liabilities not allocated to a particular fund or sub-fund of FLL or FLP prior to the Effective Date, shall transfer to UKLAP but shall not be specifically allocated to any particular UKLAP Sub-Fund under this Scheme, and shall be applied or met as the UKLAP Board shall determine (but without prejudice to the provisions of this Scheme).

18 Allocation of Existing UKLAP Assets and Liabilities on the Effective Date

18.1 All Existing UKLAP Policies, Existing UKLAP Assets and Existing UKLAP Liabilities to the extent allocated to an Existing UKLAP Sub-Fund or the RIEESA immediately prior to the Effective Date shall remain allocated to the same Existing UKLAP Sub-Fund or the RIEESA on the Effective Date and, in the case of Existing UKLAP Assets comprising an Interest in a Linked Fund or an Interest in Pooled Assets, the relevant Existing UKLAP Sub-Fund's or the RIEESA's interest immediately before the Effective Date shall be maintained as of the Effective Date.

18.2 The Existing UKLAP Assets and Existing UKLAP Liabilities which were allocated to the SHF immediately prior to the Effective Date shall remain allocated to the SHF on the Effective Date.

19 Allocation of Linked Fund Assets and Liabilities on the Effective Date

19.1 Existing UKLAP Assets and Existing UKLAP Liabilities allocated (either directly or as a result of internal reinsurance) to Linked Funds of UKLAP immediately prior to the Effective Date shall remain allocated to such Linked Funds. Benefits under Existing UKLAP Policies that are linked long-term contracts shall remain linked to the same Linked Funds as before and to the extent of the same number and class of units in such Linked Fund(s) as were allocated to such Existing UKLAP Policies immediately prior to the Effective Date.

20 Allocation of Transferred Policies on the Effective Date

20.1 On and with effect from the Effective Date:

20.1.1 all of the Transferred Policies of FLL which were immediately prior to the Effective Date allocated to the FLC Old WPSF maintained by FLL shall be allocated to the FLC Old WPSF established by UKLAP;

20.1.2 all of the Transferred Policies of FLL which were immediately prior to the Effective Date allocated to the FLC New WPSF maintained by FLL shall be allocated to the FLC New WPSF established by UKLAP;

20.1.3 all of the Transferred Policies of FLL which were immediately prior to the Effective Date allocated to the FLAS WPSF maintained by FLL shall be allocated to the FLAS WPSF established by UKLAP;

- 20.1.4 all of the Transferred Policies of FLL which were immediately prior to the Effective Date allocated to the FP WPSF maintained by FLL shall be allocated to the FP WPSF established by UKLAP;
 - 20.1.5 all of the Transferred Policies of FLL which were immediately prior to the Effective Date allocated to the FPLAL WPSF maintained by FLL shall be allocated to the FPLAL WPSF established by UKLAP;
 - 20.1.6 all of the Transferred Policies of FLL which were immediately prior to the Effective Date allocated to the WL WPSF maintained by FLL shall be allocated to the WL WPSF established by UKLAP;
 - 20.1.7 all of the Transferred Policies of FLL which were immediately prior to the Effective Date allocated to the FLL NPSF maintained by FLL shall be allocated to the NPSF maintained by UKLAP;
 - 20.1.8 all of the Transferred Policies of FLP which were immediately prior to the Effective Date allocated to the FLP NPSF maintained by FLP shall be allocated to the NPSF maintained by UKLAP;
 - 20.1.9 all of the Transferred Policies of FLP (including any internal arrangement having an equivalent effect to reinsurance) which were immediately prior to the Effective Date allocated to the SGF maintained by FLP shall be allocated to the SGF established by UKLAP; and
 - 20.1.10 all of the Transferred Policies of AIPL shall be allocated to the NPSF maintained by UKLAP.
- 20.2** On and with effect from the Guernsey Effective Date (if later than the Effective Date), each Guernsey Policy shall be allocated to the UKLAP Sub-Fund to which it would have been allocated in accordance with the provisions of paragraph 20.1 had it been a Transferred Policy on the Effective Date.
- 20.3** On and with effect from the Jersey Effective Date (if later than the Effective Date), each Jersey Policy shall be allocated to the UKLAP Sub-Fund to which it would have been allocated in accordance with the provisions of paragraph 20.1 had it been a Transferred Policy on the Effective Date.

21 Allocation of Transferred Assets on the Effective Date

- 21.1** On and with effect from the Effective Date, there shall be allocated to the SHF maintained by UKLAP:
- 21.1.1 all of the Transferred Assets allocated immediately prior to the Effective Date to the FLL SHF maintained by FLL; and
 - 21.1.2 the beneficial interest in all assets held on trust pursuant to paragraph 14 and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provisions of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.1.1.

- 21.2** On and with effect from the Effective Date, there shall be allocated to the SHF maintained by UKLAP:
- 21.2.1** all of the Transferred Assets allocated immediately prior to the Effective Date to the FLP SHF; and
 - 21.2.2** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provision of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.2.1.
- 21.3** On and with effect from the Effective Date, the following shall be allocated to the FLC New WPSF established by UKLAP:
- 21.3.1** all of the Transferred Assets allocated immediately prior to the Effective Date to the FLC New WPSF maintained by FLL;
 - 21.3.2** all rights and benefits arising under an Excluded Policies Reassurance Agreement to the extent relating to Transferred Policies allocated immediately prior to the Effective Date to the FLC New WPSF maintained by FLL; and
 - 21.3.3** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provisions of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.3.1.
- 21.4** On and with effect from the Effective Date, the following shall be allocated to the FLC Old WPSF established by UKLAP:
- 21.4.1** all of the Transferred Assets allocated immediately prior to the Effective Date to the FLC Old WPSF maintained by FLL;
 - 21.4.2** all rights and benefits arising under an Excluded Policies Reassurance Agreement to the extent relating to Transferred Policies allocated immediately prior to the Effective Date to the FLC Old WPSF maintained by FLL; and
 - 21.4.3** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provisions of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.4.1.
- 21.5** On and with effect from the Effective Date, there shall be allocated to the FLAS WPSF established by UKLAP:
- 21.5.1** all of the Transferred Assets allocated immediately prior to the Effective Date to the FLAS WPSF maintained by FLL;
 - 21.5.2** all rights and benefits arising under an Excluded Policies Reassurance Agreement to the extent relating to Transferred Policies allocated immediately prior to the Effective Date to the FLAS WPSF maintained by FLL; and
 - 21.5.3** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent

that, but for falling within the provisions of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.5.1).

- 21.6** On and with effect from the Effective Date, there shall be allocated to the FP WPSF established by UKLAP:
- 21.6.1** all of the Transferred Assets allocated immediately prior to the Effective Date to the FP WPSF maintained by FLL;
 - 21.6.2** all rights and benefits arising under an Excluded Policies Reassurance Agreement to the extent relating to Transferred Policies allocated immediately prior to the Effective Date to the FP WPSF maintained by FLL; and
 - 21.6.3** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provisions of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.6.1).
- 21.7** On and with effect from the Effective Date, there shall be allocated to the FPLAL WPSF established by UKLAP:
- 21.7.1** all of the Transferred Assets allocated immediately prior to the Effective Date to the FPLAL WPSF maintained by FLL;
 - 21.7.2** all rights and benefits arising under an Excluded Policies Reassurance Agreement to the extent relating to Transferred Policies allocated immediately prior to the Effective Date to the FPLAL WPSF maintained by FLL; and
 - 21.7.3** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provisions of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.7.1).
- 21.8** On and with effect from the Effective Date, there shall be allocated to the WL WPSF established by UKLAP:
- 21.8.1** all of the Transferred Assets allocated immediately prior to the Effective Date to the WL WPSF maintained by FLL;
 - 21.8.2** all rights and benefits arising under an Excluded Policies Reassurance Agreement to the extent relating to Transferred Policies allocated immediately prior to the Effective Date to the WL WPSF maintained by FLL; and
 - 21.8.3** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provisions of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.8.1).

- 21.9** On and with effect from the Effective Date, there shall be allocated to the SGF established by UKLAP:
- 21.9.1** all of the Transferred Assets allocated immediately prior to the Effective Date to the SGF maintained by FLP; and
 - 21.9.2** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provisions of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.9.1).
- 21.10** On and with effect from the Effective Date, the following shall be allocated to the NPSF maintained by UKLAP:
- 21.10.1** Transferred Assets allocated immediately prior to the Effective Date to the FLL NPSF maintained by FLL;
 - 21.10.2** all rights and benefits arising under an Excluded Policies Reassurance Agreement to the extent relating to Excluded Policies allocated immediately prior to the Effective Date to the FLL NPSF maintained by FLL; and
 - 21.10.3** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provisions of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.10.1.
- 21.11** On and with effect from the Effective Date, the following shall be allocated to the NPSF maintained by UKLAP:
- 21.11.1** Transferred Assets allocated immediately prior to the Effective Date to the FLP NPSF maintained by FLP;
 - 21.11.2** all rights and benefits arising under an Excluded Policies Reassurance Agreement to the extent relating to Excluded Policies allocated immediately prior to the Effective Date to the FLP NPSF maintained by FLP; and
 - 21.11.3** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provisions of paragraph 14, such asset (or the asset to which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.11.1.
- 21.12** On and with effect from the Effective Date, the following shall be allocated to the NPSF maintained by UKLAP:
- 21.12.1** the Transferred Assets of AIPL;
 - 21.12.2** all rights and benefits arising under an Excluded Policies Reassurance Agreement to the extent relating to Excluded Policies of AIPL; and
 - 21.12.3** the beneficial interest in all assets held on trust pursuant to paragraph 14, and the right to receive any payment, asset or right pursuant to paragraph 14, to the extent that, but for falling within the provisions of paragraph 14, such asset (or the asset to

which such payment, asset or right relates) would have fallen within the provisions of paragraph 21.12.1.

22 Allocation of Transferred Liabilities on the Effective Date

- 22.1** On and with effect from the Effective Date, there shall be allocated to the SHF maintained by UKLAP all of the Transferred Liabilities allocated immediately prior to the Effective Date to the FLL SHF maintained by FLL.
- 22.2** On and with effect from the Effective Date, there shall be allocated to the SHF maintained by UKLAP all of the Transferred Liabilities allocated immediately prior to the Effective Date to the FLP SHF maintained by FLP.
- 22.3** On and with effect from the Effective Date, there shall be allocated to the NPSF maintained by UKLAP:
- 22.3.1** all of the Transferred Liabilities relating to the AIPL Transferred Business;
 - 22.3.2** all liabilities attributable to an Excluded Policies Reassurance Agreement to the extent relating to Excluded Policies of AIPL;
 - 22.3.3** the liability to indemnify AIPL pursuant to paragraph 16 to the extent that the liability or asset to which such indemnity relates is allocated by paragraphs 21.12.1 or 22.3.1 to the NPSF; and
 - 22.3.4** the liability to discharge liabilities on AIPL's behalf pursuant to paragraph 16, to the extent that such liability relates to Transferred Business of AIPL.
- 22.4** On and with effect from the Effective Date, the following shall be allocated to the FLC New WPSF established by UKLAP:
- 22.4.1** all Transferred Liabilities allocated immediately prior to the Effective Date to the FLC New WPSF maintained by FLL;
 - 22.4.2** all liabilities attributable to an Excluded Policies Reassurance Agreement to the extent relating to Excluded Policies allocated immediately prior to the Effective Date to the FLC New WPSF maintained by FLL;
 - 22.4.3** the liability to indemnify the relevant Transferor Company pursuant to paragraph 16 to the extent that the liability or asset to which such indemnity relates is allocated by paragraphs 21.3.1 or 22.4.1 to the FLC New WPSF; and
 - 22.4.4** the liability to discharge liabilities on the relevant Transferor Company's behalf pursuant to paragraph 16, to the extent that such liability relates to Transferred Business allocated immediately prior to the Effective Date to the FLC New WPSF maintained by FLL.
- 22.5** On and with effect from the Effective Date, the following shall be allocated to the FLC Old WPSF established by UKLAP:
- 22.5.1** all of the Transferred Liabilities allocated immediately prior to the Effective Date to the FLC Old WPSF maintained by FLL;
 - 22.5.2** all liabilities attributable to an Excluded Policies Reassurance Agreement to the extent relating to Excluded Policies allocated immediately prior to the Effective Date to the FLC Old WPSF maintained by FLL;

- 22.8.3** the liability to indemnify the relevant Transferor Company pursuant to paragraph 16 to the extent that the liability or asset to which such indemnity relates is allocated by paragraphs 21.7.1 or 22.8.1 to the FPLAL WPSF; and
- 22.8.4** the liability to discharge liabilities on the relevant Transferor Company's behalf pursuant to paragraph 16, to the extent that such liability relates to Transferred Business allocated immediately prior to the Effective Date to the FPLAL WPSF maintained by FLL.
- 22.9** On and with effect from the Effective Date, the following shall be allocated to the WL WPSF established by UKLAP:

 - 22.9.1** all of the Transferred Liabilities allocated immediately prior to the Effective Date to the WL WPSF maintained by FLL;
 - 22.9.2** all liabilities attributable to an Excluded Policies Reassurance Agreement to the extent relating to Excluded Policies allocated immediately prior to the Effective Date to the WL WPSF maintained by FLL;
 - 22.9.3** the liability to indemnify the relevant Transferor Company pursuant to paragraph 16 to the extent that the liability or asset to which such indemnity relates is allocated by paragraphs 21.8.1 or 22.9.1 to the WL WPSF; and
 - 22.9.4** the liability to discharge liabilities on the relevant Transferor Company's behalf pursuant to paragraph 16, to the extent that such liability relates to Transferred Business allocated immediately prior to the Effective Date to the WL WPSF maintained by FLL.
- 22.10** On and with effect from the Effective Date, the following shall be allocated to the SGF established by UKLAP:

 - 22.10.1** all of the Transferred Liabilities allocated immediately prior to the Effective Date to the SGF maintained by FLP;
 - 22.10.2** the liability to indemnify the relevant Transferor Company pursuant to paragraph 16 to the extent that the liability or asset to which such indemnity relates is allocated by paragraphs 21.9.1 or 22.10.1 to the SGF; and
 - 22.10.3** the liability to discharge liabilities on the relevant Transferor Company's behalf pursuant to paragraph 16, to the extent that such liability relates to Transferred Business allocated immediately prior to the Effective Date to the SGF maintained by FLP.
- 22.11** On and with effect from the Effective Date, the following shall be allocated to the NPSF maintained by UKLAP:

 - 22.11.1** the Transferred Liabilities allocated immediately prior to the Effective Date to the FLL NPSF maintained by FLL;
 - 22.11.2** all liabilities attributable to an Excluded Policies Reassurance Agreement to the extent relating to Excluded Policies allocated immediately prior to the Effective Date to the FLL NPSF maintained by FLL;
 - 22.11.3** the liability to indemnify FLL pursuant to paragraph 16 to the extent that the liability or asset to which such indemnity relates is allocated by paragraphs 21.10.1 or 22.11.1 to the FLL NPSF; and

22.11.4 the liability to discharge liabilities on FLL's behalf pursuant to paragraph 16, to the extent that such liability relates to Transferred Business allocated immediately prior to the Effective Date to the FLL NPSF.

22.12 On and with effect from the Effective Date, the following shall be allocated to the NPSF maintained by UKLAP:

22.12.1 the Transferred Liabilities allocated immediately prior to the Effective Date to the FLP NPSF maintained by FLP;

22.12.2 all liabilities attributable to an Excluded Policies Reassurance Agreement to the extent relating to Excluded Policies allocated immediately prior to the Effective Date to the FLP NPSF maintained by FLP;

22.12.3 the liability to indemnify FLP pursuant to paragraph 16 to the extent that the liability or asset to which such indemnity relates is allocated by paragraphs 21.11.1 or 22.12.1 to the FLP NPSF; and

22.12.4 the liability to discharge liabilities on FLP's behalf pursuant to paragraph 16, to the extent that such liability relates to Transferred Business allocated immediately prior to the Effective Date to the FLP NPSF.

22.13 If any doubt or difference shall arise as to the allocation or attribution of any Transferred Asset or Transferred Liability in accordance with this Scheme, the same shall be determined by the UKLAP Board, having taken account of appropriate actuarial advice.

23 Allocation of transferred Linked Fund assets and liabilities

23.1 On and with effect from the Effective Date, the assets and any associated liabilities comprised in each Linked Fund of a Transferor Company shall be allocated to and become comprised in a new corresponding Linked Fund established by UKLAP within the UKLAP Sub-Fund to which they are allocated in accordance with paragraphs 21 and 22, comprising immediately following the Effective Date the same number and value of units as were comprised within the relevant Linked Fund of the relevant Transferor Company immediately prior to the Effective Date.

23.2 On and with effect from the Effective Date:

23.2.1 subject always to the provisions of this paragraph 23, in relation to any rights, powers and benefits under Transferred Policies which are linked to a Linked Fund established by UKLAP pursuant to paragraph 23.1, UKLAP shall become entitled to the same rights, powers and benefits and be subject to the same duties and liabilities as applied to the relevant Transferor Company in relation to the corresponding Linked Fund of the relevant Transferor Company immediately prior to the Effective Date; and

23.2.2 benefits under any Transferred Policy which, immediately prior to the Effective Date, were linked to any one or more Linked Fund(s) of a Transferor Company shall become linked to the corresponding new Linked Fund(s) of UKLAP and UKLAP shall as at the Effective Date allocate to each such Transferred Policy the same number and classes of units in the corresponding new Linked Fund(s) of UKLAP as the number and classes of units in the relevant Linked Fund(s) of the relevant Transferor Company which were allocated to the Transferred Policy immediately prior to the Effective Date.

23.3 If any asset or liability comprised in a Linked Fund of any Transferor Company or UKA falls within the provisions of paragraphs 14.1 or 15.1 respectively, all obligations, interests and rights in relation to such asset or liability shall be allocated to the relevant Linked Fund maintained or established by UKLAP to which such asset or liability would, had it been a Transferred Asset or UKA Transferred Asset (as applicable) or Transferred Liability or UKA Transferred Liability, have been allocated.

23.4 On and with effect from the relevant Subsequent Transfer Date or UKA Subsequent Transfer Date each Residual Asset or UKA Residual Asset (as applicable) or Residual Liability or UKA Residual Liability (as applicable) which is comprised in a Linked Fund of each Transferor Company or UKA (as applicable) shall be allocated to the Linked Fund of UKLAP to which it would have been allocated pursuant to this paragraph 23 had it been a Transferred Asset or UKA Transferred Asset or Transferred Liability or UKA Transferred Liability (as applicable).

24 Allocation of Residual Assets, Residual Liabilities, UKA Residual Assets and UKA Residual Liabilities on Subsequent Transfer Dates or UKA Subsequent Transfer Dates

24.1 On and with effect from each Subsequent Transfer Date or UKA Subsequent Transfer Date (as applicable), each Residual Asset or UKA Residual Asset to which such Subsequent Transfer Date or UKA Subsequent Transfer Date applies shall be allocated to:

24.1.1 in the case of a Residual Asset, the UKLAP Sub-Fund to which it would have been specifically allocated on the Effective Date under paragraph 21 or, in the case of shareholder assets, to the SHF; or

24.1.2 in the case of a UKA Residual Asset, to the NPSF (excluding the RIEESA) where it was not allocated to the shareholder fund of UKA immediately prior to the Effective Date and to the SHF where it was allocated to the shareholder fund of UKA immediately prior to the Effective Date.

24.2 On and with effect from each Subsequent Transfer Date or UKA Subsequent Transfer Date, each Residual Liability or UKA Residual Liability to which such Subsequent Transfer Date or UKA Subsequent Transfer Date applies shall be allocated to:

24.2.1 in the case of a Residual Liability, the UKLAP Sub-Fund to which it would have been specifically allocated on the Effective Date under paragraph 22 or, in the case of liabilities allocated immediately prior to the Effective Date to either the FLL SHF maintained by FLL or the FLP SHF maintained by FLP, to the SHF; or

24.2.2 in the case of a UKA Residual Liability to the NPSF (excluding the RIEESA) where it was not allocated to the shareholder fund of UKA immediately prior to the Effective Date and to the SHF where it was allocated to the shareholder fund of UKA immediately prior to the Effective Date.

24.3 Any liability to indemnify UKA pursuant to paragraph 16 and the liability to discharge liabilities on UKA's behalf, or failing which to indemnify UKA, pursuant to paragraph 16, shall be allocated to the NPSF (excluding the RIEESA) or to the SHF depending on where such liability (or the property to which such liability relates) would have been allocated in accordance with the UKA Scheme had it been a UKA Transferred Liability at the Effective Date.

24.4 If any doubt or difference shall arise as to the allocation or attribution of any Residual Asset or Residual Liability, UKA Residual Asset or UKA Residual Liability in accordance with this Scheme the same shall be determined by the UKLAP Board, having taken account of appropriate actuarial advice.

PART 4 – OPERATION OF THE UKLAP SUB-FUNDS

25 Allocation of continuing business

25.1 UKLAP shall continue to allocate premiums or increments receivable on or after the Effective Date in respect of a Transferred Policy or an Existing UKLAP Policy to the UKLAP Sub-Fund to which such Policy is allocated pursuant to Part 3, subject to the provisions set out below:

25.1.1 any WP Part of an Existing UKLAP Policy which was a Non-Elected Policy or an Elected Policy for the purposes of the UKLAP Reattribution Scheme and which represents a single premium increment received or a switch to with-profits investment effected after the Effective Date shall continue to be allocated to:

- (i) the Old WPSF if the Policy was a Non-Elected Policy for the purposes of the UKLAP Reattribution Scheme; or
- (ii) to the New WPSF (without internal reinsurance into the Old WPSF) if the Policy was an Elected Policy for the purposes of the UKLAP Reattribution Scheme,

provided that in each case, UKLAP shall continue to have the right at any time after the Effective Date, subject to prior disclosure to the holders of such Policies, to change the basis of allocation of future single premium increments or switches to with-profits investment so that they are in all cases allocated to the New WPSF and proportionally reassured to the Old WPSF in the Old WPSF Proportion;

25.1.2 any WP Part of an Existing UKLAP Policy which does not fall within the scope of paragraph 25.1.1 and which was allocated to the New WPSF and reassured to the Old WPSF in the Old WPSF Proportion prior to the Effective Date and which represents a single premium increment received or a switch into with-profits investment effected at any time after the Effective Date shall be treated as a New Policy to which paragraph 26 shall apply; and

25.1.3 in respect of an Existing UKLAP Policy which was allocated to the New WPSF and/or the Old WPSF prior to the Effective Date and the UL Part of such Existing UKLAP Policy is to be retained within the New WPSF and/or the Old WPSF, any UL Part which represents a switch to a unit-linked investment at any time after the Effective Date shall be allocated to the New WPSF and the Old WPSF in the New WPSF Proportion and Old WPSF Proportion respectively.

25.2 UKLAP shall (subject as provided in paragraphs 25.3 and 25.4) treat any Policy which comes into force on or after the Effective Date as a result of:

25.2.1 an option or right contained in any Transferred Policy or Existing UKLAP Policy allocated to a UKLAP Sub-Fund pursuant to Part 3; or

25.2.2 as a result of any offer made by UKLAP to the holder of any such Policy,

as if it were a New Policy for the purposes of its allocation to a UKLAP Sub-Fund and shall allocate such a Policy in accordance with paragraph 26.

25.3 Notwithstanding the provisions of paragraph 25.2 but subject always to the provisions of paragraph 26.4 and, in the case of the UKA Co-insured Policies, paragraph 32:

25.3.1 where the terms of any such option or right require the New Policy to be allocated to the same UKLAP Sub-Fund as the original Policy, the New Policy shall be allocated

accordingly, which shall include writing or reinsuring in or to the FP WPSF a Policy if required under the terms of a FP Demutualisation Protected Policy; or

25.3.2 where the holder of an Existing UKLAP Policy which was a WP Policy allocated to the Old WPSF on the UKLAP Reattribution Scheme Effective Date responds to an offer by UKLAP to replace his Policy with another WP Policy, such replacement WP Policy shall also be allocated to the Old WPSF; or

25.3.3 increments to Policies which are allocated to the FLC Old WPSF or the FLC New WPSF shall be allocated to the same FLC Fund as the Policy to which they relate.

25.4 UKLAP shall continue to allocate to the PM SF:

25.4.1 all premiums and other receipts in respect of Policies allocated to the PM SF;

25.4.2 subject to paragraph 25.4.3:

(i) any Policy which comes into force on or after the Effective Date; or

(ii) any commitment of UKLAP resulting from any additional investment in, or extension or reinvestment of the proceeds of, any Policy allocated to the PM SF on maturity,

in each case pursuant to the exercise of a contractual right or expectation derived from or under the terms of a Policy allocated to the PM SF (the “**PM Incremental Business**”); and

25.4.3 all PM Incremental Business arising out of any Policy allocated to the PM SF and issued in respect of a pension scheme to which the “Pension Assured Fund Type I” Linked Fund or the “Pension Assured Fund Type II” Linked Fund relates or the admission to any such pension scheme of new members eligible to join under the scheme rules.

25.5 UKLAP shall allocate each Excluded Policy (if any) which is novated or transferred to UKLAP after the Effective Date to the UKLAP Sub-Fund to which such Policy would have been allocated on the Effective Date pursuant to Part 3 as if it had been a Transferred Policy.

26 Allocation of New Policies

26.1 Subject to paragraphs 25.2, 25.3, 26.2, 26.3 and 26.4, UKLAP shall allocate New Policies to such UKLAP Sub-Fund as may be determined by the UKLAP Board, having taken account of appropriate actuarial advice and having regard to the nature of the New Policy, provided that:

26.1.1 such allocation is not inconsistent with the terms of the New Policy and the regulatory requirements and governance principles applicable to such UKLAP Sub-Fund, including UKLAP’s duty to pay due regard to the interests of its policyholders and to treat them fairly and (in relation to any UKLAP With-Profits Sub-Fund) the UKLAP PPFMs applicable to such UKLAP With-Profits Sub-Fund;

26.1.2 any New Policy (or part of it) that is a WP Policy and is issued by UKLAP after the Effective Date may be allocated to the Old WPSF only by way of internal reinsurance from the New WPSF to the Old WPSF of the Old WPSF Relevant Proportion of the liabilities under the New Policy that are allocated or reassured to the New WPSF as set out in paragraph 29;

- 26.1.3** any New Policy (or part of it) that is a WP Policy and is issued by UKLAP after the Effective Date may be allocated to the FLC Old WPSF only by way of internal reinsurance from the FLC New WPSF in accordance with paragraph 30.2;
- 26.1.4** subject to the Old/New WPSF PPFM in relation to assets supporting Asset Shares of WP Policies, any New Policy (or part of it) that is not a WP Policy and is issued by UKLAP after the Effective Date may be allocated or internally reassured to the Old WPSF only if such allocation results, whether through internal reinsurance or co-insurance, in the Old WPSF bearing not more than the Old WPSF Proportion of the liabilities under the Policy (or relevant part of the New Policy) which are allocated or internally reassured to the Old WPSF, the New WPSF and the RIEESA in aggregate. For these purposes to the extent that such a Policy is supported by the RIEESA as envisaged in the Old/New WPSF PPFM it shall be deemed to be allocated or internally reassured to the RIEESA; and
- 26.1.5** any New Policy that is a Stakeholder Pension Policy and is issued by UKLAP after the Effective Date may be allocated to any UKLAP Sub-Fund as provided in this paragraph 26.1, but the with-profits investment element will be internally reassured to the Stakeholder WPSF as provided in paragraph 29.4.2 and where allocated to a UKLAP With-Profits Sub-Fund, the Non-Profit Element will be internally reassured to the NPSF or to such other Non-Profit Sub-Fund as the UKLAP Board may determine as provided in paragraph 29.8.
- 26.2** New Policies that have a right (including an option whether or not exercised) to participate, directly or indirectly, in the profits or surplus of the UKLAP WPSF may only be written and allocated or internally reassured to the UKLAP WPSF if it is open to new business at the time and on such terms and volumes as in the opinion of the UKLAP Board, having considered the financial strength of the relevant UKLAP WPSF and having taken account of appropriate actuarial advice, will not prejudice the interests of holders of Policies then allocated or internally reassured to the UKLAP WPSF.
- 26.3** Save as permitted under paragraph 25.4 or 32.5.1 or in respect of internal reinsurance to the PM SF in accordance with paragraph 29, no New Policies shall be allocated to the PM SF.
- 26.4** Without prejudice to the specific provisions of paragraph 28 in respect of certain UKLAP Reattribution Scheme Transferred Policies, where, but for the provisions of this Scheme, UKLAP would be obliged after the Effective Date to write and allocate to a UKLAP With-Profits Sub-Fund any New Policy which is a Non-Profit Policy (including pension annuities) by reason of contractual rights arising under a relevant Policy and which are exercised by the policyholder after the Effective Date, UKLAP shall not be obliged to allocate any such Policy to the relevant UKLAP With-Profits Sub-Fund but may instead allocate such Policy to the NPSF or to such other Non-Profit Sub-Fund as it may determine and on such basis as the UKLAP Board determines from time to time having consulted with the With-Profits Committee and having taken account of appropriate actuarial advice (which for the avoidance of doubt, includes the FLAS Vesting Annuity Redirection referred to in Part 4 of Schedule 2 and any cessation of such redirection).
- 26.5** The UKLAP Board shall be entitled to change the allocation of New Policies but without prejudice to paragraphs 26.1, 29.4.1 and 29.4.2 provided that the UKLAP Board may reduce the proportion in which Policies issued by UKLAP after the Effective Date which are WP

Policies are reinsured to the Old WPSF to less than the Old WPSF Proportion with the approval of the With-Profits Committee.

27 Re-allocation of certain Policies

27.1 Reallocation of Non-Profit Policies

Subject to paragraph 28 and, in respect of Peak Transferring Policies, paragraph 27.3, UKLAP may re-allocate any Non-Profit Policy or all or any part of a WP Policy which is or becomes a Non-Profit Policy (other than as a result of switching which is provided for under paragraph 38):

- 27.1.1** to any UKLAP Sub-Fund (other than to the PM SF, the Belgian SF, the Irish WPSF or the FL With-Profits Sub-Funds) to which Non-Profit Business may be allocated (under this Scheme or otherwise) (including to the RIEESA, the New WPSF or the Old WPSF in accordance with the Old/New WPSF PPFM); or
- 27.1.2** to become an investment of Asset Shares in any UKLAP With-Profits Sub-Fund (other than the PM SF, the Irish WPSF or the FL With-Profits Sub-Funds) or so that it is no longer such an investment,

in each case (except in the case of re-allocation under paragraph 61.8) provided that:

- (i) such re-allocation is not inconsistent with the provisions of paragraphs 26.1.2 and 26.1.4 (disregarding the reference therein to New Policies), the terms of the Policy, Regulatory Requirements and applicable governance principles and where it involves a UKLAP With-Profits Sub-Fund established or maintained pursuant to paragraph 17.1 or the RIEESA, the reallocation has received the approval of the With-Profits Committee;
- (ii) where paragraph 27.1.1 applies but save where paragraph (iii) below applies, in the opinion of the UKLAP Board having taken account of appropriate actuarial advice, cash or assets are transferred or re-allocated from the UKLAP Sub-Fund to which the Policy is allocated to the UKLAP Sub-Fund to which the Policy is to be re-allocated, which cash and/or assets have a Market Value consistent with the corresponding transfer of liability and risk on a fair and equitable basis or, in the case of a re-allocation from the PM SF, the arrangement, including the transfer or re-allocation of assets from the PM SF, is on arm's length commercial terms;
- (iii) where paragraph 27.1.2 applies, in the opinion of the UKLAP Board having taken account of appropriate actuarial advice, cash or assets are transferred or re-allocated from Asset Shares where the Non-Profit Policy is allocated to Asset Shares, or to Asset Shares where the Non-Profit Policy is being re-allocated to Asset Shares, in each case from assets held in the relevant UKLAP With-Profits Sub-Fund and not allocated at that time to Asset Shares, which cash and/or assets have a Market Value consistent with the corresponding transfer of liability and risk on a fair and equitable basis;
- (iv) in the case of a re-allocation of any Non-Profit Policy allocated to any FL With-Profits Sub-Fund to a Non-Profit Sub-Fund provided that in the opinion of the UKLAP Board, having taken account of appropriate actuarial advice, and with the approval of the With-Profits Committee:

- (a) cash or assets are transferred or reallocated from (or to) the FL With-Profits Sub-Fund to which the Non-Profit Policy was allocated to (or from) the relevant Non-Profit Sub-Fund which cash and/or assets have a Market Value consistent with the corresponding transfer of liability and risk on a fair and equitable basis; and
 - (b) where the assets which are to be transferred or reallocated from (or to) the relevant FL With-Profits Sub-Fund to (or from) the relevant Non-Profit Sub-Fund pursuant to this paragraph (iv), when taken together with any other assets so transferred or reallocated in the 12 month period ending on the date of the notice referred to in sub-paragraph (I) below, have a Market Value in aggregate of more than £20,000,000 increased annually in line with the Retail Prices Index:
 - (I) the UKLAP Board has notified the PRA and the FCA of the proposed transfer or reallocation and neither the PRA nor the FCA has objected thereto within two months of such notification; and
 - (II) an independent actuary has provided UKLAP with a certificate to the effect that such transfer will not have a material adverse effect on policyholders whose Policies are allocated to the relevant Non-Profit Sub-Fund or the relevant FL With-Profits Sub-Fund; and
- 27.1.3** the UKLAP Board is satisfied (having taken account of appropriate actuarial advice) that such re-allocation (considered in the aggregate with other re-allocations of the same type planned to be made in the next five years or actually made within the five years immediately prior to the date of the proposed re-allocation or, subject to the approval of the With-Profits Committee, such other period) will not have a material adverse effect on the Policy being re-allocated or on the holders of Policies then allocated to or reassured to the UKLAP Sub-Fund to which, or from which, such Policy is proposed to be re-allocated (save in the case of a re-allocation of any Non-Profit Policy allocated to any FL With-Profits Sub-Fund, where the requirements of paragraph 27.1.2(iv) have been met).

27.2 Reallocation of WP Policies

Subject to paragraph 27.3 in respect of Peak Transferring Policies, UKLAP may re-allocate any WP Policy or all or any WP Part of a Policy (other than from the UKLAP WPSF) to any UKLAP Sub-Fund that is not a Non-Profit Sub-Fund, an Existing UKLAP Reserved Sub-Fund, the PM SF or the Irish WPSF, provided that:

27.2.1 such re-allocation is not inconsistent with the terms of the Policy, Regulatory Requirements and governance principles applicable to the transferor UKLAP With-Profits Sub-Fund, including the UKLAP PPFMs applicable to such UKLAP With-Profits Sub-Fund and UKLAP's duty to pay due regard to the interests of its policyholders and to treat them fairly;

27.2.2 either:

- (i) unless paragraph (ii) below applies, assets are transferred or re-allocated from the UKLAP With-Profits Sub-Fund to which the Policy was allocated to the UKLAP With-Profits Sub-Fund to which the Policy is to be re-allocated,

which assets are of Market Value consistent with the premium that UKLAP would have charged for the corresponding transfer of liability and risk had it issued a New Policy in respect thereof or, if no such price can be calculated, on a fair and equitable basis and provided that the terms of the transfer are such that any entitlement of the Policy to participate in surplus is fairly reflected; or

- (ii) if the Policy is to be re-allocated from the PM SF, the arrangement, including the transfer or re-allocation of assets, is on arm's length commercial terms and subject to the consent of the holder of the Policy;

- 27.2.3** the UKLAP Board is satisfied, having taken account of appropriate actuarial advice, that such re-allocation (considered in the aggregate with other re-allocations of the same type planned to be made in the next five years or actually made within the five years immediately prior to the date of the proposed allocation or, subject to the approval of the With-Profits Committee, such other period) will not have a material adverse effect on the Policy or Policies being re-allocated or on the holders of Policies then allocated or reassured to the UKLAP With-Profits Sub-Fund to which or from which such Policy or Policies are proposed to be re-allocated;
- 27.2.4** the re-allocation shall be subject to the approval of the With-Profits Committee;
- 27.2.5** the Policy (or any part of it) may not be re-allocated to the Old WPSF or the New WPSF unless such re-allocation results, whether through internal reinsurance or co-insurance, in the Old WPSF bearing the Old WPSF Proportion and the New WPSF bearing the New WPSF Proportion of the total liabilities under the re-allocated Policy (or re-allocated part of the Policy) allocated to the Old WPSF and the New WPSF;
- 27.2.6** any Policy (or part of it) allocated outside the FLC Funds may not be re-allocated to the FLC Old WPSF or the FLC New WPSF unless such re-allocation results, whether through internal reinsurance or co-insurance, in the FLC Old WPSF bearing the FLC Old Fund Proportion of the total liabilities under the re-allocated Policy (or re-allocated part of the Policy) allocated to the FLC Funds and the FLC New WPSF bearing the rest of the liabilities;
- 27.2.7** where the Policy is to be allocated in whole or in part to the New WPSF, or from the New WPSF, the amount to be debited and credited to the Aggregate Asset Shares of the WP Policies allocated at the relevant time to the New WPSF shall be subject to the approval of the With-Profits Committee;
- 27.2.8** save as provided in paragraph 28, no such Policy (or part of a Policy) may be re-allocated from the Old WPSF or the New WPSF unless the Policy (or part of the Policy) to be re-allocated is allocated in part to the Old WPSF and in part to the New WPSF and the re-allocation is made in respect of the part allocated to the Old WPSF, in the Old WPSF Proportion and, in respect of the part allocated to the New WPSF, the New WPSF Proportion respectively (and adjusting the internal reinsurance accordingly); and
- 27.2.9** an opinion has been obtained from an independent actuary concluding that the re-allocation does not have a material adverse effect on the interests of any group of with-profits policyholders (including the holder(s) of any such re-allocated With-Profits Policy/ies).

27.3 Nothing in this paragraph 27 shall prevent UKLAP from re-allocating any Peak Transferring Policies to any UKLAP Sub-Fund provided that such re-allocation is not inconsistent with the terms of the relevant Peak Transferring Policy, Regulatory Requirements and applicable governance principles and UKLAP's duty to pay due regard to the interests of its policyholders and to treat them fairly.

28 Allocation of Annuities

28.1 UKLAP shall, at the time an annuity first becomes payable under a UKLAP Reattribution Scheme Transferred Policy which is a WP Policy, reallocate all, or the relevant part, of the WP Policy allocated to the New WPSF and/or the Old WPSF in respect of which a non-profit annuity is required to be provided by UKLAP under the terms of such WP Policy in accordance with this paragraph 28.1:

28.1.1 where the affected UKLAP Reattribution Scheme Transferred Policy was an Elected Policy for the purposes of the UKLAP Reattribution Scheme, an amount equal to the Old WPSF Proportion of the cost of meeting the annuity benefits under the Policy will be transferred from the New WPSF to the Old WPSF and the liability to pay the annuity benefits under the Policy will be allocated as to the Old WPSF Proportion to the Old WPSF and as to the New WPSF Proportion to the New WPSF;

28.1.2 where the affected UKLAP Reattribution Scheme Transferred Policy was a Non-Elected Policy for the purposes of the UKLAP Reattribution Scheme, an amount equal to the New WPSF Proportion of the cost of meeting the annuity benefits under the Policy will be transferred from the Old WPSF to the New WPSF and the liability to pay the annuity benefits under the Policy will be allocated as to the Old WPSF Proportion to the Old WPSF and as to the New WPSF Proportion to the New WPSF;

28.1.3 where the affected UKLAP Reattribution Scheme Transferred Policy was not an Elected Policy or a Non-Elected Policy and there has been prior to the date of vesting of the annuity benefits a distribution or other enhancement of policy benefits for WP Policies in the Old WPSF under paragraph 46, the cost of meeting the annuity benefits under the Policy to be met by the Old WPSF and the New WPSF respectively shall be calculated based on their respective liability to pay benefits under the affected UKLAP Reattribution Scheme Transferred Policy at the time of the vesting of the annuity benefits. These amounts shall be aggregated and from this the appropriate amount of assets to be transferred from the Old WPSF to the New WPSF shall reflect that the liability to pay annuity benefits under the Policy will be allocated as to the Old WPSF Proportion to the Old WPSF and as to the New WPSF Proportion to the New WPSF; and

28.1.4 in each of the situations in paragraphs 28.1.1 to 28.1.3 the UKLAP Board shall, having taken account of appropriate actuarial advice:

- (i) calculate the cost of meeting the annuity benefits referred to in such paragraphs on a basis which is fair and equitable; and
- (ii) where assets are to be transferred or reallocated pursuant to such paragraphs, shall identify the assets to be so transferred or reallocated having a Market Value consistent with the corresponding transfer or re-allocation of liability on such fair and equitable basis.

28.2 To the extent that any Policy is reallocated under this paragraph 28 any liabilities relating to that Policy (including without prejudice to the generality of the foregoing any mis-selling liabilities in respect of that Policy which were allocated to the UKLAP With-Profits Sub-Fund to which the Policy was originally allocated or to another UKLAP With-Profits Sub-Fund) shall (subject to compliance with the requirement to treat customers fairly) also be reallocated.

29 Existing UKLAP internal reinsurance arrangements and reinsurance of HLDAC

29.1 Reinsurance of WP Part of DC Policies and PM UL Policies

UKLAP shall continue the internal reinsurance arrangements in place at the Effective Date whereby:

29.1.1 100 per cent. of the liabilities, net of external reinsurance, under the WP Part of Existing UKLAP Policies which are DC Policies which were allocated to the NPSF immediately prior to the Effective Date shall continue to be internally reassured to the UKLAP WPSF subject to the provisions of paragraph 29.6; and

29.1.2 100 per cent. of the liabilities, net of external reinsurance, under the PM UL Policies allocated to the PM SF shall be internally reassured to the NPSF subject to the provisions of paragraph 29.7.

29.2 Reinsurance of Existing UKLAP Policies which are Stakeholder Pension Policies

UKLAP shall continue the following arrangements equivalent to reinsurance in respect of Existing UKLAP Policies in place at the Effective Date:

29.2.1 subject to the recapture provisions of paragraph 29.5, 100 per cent. of the liabilities under the WP Part of Existing UKLAP Policies that are Stakeholder Pension Policies allocated to the New WPSF and, through internal reinsurance, to the Old WPSF shall be internally reassured from the Old WPSF and the New WPSF to the Stakeholder WPSF subject to the provisions of paragraph 29.6;

29.2.2 subject to the recapture provisions of paragraph 29.5, 100 per cent. of the liabilities under the Non-Profit Element of Existing UKLAP Policies that are Stakeholder Pension Policies allocated to the New WPSF and, through internal reinsurance, to the Old WPSF shall be internally reassured from the Old WPSF and the New WPSF to the NPSF, subject to the provisions of paragraph 29.8; and

29.2.3 subject to the re-capture provisions of paragraph 29.5, 100 per cent. of the Non-Profit Element of Existing UKLAP Policies issued since the UKLAP Reattribution Scheme Effective Date that are Stakeholder Pension Policies allocated to a UKLAP With-Profits Sub-Fund other than the Old WPSF and the New WPSF (to which paragraph 29.2.2 applies), shall be internally reassured from the relevant UKLAP With-Profits Sub-Fund to which they are allocated to the NPSF or such other Non-Profit Sub-Fund as the UKLAP Board may determine, subject to the provisions of paragraph 29.8.

29.3 Old WPSF reinsurance of HLDAC Elected Reinsurance Agreement

There shall continue to be internally reassured from the New WPSF to the Old WPSF, subject to the provisions of paragraph 29.10, the Old WPSF Proportion of those liabilities, (net of

other external reinsurance) under the HLDAC Elected Reinsurance Agreement that relates to the WP Policies of HLDAC that are reassured under such agreement and are In Force on the Effective Date but were not In Force on the UKLAP Reattribution Scheme Qualifying Date (including Hybrid Policies that were issued before the UKLAP Reattribution Scheme Qualifying Date but did not have a WP Part as at that date).

29.4 Reinsurance of New Policies

UKLAP shall continue the following arrangements equivalent to reinsurance in place at the Effective Date in respect of any New Policies issued after the Effective Date:

- 29.4.1** those liabilities under any New Policies that, in either case, are WP Policies (including the WP Part of a Hybrid Policy) that are allocated to the New WPSF shall be internally reassured to the Old WPSF, to the extent of the Old WPSF Relevant Proportion (as calculated under paragraph 29.4.3) of such liabilities net of external reinsurance, subject to the provisions of paragraph 29.10;
- 29.4.2** subject to the re-capture provisions of paragraph 29.5, 100 per cent. of the liabilities under the WP Part of any New Policies that are Stakeholder Pension Policies shall be internally reassured from the UKLAP Sub-Fund to which they are allocated to the Stakeholder WPSF, subject to the provisions of paragraph 29.6;
- 29.4.3** any of the liabilities under any New Policies that, in either case, are WP Policies (including the WP Part of a Hybrid Policy) that are allocated to the New WPSF may be internally reassured to the UKLAP WPSF. The proportion (if any) of such liabilities to be so internally reassured to the UKLAP WPSF (the “**UKLAP WPSF Relevant Proportion**”) shall be determined from time to time by the UKLAP Board, after having considered the financial strength of the UKLAP WPSF and having taken account of appropriate actuarial advice provided that any such internal reinsurance of WP Policies shall be on terms and volumes which in the opinion of the UKLAP Board, having taken account of appropriate actuarial advice, will not prejudice the interests of holders of Policies then allocated to the UKLAP WPSF. For the purposes of paragraphs 29.3 or 29.4.1, the Old WPSF Relevant Proportion in relation to any such Policies (or parts of Policies) that are internally reassured in part to the UKLAP WPSF shall be equal to the product of one minus the UKLAP WPSF Relevant Proportion multiplied by the Old WPSF Proportion and at any time when the UKLAP WPSF Relevant Proportion is zero, shall be the Old WPSF Proportion; and
- 29.4.4** subject to the recapture provisions of paragraph 29.5, 100 per cent. of the liabilities under the Non-Profit Element of any New Policies that are Stakeholder Pension Policies allocated to a UKLAP With-Profits Sub-Fund, shall be internally reassured from the relevant UKLAP With-Profits Sub-Fund to which they are allocated to the NPSF or such other Non-Profit Sub-Fund as the UKLAP Board may determine, subject to the provisions of paragraph 29.8.

29.5 The internal reinsurance established under paragraphs 29.2.1, 29.2.2, 29.2.3, 29.4.2 and 29.4.4 may be recaptured if:

- 29.5.1** and to the extent that such recapture and/or alternative arrangements established to replace such internal reinsurance comply with applicable Regulatory Requirements from time to time;
- 29.5.2** the UKLAP Board so determines, having taken account of appropriate actuarial advice;

- 29.5.3 the UKLAP Board has taken account of its duty to pay due regard to the interests of its policyholders and to treat them fairly; and
- 29.5.4 in the case of paragraphs 29.2.1, 29.2.2 and 29.4.2, the approval of the With-Profits Committee has been obtained or, in the case of paragraphs 29.2.3 and 29.4.4, if the UKLAP Sub-Fund to which the Stakeholder Pension Policies are allocated is the Old WPSF and/or the New WPSF, with the approval of the With-Profits Committee.
- 29.6 The following provisions shall apply to the internal reinsurance referred to in paragraphs 29.1.1, 29.2.1 and 29.4.2:
- 29.6.1 in this paragraph 29.6, “**Relevant Policy**” refers to the WP Part of the relevant Policy being internally reassured pursuant to paragraph 29.1.1, 29.2.1 or 29.4.2 (as the case may be), “**Ceding Sub-Fund**” refers to the ceding UKLAP Sub-Fund and “**Reinsuring Sub-Fund**” refers to the reinsurer UKLAP Sub-Fund;
- 29.6.2 on and with effect from the Effective Date, the WP Part of premiums paid (net of premiums and other outgoings in respect of external reinsurance and allowing appropriately for the switch premium payable as a result of switches from unit-linked investment to with-profits investment in accordance with paragraph 38) in respect of each Relevant Policy shall continue to be debited from the Ceding Sub-Fund and credited to the Reinsuring Sub-Fund in return for the allocation of WP Units in respect of the Relevant Policy;
- 29.6.3 bonuses and Market Value reductions shall be set by the UKLAP Board, having taken account of appropriate actuarial advice in respect of the business internally reassured to the Reinsuring Sub-Fund and taking into account the bonus and investment philosophies appropriate to the with-profits business allocated or internally reassured to the Reinsuring Sub-Fund in accordance with any applicable UKLAP PPFM; and
- 29.6.4 on any claim (whether arising by reason of death, disability, maturity, surrender or otherwise but allowing appropriately for amounts payable in relation to a switch from with-profits investments to unit linked investments in accordance with paragraph 38) or in respect of any charges, expenses or fees payable under the terms of the Relevant Policy, an appropriate amount of cash or assets determined by the UKLAP Board, having regard to paragraph 29.6.3 and the applicable UKLAP PPFM and having taken account of appropriate actuarial advice, shall be debited from the Reinsuring Sub-Fund and credited to the Ceding Sub-Fund and, where appropriate, WP Units of the Reinsuring Sub-Fund allocated to the Relevant Policy shall be cancelled.
- 29.7 The following arrangements in place at the Effective Date shall continue to apply in relation to the internal reinsurance of the UL Investment Element of PM UL Policies:
- 29.7.1 the UL Investment Element of premiums paid (net of premiums and outgoings in respect of external reinsurance) in respect of each PM UL Policy shall be debited from the PM SF and credited to the NPSF or, at the absolute discretion of the UKLAP Board, to one or more other Non-Profit Sub-Fund(s);
- 29.7.2 in respect of any charges or fees payable pursuant to the terms of a PM UL Policy, an amount equal to such charges or fees payable in respect of the UL Investment Element of such Policy shall be debited from the relevant Non-Profit Sub-Fund and credited to the PM SF and, where appropriate, UL Units allocated to the relevant

Policy with a value equal to the amounts re-allocated from such Non-Profit Sub-Fund pursuant to this paragraph 29.7.2 shall be cancelled;

- 29.7.3** subject to paragraph 29.7.2, in respect of any claim or other event which, under the terms of a PM UL Policy, gives rise to the cancellation of UL Units, whether arising by reason of death, disability, maturity, surrender or otherwise, an amount equal to the value of the UL Units cancelled shall be debited from the relevant Non-Profit Sub-Fund and credited to the PM SF; and
- 29.7.4** if at any time the UKLAP Board, having taken account of appropriate actuarial advice, determines that additional funds (in excess of the value of UL Units to be cancelled in the relevant Non-Profit Sub-Fund) are required to meet policyholder liabilities in respect of the "Pension Assured Fund Type I" Linked Fund or the "Pension Assured Fund Type II" Linked Fund on any given date, assets allocated to the PM SF with a Market Value equal to the PM SF's proportionate part of the additional funds required shall be applied to cover the shortfall, such proportionate part of the PM SF being calculated by the ratio of (i) the number of units in the relevant Linked Fund held by the relevant Non-Profit Sub-Fund in respect of benefits reassured to such Non-Profit Sub-Fund from the PM SF in accordance with this paragraph 29.7 to (ii) the total number of units in the relevant Linked Fund held by the relevant Non-Profit Sub-Fund.

29.8 Reassurance of the Non-Profit Element of Existing UKLAP Policies and New Policies

The following provisions shall apply in relation to the internal reassurance referred to in paragraph 29.2.2, 29.2.3 and 29.4.4 of the Non-Profit Element of Existing UKLAP Policies and New Policies which are allocated to a UKLAP With-Profits Sub-Fund that are, in either case, Stakeholder Pension Policies:

- 29.8.1** the UL Investment Element of the premiums paid (net of premiums and other outgoings in respect of external reassurance and allowing appropriately for the switch premium payable as a result of switches from with-profits investment to unit-linked investment in accordance with paragraph 38) in respect of the Stakeholder Pension Policy shall be:
- (i) where the Existing UKLAP Policy or New Policy is allocated to the New WPSF and, through internal reassurance, to the Old WPSF, debited from the Old WPSF and the New WPSF (in the Old WPSF Proportion and the New WPSF Proportion respectively);
 - (ii) or where the Existing UKLAP Policy or New Policy is allocated to a UKLAP Sub-Fund other than the Old WPSF or the New WPSF, debited from the UKLAP Sub-Fund to which they are allocated,

and credited to the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine) in accordance with paragraph 26.1.5 in return for the allocation of UL Units in respect of the Policy;

- 29.8.2** in respect of any charges or fees payable pursuant to the terms of a Stakeholder Pension Policy, an amount equal to such charges or fees payable in respect of the UL Investment Element of such Policy shall accrue to the NPSF (or such other Non-Profit Sub-Fund as the Board may determine in accordance with paragraph 26.1.5) and, where appropriate, UL Units allocated to the relevant Policy with a value equal to such amounts shall be cancelled;

29.8.3 in respect of any claim or other event which, under the terms of the Stakeholder Pension Policy, gives rise to the cancellation of UL Units, whether arising by reason of death, disability, maturity, surrender or otherwise, an amount equal to the value of the UL Units cancelled shall be debited from the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine) in accordance with paragraph 26.1.5) and credited:

- (i) where the Existing UKLAP Policy or New Policy is allocated to the New WPSF and, through internal reinsurance, to the Old WPSF, to the Old WPSF and the New WPSF (in the Old WPSF Proportion and the New WPSF Proportion respectively); or
- (ii) where the Existing UKLAP Policy or the New Policy, is allocated to a UKLAP Sub-Fund other than the Old WPSF or the New WPSF, to the UKLAP Sub-Fund to which they are allocated; and

29.8.4 in the event that the UKLAP Board, having taken account of actuarial advice, reduces the internal reinsurance of Existing UKLAP Policies or New Policies which are Stakeholder Pension Policies to the Old WPSF under paragraph 29.2.2 or 29.4.4 to below the Old WPSF Proportion, or cease such internal reinsurance, the provisions set out in paragraph 29.8.1 and 29.8.3 shall be deemed amended as necessary to reflect the appropriate level of transfer to or from the Old WPSF.

29.9 UKA existing internal reinsurance arrangements

29.9.1 UKLAP shall continue to operate arrangements equivalent to an internal reinsurance originally established by the UKA Scheme, which are in place immediately prior to the Effective Date between:

- (i) the NPSF (excluding the RIEESA) and an Existing UKLAP Sub-Fund; and
- (ii) the NPSF (excluding the RIEESA) and the RIEESA,

in each case in relation to the UKA Reinsured Liabilities.

29.9.2 The arrangements shall:

- (i) be documented; and
- (ii) be on terms which are equivalent to those terms in place immediately prior to the Effective Date,

(such arrangements and documentation together constituting the “**UKA Internal Reinsurance Arrangements**”). In relation to any UKA Internal Reinsurance Arrangement, the Existing UKLAP Sub-Fund (or the RIEESA, where relevant) providing the protection in respect of the UKA Internal Reinsurance Arrangement shall be the “**UKA Internal Reinsurer**” and the Existing UKLAP Sub-Fund (or the RIEESA, where relevant) benefitting from such protection shall be the “**UKA Internal Cedant**”.

29.9.3 The UKA Internal Reinsurance Arrangements shall continue to be adopted by the UKLAP Board after the Effective Date.

29.9.4 The liability of the UKA Internal Reinsurer in respect of any UKA Internally Reinsured Policy shall cease at the same time as the liability of the UKA Internal Cedant ceases in respect of that UKA Internally Reinsured Policy.

- 29.9.5** Subject to paragraph 29.9.6, the UKLAP Board may at any time, having taken account of appropriate actuarial advice (and if the RIEESA or a UKLAP With-Profits Sub-Fund is affected, after consulting the With-Profits Committee), amend or terminate any of the UKA Internal Reinsurance Arrangements and effect such consequential transfers or alternative arrangements between the UKLAP Sub-Funds (or the RIEESA, if relevant) as may be determined by the UKLAP Board to be appropriate, subject to any other provision of this Scheme.
- 29.9.6** In the event that the UKLAP Board takes any action in relation to any of the UKA Internal Reinsurance Arrangements pursuant to paragraph 29.9.5 which could result in a material adverse impact on the RIEESA or an Existing UKLAP Sub-Fund, then prior to taking such action, the UKLAP Board shall notify the PRA and the FCA.

29.10 General provisions relating to existing UKLAP internal reinsurance

The following provisions shall apply to the internal reinsurance referred to in paragraphs 29.3, 29.4.1 and 29.4.3:

- 29.10.1** in this paragraph 29.10, “**Relevant Policy**” refers to the Policy being internally reassured, “**Ceding Sub-Fund**” refers to a ceding UKLAP Sub-Fund and “**Reinsuring Sub-Fund**” refers to a reinsurer UKLAP Sub-Fund;
- 29.10.2** there shall be debited from the Ceding Sub-Fund to which a Relevant Policy is allocated (or has been internally reassured as applicable) and credited to each Reinsuring Sub-Fund applicable to such Relevant Policy, the relevant proportions of the premiums (net of external reinsurance premiums) paid and allocated to the Ceding Sub-Fund(s);
- 29.10.3** bonuses and Market Value adjustments applied to Relevant Policies shall be set by the UKLAP Board, having taken account of appropriate actuarial advice, in respect of the business internally reassured to the relevant Reinsuring Sub-Fund, taking into account the bonus and investment philosophies appropriate to with-profits business allocated or internally reassured to each such Reinsuring Sub-Fund in accordance with the applicable UKLAP PPFM; and
- 29.10.4** on any claim being made in respect of any Relevant Policy that is an Unitised WP Policy, a Conventional WP Policy, the WP Part of a Hybrid Policy, whether arising by reason of death, disability, maturity, surrender or otherwise (allowing appropriately for the switch premium payable in relation to a switch from with-profits investment in accordance with paragraph 38), UKLAP shall debit from each Reinsuring Sub-Fund an appropriate amount, having regard to paragraph 29.10.3 and the applicable UKLAP PPFM and having taken account of appropriate actuarial advice, and credit such amount to the Ceding Sub-Fund.
- 29.11** Any transfer of amounts between UKLAP Sub-Funds pursuant to paragraphs 29.1 to 29.10 inclusive shall be made as soon as reasonably practicable.

30 Internal Arrangements and Reassurance in respect of Transferred Policies

30.1 FL Internal Arrangements

30.1.1 Subject to paragraphs 30.1.2 and 30.2, UKLAP:

- (i) shall establish and maintain arrangements equivalent to an internal reinsurance:
 - (a) between different FLL With-Profits Sub-Funds or between an FLL With-Profits Sub-Fund and the NPSF; or
 - (b) between the SGF and the NPSF (if any),in each case so as to continue any such arrangement equivalent to internal reinsurance that was in effect between the equivalent FL With-Profits Sub-Funds and/or the FLL NPSF and/or the FLP NPSF (as the case may be) immediately prior to the Effective Date; and
- (ii) shall establish and maintain internal reinsurance arrangements equivalent to the Transferred Policies Existing Reinsurance Arrangements between (a) the relevant UKLAP Sub-Fund into which the relevant Reassured Transferred Policies are allocated in accordance with Part 3, and (b) the relevant UKLAP Sub-Fund to which the Transferred Liabilities arising from the Transferred Policies Existing Reinsurance Arrangements are allocated pursuant to Part 3,

(such arrangements and documentation together constituting the “**FL Funds Internal Arrangements**”). In relation to any FL Funds Internal Arrangement, the UKLAP Sub-Fund providing the protection equivalent to reinsurance shall be the “**FL Fund Internal Reassurer**” and the UKLAP Sub-Fund benefitting from such protection shall be the “**FL Fund Internal Cedant**”.

30.1.2 The FL Funds Internal Arrangements referred to in paragraph 30.1.1 shall be approved by the UKLAP Board, having taken account of appropriate actuarial advice, which advice must indicate that such FL Funds Internal Arrangements on the terms proposed would not adversely affect the reasonable expectations of the holders of Policies allocated to the UKLAP Sub-Fund affected by the same.

30.1.3 For the purpose of this paragraph 30.1 any Policy which is to any extent the subject of FL Funds Internal Arrangements under this paragraph shall be referred to as an “**FL Fund Internally Reassured Policy**”.

30.1.4 The liability of the FL Fund Internal Reassurer in respect of any FL Fund Internally Reassured Policy shall cease at the same time as the liability of the FL Fund Internal Cedant ceases in respect of that FL Fund Internally Reassured Policy.

30.1.5 There shall be transferred from the FL Fund Internal Cedant to the FL Fund Internal Reassurer premiums determined on a basis referred to from time to time in the FL Funds Internal Arrangements, and taking into account any switches pursuant to paragraph 38.

30.1.6 A transfer of the amount of any claim to be made on the FL Fund Internal Reassurer by the FL Fund Internal Cedant in respect of an FL Fund Internally Reassured Policy shall be made equal to the amount paid by the FL Fund Internal Cedant in respect of the claim, and taking into account any switches pursuant to paragraph 38.

- 30.1.7** All transfers to be effected pursuant to this paragraph 30.1 shall be made promptly.
- 30.1.8** The UKLAP Board may at any time, having taken account of appropriate actuarial advice, amend or terminate any of the FL Funds Internal Arrangements and effect such consequential transfers or alternative arrangements between the relevant UKLAP Sub-Funds to which such FL Funds Internal Arrangements applied as may be determined by the UKLAP Board to be appropriate. The terms of any such amendment or termination and any consequential transfer or alternative arrangements between the relevant UKLAP Sub-Funds to which such FL Funds Internal Arrangements applied shall be notified to the PRA and FCA in writing within 10 Business Days after they have taken effect.

30.2 Reassurance between the FLC Funds

- 30.2.1** UKLAP shall with effect from the Effective Date continue to maintain arrangements equivalent to internal reassurance arrangements between the FLC New WPSF and the FLC Old WPSF complying with the provisions of this paragraph 30.2.
- 30.2.2** The reassurance arrangements shall be on original premium terms, and shall be in the form previously approved by the FLL Board (having taken account of appropriate actuarial advice) pursuant to the 2012 Scheme.
- 30.2.3** The FLC Old WPSF shall reassure:
- (i) the FLC Old Fund Proportion of all liabilities (net of external reassurance) excluding liabilities in respect of past allocations of FLC Special Scheme Bonus; and
 - (ii) the full amount of all liabilities in respect of past allocations of FLC Special Scheme Bonus,

of the following Policies (“**FLC OWPSF Reassured Policies**”):

- (a) all Conventional Non-Profit Policies which came into effect following the FLC 2001 Scheme Effective Date and are allocated from time to time to the FLC New WPSF; and
- (b) all other Policies which came into effect following the FLC 2001 Scheme Effective Date and are allocated to the FLC New WPSF from time to time other than FLC Elected Policies and any additional premiums, increments and Policies coming into force as a result of any option or right contained in any FLC Elected Policy;

and reference to an FLC OWPSF Reassured Policy shall be construed as a reference to that FLC OWPSF Reassured Policy net of any external reassurance in respect of it. For the avoidance of doubt, Policies which are referred in this paragraph 30.2.3 as “coming into effect” following the FLC 2001 Scheme Effective Date shall not include increments on existing Policies which were written before the FLC 2001 Scheme Effective Date.

- 30.2.4** The liability of the FLC Old WPSF in respect of any FLC OWPSF Reassured Policy shall cease at the same time as the liability of the FLC New WPSF ceases in respect of that FLC OWPSF Reassured Policy.
- 30.2.5** The FLC New WPSF shall transfer reassurance premiums to the FLC Old WPSF equal to the FLC Old Fund Proportion multiplied by the premiums (including any

applicable switch premium referred to in paragraph 38.1) due to be received by the FLC New WPSF in respect of each FLC OWPSF Reassured Policy. The FLC Old WPSF shall transfer to the FLC New WPSF:

- (i) reinsurance commissions equal to the FLC Old Fund Proportion multiplied by the commission paid by the FLC New WPSF in respect of the FLC OWPSF Reassured Policy; and
- (ii) expense allowances equal to the FLC Old Fund Proportion multiplied by the expense allowances paid by the FLC New WPSF to (a) the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine having taken account of appropriate actuarial advice) in respect of the FLC OWPSF Reassured Policy, or (b) if such expense allowances are paid directly to the services provider, to such services provider,

in each case, taking into account any switches pursuant to paragraph 38.

30.2.6 Bonuses and Market Value adjustments shall be set by the UKLAP Board having taken account of appropriate actuarial advice in respect of FLC OWPSF Reassured Policies, taking into account the bonus and investment philosophies underlying with-profits business allocated to the FLC Old WPSF, in accordance with the FLC Funds PPFM.

30.2.7 A transfer of the amount of any claim to be made to the FLC New WPSF by the FLC Old WPSF in respect of an FLC OWPSF Reassured Policy shall be made equal to (a) in the case of Non-Profit Policies, the FLC Old Fund Proportion multiplied by the amount paid by the FLC New WPSF in respect of the claim and (b) in the case of WP Policies shall be determined in accordance with the bonus and investment philosophies underlying with-profits business allocated to the FLC Old WPSF and in accordance with the FLC Funds PPFM, in each case, taking into account any switches pursuant to paragraph 38.

30.2.8 All sums to be transferred pursuant to this paragraph 30.2 shall be made promptly.

31 Other provisions in relation to reinsurance

31.1 Subject to paragraphs 31.2 to 31.6 inclusive and save to the extent such internal reinsurance or other reinsurance arrangements are addressed at paragraphs 29.1 to 29.4 (in which case the applicable provisions of paragraph 29 shall apply) or are FL Fund Internal Arrangements under paragraph 30.1 (in which case the provisions of paragraph 30 shall apply), UKLAP may at any time:

31.1.1 provided not inconsistent with the terms of the underlying Policies, and in accordance with Regulatory Requirements, effect other internal reinsurance arrangements between any of the UKLAP Sub-Funds from time to time (with the exception of reinsurance into the PM SF or the FL With-Profits Sub-Funds) or enter into reinsurance agreements with any company (whether within or outside the Aviva Group); or

31.1.2 vary, modify or terminate any internal or external reinsurance arrangement (including those described in paragraph 29) other than any FL Funds Internal Arrangements (to which paragraph 30.1.8 applies),

provided that any reinsurance to the Old WPSF of liabilities under WP Policies, or as between the Old WPSF and the New WPSF, or under paragraph 26.1.4, shall always comply with the pro rata requirements as between the Old WPSF and the New WPSF set out in paragraph 29 or paragraph 26.1.4 (as applicable) and shall be subject to the approval of the With-Profits Committee.

- 31.2** Any internal reinsurance arrangement entered into or amended after the Effective Date (taking into account the corresponding re-allocation of assets among the relevant UKLAP Sub-Funds) shall require the approval of the With-Profits Committee where the New WPSF or the RIEESA are involved and shall not, in the opinion of the UKLAP Board having taken account of appropriate actuarial advice, materially adversely affect the interests of holders of Policies allocated or reassured to the UKLAP Sub-Funds involved.
- 31.3** Any internal reinsurance arrangement under paragraph 31.1 in respect of a Policy allocated to the UKLAP WPSF shall not be permitted to be made to:
- 31.3.1** the PM SF or the Belgian SF; or
- 31.3.2** to any Non-Profit Sub-Fund unless the Policy shall have ceased to confer on the holder a right to share in bonuses declared out of surplus.
- 31.4** Any external reinsurance with Aviva Group Companies or any internal reinsurance arrangement under paragraph 31.1 in relation to liabilities allocated to the PM SF (other than an arrangement pursuant to paragraph 29 or any modification thereof) must be on arm's length commercial terms and in all cases must not, in the opinion of the UKLAP Board having taken account of appropriate actuarial advice, materially adversely affect the interests of holders of Policies allocated to the PM SF.
- 31.5** UKLAP may enter into reinsurance arrangements with an Aviva Group Company but only if, in the opinion of the UKLAP Board having taken account of appropriate actuarial advice, such reinsurance arrangements do not materially adversely affect the interests of UKLAP policyholders and are consistent with UKLAP's duty to treat its customers fairly and shall, where they relate to the Old WPSF, the New WPSF or the RIEESA, be subject to the prior approval of the With-Profits Committee.
- 31.6** Save as otherwise provided in the Scheme, the liability to pay premiums in relation to such internal or external reinsurance arrangements shall be allocated to the UKLAP Sub-Fund to which the Policies which are the subject of the reinsurance are allocated and, in the case of internal reinsurance arrangements, the premiums received or receivable shall be allocated to the UKLAP Sub-Fund into which the risk is reassured.
- 31.7** Save as otherwise provided in this Scheme, the claims amounts received or receivable in relation to such internal or external reinsurance arrangements shall be allocated to the UKLAP Sub-Fund to which the Policies which are the subject of the reinsurance and, in the case of internal reinsurance arrangements, UKLAP shall debit such claim amount from the reinsuring UKLAP Sub-Fund and credit such amount to the ceding UKLAP Sub-Fund.

32 New Annuities in respect of UKA Co-insured Policies

The provisions of the UKA Scheme which relate to UKA Co-insured Policies shall continue to apply as set out below.

- 32.1** From the Effective Date, each new Conventional Non-Profit Annuity shall continue to be issued in respect of a UKA Co-insured Policy in respect of which the UKLAP part of such

UKA Co-insured Policy is allocated to the NPSF (or to such other Non-Profit Sub-Fund as the UKLAP Board may determine) (excluding the RIEESA), by UKLAP on the Relevant Vesting Date and allocated to the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine) (excluding the RIEESA).

32.2 Subject to paragraph 32.3, from the Effective Date the following arrangements shall continue to apply in relation to each new Conventional Non-Profit Annuity to be issued in respect of a UKA Co-insured Policy in respect of which the UKLAP part of such UKA Co-insured Policy is allocated to the UKA Allocated Sub-Fund:

32.2.1 such new Conventional Non-Profit Annuity shall be issued by UKLAP on the Relevant Vesting Date and allocated to the relevant NPSF (excluding the RIEESA);

32.2.2 there shall be transferred from the UKA Allocated Sub-Fund to the relevant NPSF (excluding the RIEESA) (the “**Relevant Co-insured Policy Transfer Amount**”):

- (i) in the case of a UKA Co-insured Policy (other than one to which paragraph (ii) below applies) which provides for the use or application of a determinable amount for the provision or purchase of a Conventional Non-Profit Annuity, cash or assets having an aggregate value equal to the amount to be used or applied under the terms of the relevant UKA Co-insured Policy on the Relevant Vesting Date;
- (ii) in the case of a UKA Co-insured Policy allocated to the PM SF, cash or assets having an aggregate value equal to:
 - (a) the price that UKLAP would charge on the Relevant Vesting Date for the issue of the Conventional Non-Profit Annuity in respect thereof becoming payable on the Relevant Vesting Date adjusted to take into account the past mortality experience of the PM SF and the expenses which the PM SF would have had to pay in accordance with the PM SF PPFM; or
 - (b) if no such price can be calculated on the Relevant Vesting Date, an amount determined on a fair and equitable basis,

in either event as determined by the UKLAP Board, having taken account of appropriate actuarial advice; and

32.2.3 in the case of any other UKA Co-insured Policy not covered by paragraph 32.2.2, cash or assets having an aggregate value equal to the price that UKLAP would charge on the Relevant Vesting Date for the issue of such Conventional Non-Profit Annuity in respect thereof becoming payable on the Relevant Vesting Date, as determined by the UKLAP Board having taken account of appropriate actuarial advice.

32.3 In circumstances where, before the Relevant Vesting Date, the UKLAP Board believes that UKLAP’s annuity rates on the Relevant Vesting Date in respect of a UKA Co-insured Policy will be uncompetitive, the UKLAP Board may take either of the following actions, to be determined in its discretion having taken account of appropriate actuarial advice:

32.3.1 direct that the Conventional Non-Profit Annuity to be issued in relation to the relevant UKA Co-insured Policy shall be issued by UKLAP on the Relevant Vesting Date and allocated to the relevant NPSF (excluding the RIEESA) and the provisions of

paragraph 32.2 shall apply (but without prejudice to the provisions of paragraph 32.7); or

32.3.2 direct that the Conventional Non-Profit Annuity to be issued in relation to the relevant UKA Co-insured Policy shall be issued by UKLAP on the Relevant Vesting Date and allocated to the UKA Allocated Sub-Fund.

32.4 From the Effective Date, in respect of a UKA Co-insured Policy where the Conventional Non-Profit Annuity has been issued by UKLAP and allocated to the relevant NPSF (excluding the RIEESA) in accordance with paragraph 32.2, the UKLAP Board having taken account of appropriate actuarial advice shall, on a periodic basis (such period not exceeding one year) determined by the UKLAP Board, review and consider whether the Transferee's annuity rates on the Relevant Vesting Date in respect of each such UKA Co-insured Policy were competitive or uncompetitive.

32.5 Where the annuity rates were considered to have been uncompetitive as at the Relevant Vesting Date, the UKLAP Board shall, subject to paragraph 32.6 and having obtained appropriate actuarial advice, take either of the following actions, to be determined in its discretion:

32.5.1 Re-transfer

- (i) the Conventional Non-Profit Annuity issued in relation to the relevant UKA Co-insured Policy shall be re-transferred to the relevant UKA Allocated Sub-Fund (the date of such re-transfer being the "**UKA Co-insured Policy Re-Transfer Date**");
- (ii) the Relevant Co-insured Policy Transfer Amount shall, less an amount representing the cost to the relevant NPSF (excluding the RIEESA) attributable to such Conventional Non-Profit Annuity from the Relevant Vesting Date up to and including the UKA Co-insured Policy Re-Transfer Date, be re-transferred back to the relevant UKA Allocated Sub-Fund; and
- (iii) the UKLAP Board shall, having consulted with the With-Profits Committee, determine an amount equal to the investment return (which may be positive or negative) earned on appropriate matching assets representing the Relevant Co-insured Policy Transfer Amount (calculated by reference to the investment return (which may be positive or negative) earned on such assets in the relevant NPSF (excluding the RIEESA), or otherwise) from the Relevant Vesting Date up to and including the UKA Co-insured Policy Re-Transfer Date and such amount shall be transferred to the relevant UKA Allocated Sub-Fund; or

32.5.2 Retention

- (i) the Conventional Non-Profit Annuity issued in relation to the relevant UKA Co-insured Policy shall remain allocated to the relevant NPSF (excluding the RIEESA); and
- (ii) the UKLAP Board shall, having consulted with the With-Profits Committee, determine an amount in cash (representing the amount by which the Relevant Co-insured Policy Transfer Amount is deemed to be uncompetitive) (the "**UKA Co-insured Policy Rebate**"), together with an appropriate amount in respect of interest on the UKA Co-insured Policy Rebate,

calculated from the Relevant Vesting Date up to and including the date of settlement of the UKA Co-insured Policy Rebate (“**UKA Co-insured Policy Rebate Interest**”), and the UKA Co-insured Policy Rebate plus the UKA Co-insured Policy Rebate Interest shall be transferred to the relevant UKA Allocated Sub-Fund from the relevant NPSF (excluding the RIEESA).

32.6 A decision by the UKLAP Board to re-transfer the Conventional Non-Profit Annuity pursuant to paragraph 32.5.1, shall be made no later than 12 months from the Relevant Vesting Date, after which time the UKLAP Board shall no longer have the discretion to re-transfer the Conventional Non-Profit Annuity and may only retain the allocation of the Conventional Non-Profit Annuity in the relevant NPSF (excluding the RIEESA) pursuant to paragraph 32.5.2.

32.7 Where new Conventional Non-Profit Annuities are issued after the Effective Date and re-transferred pursuant to paragraph 32.5.1 to a UKA Allocated Sub-Fund, the UKLAP Board may, at any time, (having taken account of appropriate actuarial advice) re-transfer all or part of such block of Conventional Non-Profit Annuities to the relevant NPSF (excluding the RIEESA) provided that:

32.7.1 such re-transfer may only occur at a time when the Transferee’s equivalent annuity rates are competitive in the opinion of the UKLAP Board having taken account of appropriate actuarial advice; and

32.7.2 upon any such re-transfer occurring, UKLAP shall transfer from the UKA Allocated Sub-Fund to the relevant NPSF (excluding the RIEESA), assets having an aggregate value equal to (as applicable):

- (i) the price, determined by the UKLAP Board having taken account of appropriate actuarial advice, that UKLAP would have charged on the date of transfer for the transferring Conventional Non-Profit Annuities had it written equivalent Conventional Non-Profit Annuities becoming payable on the date of transfer, adjusted only in respect of transfers of Conventional Non-Profit Annuities allocated to the PM SF to take into account the past mortality experience of the PM SF and the expenses which the PM SF would have had to pay in accordance with the PM SF PPFM; or
- (ii) if no such price can be calculated on the relevant date of recapture, an amount determined by the UKLAP Board, having taken account of appropriate actuarial advice, on a fair and equitable basis.

33 Financial management and governance of the UKLAP Sub-Funds

33.1 UKLAP shall manage its affairs in accordance with Regulatory Requirements from time to time.

33.2 As further described in Section 7 (*Effect of the Scheme on the fair treatment of with-profits policyholders of the Belgian SF*) of the UKLAP Reattribution Scheme With-Profits Actuary’s Report, the UKLAP Board shall continue to apply the same policy (as that applied prior to the UKLAP Reattribution Scheme Effective Date) in respect of the declaration of bonuses on any Policies allocated to the Belgian SF immediately prior to the UKLAP Reattribution Scheme Effective Date, (or any Policies issued pursuant to the exercise of an option in any such Policy), which confer on the holder a right to share in a bonus declared out of the excess of investment income on certain assets allocated to the Belgian SF over a guaranteed tariff interest rate, after a deduction for expenses and profit and for Tax.

- 33.3** Save as otherwise provided in the Scheme, expenses incurred by UKLAP (other than pursuant to the UKLAP Services Agreement) which do not relate specifically to a Policy shall be apportioned among such UKLAP Sub-Fund(s) (other than the PM SF save in respect of regulatory fees or industry levies) as determined by the UKLAP Board, having:
- 33.3.1** taken account of appropriate actuarial advice (including in respect of any UKLAP With-Profits Sub-Fund or the RIEESA the advice of the UKLAP With-Profits Actuary);
 - 33.3.2** due regard to the interests of policyholders and their fair treatment and the business carried on for the account of each UKLAP Sub-Fund; and
 - 33.3.3** where the apportionment is to be made to the Old WPSF, the New WPSF or the RIEESA, obtained the prior approval of the With-Profits Committee.
- 33.4** Save as otherwise provided in the Scheme:
- 33.4.1** fees and expenses payable by UKLAP pursuant to the UKLAP Services Agreement in respect of business allocated to an Existing UKLAP Sub-Fund shall be allocated to the NPSF (or such other Non-Profit Sub-Fund as may be determined by the UKLAP Board having taken account of appropriate actuarial advice); and
 - 33.4.2** the UKLAP Board, having taken account of appropriate actuarial advice, may decide that fees and expenses payable by UKLAP in respect of services provided to any FL With-Profits Sub-Fund shall be allocated to the NPSF (or such other Non-Profit Sub-Fund as may be determined by the UKLAP Board).
- 33.5** Save as otherwise provided in the Scheme, if fees or expenses referred to in paragraph 33.4 or other distribution, administration or investment management fees or expenses incurred by UKLAP in respect of business allocated to a UKLAP Sub-Fund are allocated to a Non-Profit Sub-Fund other than the UKLAP Sub-Fund to which the business is allocated, Expense Allowances equal to such fees and expenses (or otherwise, subject to the approval of the With-Profits Committee) shall be transferred from the UKLAP Sub-Fund to which the relevant business is allocated to the Non-Profit Sub-Fund which incurred the fee or expense, to the extent that such a transfer would be appropriate as determined by the UKLAP Board, having taken account of appropriate actuarial advice (including in respect of any UKLAP With-Profits Sub-Fund or the RIEESA the advice of the UKLAP With-Profits Actuary), and consistent with any applicable UKLAP PPFMs, UKLAP's duty to pay due regard to the interests of its policyholders and to treat them fairly. In addition, the prior approval of the With-Profits Committee shall be required where the Old WPSF, the New WPSF or any FL With-Profits Sub-Funds, or the RIEESA is involved in such transfer.
- 33.6** All distribution fees and expenses (including commission payments) and administration and investment management fees and expenses incurred in relation to any Policy, asset or business allocated to the Belgian SF shall continue to be allocated to the Belgian SF.
- 33.7** Fees and expenses in relation to the investment management of assets in respect of the WP Part of DC Policies of the UKLAP WPSF shall continue to be allocated to the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine, having taken account of appropriate actuarial advice).
- 33.8** Charges in respect of the WP Part of Stakeholder Pension Policies allocated to the New WPSF and Old WPSF and reassured to the Stakeholder WPSF shall continue to be debited from the Old WPSF and the New WPSF in the Old WPSF Proportion and the New WPSF

Proportion respectively and allocated to the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine, having taken account of appropriate actuarial advice).

- 33.9** Save as otherwise provided for in this Scheme, distribution, administration and investment management fees and expenses incurred in relation to any Policy, asset or business allocated to any Non-Profit Sub-Fund shall not be allocated to any Existing UKLAP WPSF.
- 33.10** Without prejudice to any other provisions of the Scheme, discretionary charges on Policies shall be managed from the Effective Date recognising the interests of the holders of such Policies and the duty to treat them fairly and shall not be increased by reason of the Scheme or its implementation.

34 Expenses and Charges in respect of FL With-Profits Sub-Funds

- 34.1** There shall be allocated to the FPLAL WPSF only such amounts in respect of expenses and charges as are determined in accordance with Part 1 of Schedule 4.
- 34.2** In relation to the FP Demutualisation Protected Policies allocated to the FP WPSF there shall be allocated only such amounts in respect of expenses and charges as are determined in accordance with Part 2 of Schedule 4.
- 34.3** There shall be allocated to the WL WPSF only such amounts in respect of expenses and charges as are determined in accordance with Part 3 of Schedule 4.
- 34.4** Amounts allocated pursuant to paragraphs 34.1 to 34.3 and any amounts in respect of expenses and charges may be paid directly from the relevant FL With-Profits Sub-Fund to the service provider or may be paid to reimburse any Non-Profit Sub-Fund which has borne the relevant expenses and charges.
- 34.5** Amounts due in relation to Tax shall be paid in accordance with paragraph 39.

35 UKLAP PPFMs

- 35.1** With effect from the Effective Date, UKLAP shall manage the UKLAP With-Profits Sub-Funds established or maintained pursuant to paragraph 17.1 so as to comply with the applicable UKLAP PPFMs.
- 35.2** UKLAP shall comply with Regulatory Requirements and any applicable requirements of the relevant UKLAP PPFM when making any amendments to such UKLAP PPFM, including when making any amendments to the provisions in the relevant UKLAP PPFM governing the amendment thereof.
- 35.3** If at any time after the Effective Date, Regulatory Requirements no longer require UKLAP to maintain the UKLAP PPFMs, or the Regulatory Requirements requiring the maintenance of the UKLAP PPFMs are significantly amended, and as a result UKLAP would no longer be required by Regulatory Requirements following such changes to establish and maintain arrangements materially equivalent to those contained in the UKLAP PPFMs immediately prior to such changes, (including those provisions relating to amendment set out in paragraph 35.2) (a "**Material Change Date**"), then the UKLAP Board shall continue to maintain the UKLAP PPFMs in place immediately prior to the Material Change Date, subject to such modifications as it would have been entitled to make under the Regulatory Requirements in place immediately prior to the Material Change Date, unless the UKLAP Board, having consulted with the With-Profits Committee, determines that some other materially equivalent form of protection is to be put in place as a result of such changes to

Regulatory Requirements, in which case the references in this Scheme to the UKLAP PPFMs will be deemed to refer to that alternative form of protection.

36 Pooling of assets across UKLAP's Long-Term Insurance Business

36.1 With the exception of the Specifically Allocated Assets and the Interest in the Linked Funds from time to time, the assets from time to time allocated to the UKLAP Sub-Funds (other than the PM SF and the Belgian SF) shall comprise Interests in Pooled Assets.

36.2 The UKLAP Board shall determine, having taken account of appropriate actuarial advice, the asset categories constituting each pool of assets, the range of different pools appropriate to UKLAP and the participation of each UKLAP Sub-Fund in each pool of assets, which may include the establishment of separate pools of assets for participation between:

36.2.1 any or all of WPSF 5 and/or the Non-Profit Sub-Funds from time to time (excluding the RIEESA); or

36.2.2 any or all of the UKLAP With-Profits Sub-Funds (other than the PM SF), the Stakeholder WPSF and the RIEESA,

provided that there shall be no pooling of assets between the UKLAP Sub-Funds referred to in paragraph 36.2.1 and any of the UKLAP Sub-Funds referred to in paragraph 36.2.2.

36.3 In determining the participation of each UKLAP Sub-Fund in each pool of assets the UKLAP Board will have regard to:

36.3.1 the mix and type of Policies then allocated or internally reassured to the relevant UKLAP Sub-Fund, and the investment strategy for that UKLAP Sub-Fund; and

36.3.2 any UKLAP PPFM applicable to the relevant UKLAP Sub-Fund from time to time.

36.4 UKLAP shall procure that separate accounting records for the SHF shall continue to be maintained which shall be sufficient to enable the separate identification of the property and liabilities allocated to the SHF.

36.5 UKLAP shall procure that the assets and liabilities allocated to each UKLAP Sub-Fund and the RIEESA can be readily identified from time to time by maintaining separate fund accounting records for each UKLAP Sub-Fund established or maintained pursuant to paragraph 17.1 and separate accounting records for the RIEESA that in each case shall permit the identification from time to time of, among other things:

36.5.1 the Specifically Allocated Assets (if any) that have been specifically allocated to each UKLAP Sub-Fund and the RIEESA;

36.5.2 the Linked Fund Assets that have been specifically allocated to each Linked Fund of UKLAP and the Interest in such Linked Fund (if any) which has been allocated to each UKLAP Sub-Fund, and the RIEESA; and

36.5.3 the Interest in the Pooled Assets (if any) which has been allocated to each UKLAP Sub-Fund, and the RIEESA.

36.6 The UKLAP Board may at any time, having taken account of appropriate actuarial advice and having regard to the fair treatment of policyholders and the principles in this paragraph 36:

36.6.1 determine that any Specifically Allocated Assets of a UKLAP Sub-Fund (other than the PM SF) shall be designated as Pooled Assets, in which case such UKLAP Sub-

Fund shall no longer have allocated to it such Specifically Allocated Assets but shall acquire an Interest in the Pooled Assets (or increase its existing holding of such Interest in the Pooled Assets) having a Market Value equal to the Market Value of the re-designated Specifically Allocated Assets less any appropriate Tax charge; and

- 36.6.2 determine that any Pooled Assets be designated as Specifically Allocated Assets in relation to a UKLAP Sub-Fund, in which case such UKLAP Sub-Fund shall acquire or increase its existing holding of such Specifically Allocated Assets and the value of such UKLAP Sub-Fund's Interest in the Pooled Assets shall be decreased to the extent of the Market Value of such UKLAP Sub-Fund's Interest in such re-designated Pooled Assets less any appropriate Tax charge,

and in each case such changes shall be reflected in the relevant accounting records maintained pursuant to paragraph 36.5.

- 36.7 The UKLAP Board shall, having taken account of appropriate actuarial advice, calculate the value of each UKLAP Sub-Fund's Interest in each pool of Pooled Assets as at the last day (the "**Apportionment Date**") of each successive period after the Effective Date not exceeding one calendar month, the length of each such period being determined by the UKLAP Board having taken account of appropriate actuarial advice. Each such period ending on an Apportionment Date shall be referred to as the "**Relevant Apportionment Period**".

- 36.8 Each UKLAP Sub-Fund's Interest in the Pooled Assets (if any) as at an Apportionment Date shall be equal to the UKLAP Sub-Fund's Interest in the Pooled Assets as at the first day of the Relevant Apportionment Period, adjusted to take into account:

36.8.1 any investment income which arose during such Relevant Apportionment Period in respect of such UKLAP Sub-Fund's Interest in the Pooled Assets (determined in accordance with paragraph 36.9);

36.8.2 any realised and unrealised investment gains and losses which arose during such Relevant Apportionment Period in respect of such UKLAP Sub-Fund's Interest in the Pooled Assets (determined in accordance with paragraph 36.9);

36.8.3 any Relevant Net Cashflow allocated to the UKLAP Sub-Fund in respect of the Relevant Apportionment Period;

36.8.4 any investment income or disposal proceeds received during the Relevant Apportionment Period in respect of assets which were Specifically Allocated Assets of that UKLAP Sub-Fund on the date on which such investment income was received but which income and disposal proceeds were subsequently re-designated as Pooled Assets on or before the Apportionment Date; and

36.8.5 so far as is practicable, any Tax notionally allocated to the relevant UKLAP Sub-Fund or any amount provided for in respect of that UKLAP Sub-Fund during the Relevant Apportionment Period in relation to corporation and/or income tax, such allocation of Tax to take into account UKLAP's duty to treat its customers fairly.

- 36.9 For the purposes of paragraph 36.8, the UKLAP Board, having taken account of appropriate actuarial advice, shall:

36.9.1 determine the investment income and realised and unrealised investment gains and losses in respect of a UKLAP Sub-Fund's Interest in each pool of Pooled Assets by identifying the investment income and realised and unrealised investment gains and

losses arising during the Relevant Apportionment Period in respect of each category of Pooled Assets (each a “**Pooled Asset Category**”); and

36.9.2 apportion such investment income, gains and losses among the UKLAP Sub-Funds on the basis of each UKLAP Sub-Fund’s average holding of each Pooled Asset Category during the Relevant Apportionment Period, adjusted as the UKLAP Board considers appropriate, having taken account of appropriate actuarial advice, to meet UKLAP’s regulatory duty to treat its policyholders fairly.

36.10 For the purposes of paragraph 36.9, a UKLAP Sub-Fund’s average holding of a Pooled Asset Category during the Relevant Apportionment Period shall be calculated as:

36.10.1 that proportion of the UKLAP Sub-Fund’s Interest in the Pooled Assets as at the first day of the Relevant Apportionment Period that is attributable to that Pooled Asset Category; and

36.10.2 adjusted as determined by the UKLAP Board, having taken account of appropriate actuarial advice to reflect the relevant proportion invested in that Pooled Asset Category from time to time over the Relevant Apportionment Period.

36.11 The “**Relevant Net Cashflow**” of each UKLAP Sub-Fund for any Relevant Apportionment Period shall be determined by the UKLAP Board, having taken account of appropriate actuarial advice, being the aggregate of:

36.11.1 all amounts transferred to or allocated to such UKLAP Sub-Fund during the Relevant Apportionment Period as required or permitted by the Scheme, including:

- (i) premiums and commissions received by UKLAP in respect of Policies allocated to that UKLAP Sub-Fund;
- (ii) amounts received under the Excluded Policies Reassurance Agreement or otherwise in connection with any Excluded Policy which would have been allocated to that UKLAP Sub-Fund if it had been a Transferred Policy;
- (iii) amounts received under external or internal reinsurance arrangements covering liabilities of that UKLAP Sub-Fund;
- (iv) assets allocated to that UKLAP Sub-Fund pursuant to any transfer, exchange, switching or re-allocation of assets; and
- (v) Expense Allowances received by that UKLAP Sub-Fund;

36.11.2 all such other income and receipts (save for the avoidance of doubt any capital gains or components of investment income) as the UKLAP Board, having taken account of appropriate actuarial advice, determines are properly attributable to such UKLAP Sub-Fund in respect of the Relevant Apportionment Period;

less the aggregate of:

36.11.3 all amounts debited from, or charged to, such UKLAP Sub-Fund during the Relevant Apportionment Period as required or permitted by the Scheme, including:

- (i) payments made in respect of liabilities allocated to that UKLAP Sub-Fund (other than capital losses and liabilities referred to in sub-paragraphs (ii) to (viii) below);

- (ii) payments made by UKLAP under the Excluded Policies Reassurance Agreement or otherwise in connection with any Excluded Policy which would have been allocated to that UKLAP Sub-Fund if it had been a Transferred Policy;
- (iii) amounts paid by UKLAP to a Transferor Company under an indemnity contained in the Scheme to the extent that such payments relate to rights or assets which are allocated to that UKLAP Sub-Fund;
- (iv) commissions paid in respect of Policies allocated to that UKLAP Sub-Fund;
- (v) amounts paid by reason of claims under Policies allocated to that UKLAP Sub-Fund;
- (vi) premiums and other amounts paid under external or internal reinsurance arrangements covering liabilities allocated to that UKLAP Sub-Fund;
- (vii) assets transferred from that UKLAP Sub-Fund pursuant to any transfer, exchange, switching or other re-allocation of assets; and
- (viii) expenses incurred for the account of, or Expense Allowances debited to, that UKLAP Sub-Fund; and

36.11.4 all such other liabilities as the UKLAP Board, having taken account of appropriate actuarial advice, determines are properly attributable to such UKLAP Sub-Fund in respect of the Relevant Apportionment Period.

37 Linked Funds

37.1 Subject to Regulatory Requirements and unless precluded by the terms of the relevant Policies, the UKLAP Board may at any time close any of the Linked Funds, amalgamate or merge any such Linked Funds or any part or parts thereof with any other Linked Fund or any part or parts thereof or divide any such Linked Fund into one or more Linked Funds, or effect any combination of the aforesaid.

37.2 The Interest of each UKLAP Sub-Fund in a Linked Fund shall be represented by the number of units in such Linked Fund allocated to that UKLAP Sub-Fund.

37.3 Subject to paragraph 37.4, units in a Linked Fund held by a UKLAP Sub-Fund may be held or purchased for any purpose including to ensure that liabilities arising in respect of any Linked Policy which is allocated or reassured to that UKLAP Sub-Fund or is an Excluded Policy reassured to that UKLAP Sub-Fund are matched by Linked Fund Assets of the UKLAP Sub-Fund.

37.4 For the purposes of the operation of the Linked Funds:

37.4.1 an Interest in a Linked Fund cannot constitute a Pooled Asset;

37.4.2 any Specifically Allocated Asset of a UKLAP Sub-Fund may be designated as a Linked Fund Asset in exchange for an Interest in that Linked Fund of equivalent Market Value, providing that the Specifically Allocated Asset constitutes an appropriate asset for that Linked Fund to hold; and

37.4.3 Linked Fund Assets may be held in a Linked Fund for the benefit of the NPSF (or, if there are more than one, for one or more Non-Profit Sub-Funds) and such UKLAP Sub-Fund(s) may each hold an Interest in the same Linked Fund.

38 Switching provisions

38.1 If at any time a switch is made from unit-linked investment to with-profits investment in respect of a Hybrid Policy, a Stakeholder Pension Policy or a DC Policy, the switch premium (being the amount derived from the cancellation of UL Units by reason of the switch less any deductions) determined by the UKLAP Board, having taken account of appropriate actuarial advice and taking into account the applicable UKLAP PPFM, shall be debited from the UKLAP Sub-Fund to which the UL Investment Element of the Policy is allocated and credited to the UKLAP Sub-Fund(s) to which the WP Part of such Policy is allocated and, where it is internally reassured the appropriate proportion of such switch premium shall be transferred to the relevant Reinsuring Sub-Fund(s) or FL Fund Internal Reassurer in accordance with paragraphs 29 and 30. UL Units shall be cancelled in respect of the amount so switched and WP Units credited to the relevant Policy.

38.2 If at any time a switch is made from with-profits investment to unit-linked investment in respect of a Hybrid Policy, a Stakeholder Pension Policy or a DC Policy, the switch premium (being the amount derived from the cancellation of the WP Units by reason of the switch less any deductions) determined by the UKLAP Board having taken account of appropriate actuarial advice and taking into account the applicable UKLAP PPFM shall be debited from:

38.2.1 where the WP Part of that Policy is internally reassured pursuant to paragraphs 29, 30 or 31 the Reinsuring Sub-Fund(s) or FL Fund Internal Reassurer applicable to that Relevant Policy or;

38.2.2 where the WP Part of that Policy is not internally reassured pursuant to paragraphs 29, 30 or 31, from the UKLAP Sub-Fund to which the WP Part of such Policy is allocated, and

credited to the UKLAP Sub-Fund to which the UL Investment Element of the Policy is allocated and appropriate UL Units shall be credited to the relevant Policy and WP Units shall be cancelled in respect of the amount so switched.

39 Taxation

39.1 Subject to the remainder of this paragraph 39, Taxation, including deferred taxation, and Tax Reliefs attributable to the UKLAP With-Profits Sub-Funds shall be calculated on the basis that:

39.1.1 the UKLAP With-Profits Sub-Funds other than the PM SF, FPLAL WPSF, WL WPSF, the Irish WPSF and SGF are each separate United Kingdom proprietary life assurance companies subject to Taxation in the United Kingdom; and

39.1.2 in the case of each of the PM SF, FPLAL WPSF, WL WPSF and SGF, it is a separate United Kingdom mutual life assurance company subject to taxation in the United Kingdom,

and such amounts of Taxation, including deferred taxation, so calculated shall be charged or credited to the respective UKLAP With-Profits Sub-Fund.

39.2 Taxation attributable to the RIEESA shall be calculated in accordance with paragraph 55.3.

39.3 Taxation (including deferred taxation) will be charged or credited to the UKLAP With-Profits Sub-Funds, and Tax Reliefs attributed to the UKLAP With-Profits Sub-Funds, in accordance with paragraph 39.1 by the UKLAP Board having taken account of appropriate actuarial advice in a fair and equitable manner taking into account in the case of each UKLAP With-

Profits Sub-Fund the nature of the business written, the profit arising and the relevant investment return, and the Tax calculations for each UKLAP With-Profits Sub-Fund shall, so far as practicable, include in respect of investment return an amount which reflects that UKLAP Sub-Fund's Interest in the Pooled Assets (if any).

39.4 Any Tax Reliefs calculated to be available to FLL or FLP in respect of each of the FP WPSF, FLC New WPSF, FLC Old WPSF, FPLAL WPSF, FLAS WPSF, WL WPSF and SGF and not utilised in the period ending on the Effective Date, will be allocated to the FP WPSF, the FLC New WPSF, the FLC Old WPSF, the FPLAL WPSF, the FLAS WPSF, the WL WPSF and the SGF, respectively.

39.5 Any incremental tax that may arise in respect of BLAGAB trade profits or BLAGAB trade losses or non-BLAGAB trade profits or non-BLAGAB trade losses (and after taking into account any Tax Reliefs allocated pursuant to paragraph 39.4):

39.5.1 in respect of business effected prior to the Demutualisation Scheme Effective Date and transferred pursuant to the Demutualisation Scheme to the FP WPSF, will be charged to that UKLAP With-Profits Sub-Fund for so long as such incremental tax arising in the FP WPSF does not exceed the Determined Amount Value, and to the extent that it does so exceed the Determined Amount Value, will be charged to the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine);

39.5.2 in respect of business of the FP WPSF (other than that referred to in paragraph 39.5.1), the New WPSF, the Old WPSF, the UKLAP WPSF, the FLC Old WPSF and of the FLAS WPSF, will be charged to the FP WPSF, the New WPSF, the Old WPSF, the UKLAP WPSF, the FLC Old WPSF and the FLAS WPSF respectively; and

39.5.3 in respect of business of the FLC New WPSF, will be charged to the NPSF for so long as such incremental tax arising in the FLC Old WPSF is borne by the estate in the FLC Old WPSF and, if it is not so borne, will be charged to the FLC New WPSF.

39.6 The amount of Taxation (including deferred taxation) to be debited or charged, or credited, as the case may be, to any UKLAP Sub-Fund not referred to in paragraphs 39.1 to 39.5 above, shall be on a basis that is determined by the UKLAP Board as being fair and reasonable, having taken appropriate tax and actuarial advice.

39.7 Notwithstanding any other provisions of this paragraph 39, the UKLAP Board may, at its discretion (and in relation to circumstances which are outside the normal course of events), determine that Taxation (including deferred taxation) will be charged or credited to the UKLAP With-Profits Sub-Funds and the RIEESA, and Tax Reliefs will be attributed to the UKLAP With-Profits Sub-Funds and the RIEESA, on a different basis to that set out in paragraphs 39.1, 39.2 and 39.3, subject to the approval of the UKLAP With-Profits Committee that such different basis is fair and equitable taking into account the circumstances in which the determination is made. This may be determined:

39.7.1 due to changes in the interpretation of Tax laws, regulations or policies or the principles regarding fair treatment of policyholders after the Effective Date which render the original basis of allocation unfair as between UKLAP Sub-Funds or as between policyholders or shareholders; or

39.7.2 due to material Tax synergies arising which benefit the NPSF (or, if more than one, the Non-Profit Sub-Funds of UKLAP) as a result of the inclusion within UKLAP of the UKLAP With-Profits Sub-Funds; or

39.7.3 for any other reason whatsoever.

40 Transfers and exchanges between the UKLAP Sub-Funds

40.1 Save as required or permitted by the Scheme, there shall not at any time on or after the Effective Date be any transfer (including by way of loan), exchange or re-allocation of assets or liabilities between:

40.1.1 any of the UKLAP Sub-Funds established or maintained pursuant to paragraph 17.1;
or

40.1.2 between the RIEESA and any other part of the Existing UKLAP Sub-Funds; or

40.1.3 between the PM SF and any third party or any Aviva Group Company; or

40.1.4 between the UKLAP WPSF and any Aviva Group Company,

in each case, other than:

(i) a transfer or exchange of listed securities at mid-market value; or

(ii) a transfer or re-allocation of assets or liabilities on arm's length commercial terms approved by the UKLAP Board, having taken account of appropriate advice.

For the avoidance of doubt, the provision of capital support in accordance with Part 6 shall not be regarded as a transfer, exchange or re-allocation of assets or liabilities to which this paragraph 40 applies.

40.2 Notwithstanding paragraph 40.1, such transfer or exchange or re-allocation may take place on such other terms as the UKLAP Board determines are fair to relevant policyholders, having taken account of appropriate actuarial advice and with the approval of the With-Profits Committee.

40.3 Subject to the provisions of the Scheme and provided that the interests of policyholders are not materially adversely affected, the UKLAP Board may at any time, having taken account of appropriate actuarial advice, transfer assets allocated to any Non-Profit Sub-Fund (including assets comprised in the RIEESA) to any other Non-Profit Sub-Fund by way of contribution as a gift so as to form part of the assets of such other Non-Profit Sub-Fund, provided that any such assets comprised in the RIEESA will remain part of the RIEESA in whichever Non-Profit Sub-Fund they are located and will be governed by the terms of this Scheme.

40.4 Where a loan is proposed to be made from an Existing UKLAP WPSF or the Stakeholder WPSF to any other UKLAP Sub-Fund, such loan may only be made if the UKLAP Board, having taken account of appropriate actuarial advice, is satisfied that:

40.4.1 the extent of such loan and the terms on which it is to be effected are no less favourable to the Existing UKLAP WPSF or the Stakeholder WPSF (as applicable) than would have been the case if the loan had been made to a third party which was not an Aviva Group Company;

40.4.2 the loan is appropriate for the relevant UKLAP Sub-Fund given the nature and term of the liabilities of such UKLAP Sub-Fund; and

40.4.3 the interests of the holders of all Policies allocated or internally reassured to the relevant UKLAP Sub-Fund will not be materially adversely affected as a result of such loan.

41 Loans to or investments in Aviva Group Companies

- 41.1** Subject to Regulatory Requirements, any UKLAP Sub-Fund established or maintained pursuant to paragraph 17.1 (and for the purposes of this paragraph the RIEESA will be treated as if it were part of the New WPSF) except the PM SF, the Stakeholder WPSF and the FL With-Profits Sub-Funds, may make a loan to, or investment in, any Aviva Group Company other than UKLAP (whether or not jointly with any other UKLAP Sub-Fund or other company) provided that the UKLAP Board, having taken account of appropriate actuarial advice, is satisfied that:
- 41.1.1** the extent of such loan or investment and the terms on which it is to be effected are no less favourable to the relevant UKLAP Sub-Fund than would have been the case if the loan or investment had been advanced to, or made in, a company which was not an Aviva Group Company immediately prior to such loan or investment;
 - 41.1.2** the loan or investment is appropriate for the relevant UKLAP Sub-Fund given the nature and term of the liabilities of that UKLAP Sub-Fund; and
 - 41.1.3** the interests of the holders of all Policies allocated or internally reassured to the relevant UKLAP Sub-Fund will not be materially adversely affected as a result of such loan or investment.
- 41.2** All loans owing to any Existing UKLAP Sub-Fund or SHF on the Effective Date from or by any Aviva Group Company (other than UKLAP) and all investments by any Existing UKLAP Sub-Fund or SHF in any Aviva Group Company (other than UKLAP) shall be regarded as fulfilling all of the conditions of paragraph 41.1.

42 Allocation of assets and liabilities which arise after the Effective Date

- 42.1** Payments under Policies allocated to a UKLAP Sub-Fund on the Effective Date falling due on or after the Effective Date shall (subject as provided in paragraphs 42.2 to 42.9 inclusive) be allocated to and paid out of the UKLAP Sub-Fund to which the relevant Policy was allocated (and if allocated to more than one UKLAP Sub-Fund, pro rata to such allocation) notwithstanding that any liability under the relevant Policy is internally reassured to another UKLAP Sub-Fund, although without prejudice to any claim for the benefit of that UKLAP Sub-Fund under such internal reinsurance arrangement from the other UKLAP Sub-Fund.
- 42.2** Any liability in respect of compensation payable as a result of the mis-selling of any Policy allocated to the UKLAP WPSF or, where such Policy was a NULIS policy which came into force prior to the effective date of the NULIS Scheme, the NPSF, including the costs of administering any review of such mis-selling and administering the payment of any such compensation, shall be allocated to the UKLAP WPSF.
- 42.3** Any liability in respect of compensation payable as a result of the mis-selling of any Policy allocated to the PM SF, including the costs of administering any review of such mis-selling and administering the payment of any such compensation, shall be allocated to the PM SF in accordance with the PM SF PPFM.
- 42.4** Any liability from time to time in connection with the mis-selling or maladministration prior to the effective date of the NULIS Scheme of any UKA Transferred Policy shall continue to be allocated to the UKLAP WPSF.
- 42.5** On and with effect from the Effective Date, the UKLAP WPSF shall continue to indemnify the NPSF against any amounts payable from time to time in connection with the mis-selling

of any Policy by UKA prior to the effective date of the NULIS Scheme, and the liability to meet any amounts payable to the NPSF in relation to such indemnity shall remain allocated to the UKLAP WPSF.

- 42.6** Without prejudice to the provisions of paragraphs 42.1 to 42.4 (inclusive) and any other express provision of this Scheme, on and from the Effective Date (after the transfers and allocations pursuant to Parts 3 and 4), all rights, benefits and liabilities and all receipts or payments which arise after the Effective Date which relate to, or directly arise pursuant to the terms of, Existing UKLAP Policies (including, for the avoidance of doubt, any liability resulting from the obligation to treat customers fairly as it applies to such Existing UKLAP Policies) written by UKLAP after the UKLAP Reattribution Scheme Effective Date shall be allocated to the relevant UKLAP Sub-Fund to which such Existing UKLAP Policies have been allocated pursuant to Part 3.
- 42.7** Save as otherwise provided in the Scheme, on and from the Effective Date (after the transfers and allocations pursuant to Parts 3 and 4) all rights, benefits and liabilities and all receipts and payments which relate to or directly arise pursuant to the terms of a New Policy allocated to a particular UKLAP Sub-Fund (which for the avoidance of doubt shall include any liability resulting from the obligation to treat customers fairly as it applies to the terms of the New Policy) shall be allocated to the UKLAP Sub-Fund to which the New Policy is allocated, and all mis-selling and other liabilities which relate to or arise from the conduct of a particular category of Long-Term Insurance Business written after the Effective Date, which is conducted in a particular UKLAP Sub-Fund shall be allocated as follows (unless, where a UKLAP With-Profits Sub-Fund is involved, it has been otherwise allocated by the UKLAP Board having consulted with the With-Profits Committee), to the extent permitted under Regulatory Requirements (for these purposes treating the RIEESA as if it were a with-profits fund) or in respect of which the PRA or FCA has given a waiver of the relevant Regulatory Requirements:
- 42.7.1** liabilities relating to or arising from the conduct of insurance business that has been internally reassured from the New WPSF (or the RIEESA) to the Old WPSF, or internally co-insured among the New WPSF (or the RIEESA) and the Old WPSF, shall be allocated to the New WPSF (or the RIEESA) and the Old WPSF pro rata to the allocation, reinsurance or co-insurance of the relevant New Policies comprised in the insurance business as further described in Section 5.11 (*Allocation of Expenses and Tax to the UKLAP Sub-Funds*) of the UKLAP Reattribution Scheme Actuarial Function Holder's Report;
- 42.7.2** liabilities relating to or arising from the conduct of insurance business conducted in the FL With-Profits Sub-Funds shall be allocated in accordance with the relevant PPFM;
- 42.7.3** liabilities relating to or arising from the conduct of insurance business conducted in the FLL NPSF or the FLP NPSF shall be allocated to the NPSF (as applicable); and
- 42.7.4** liabilities relating to or arising from the conduct of any other category of insurance business (regardless of whether or not it has been internally reassured to another UKLAP Sub-Fund) shall be allocated to the UKLAP Sub-Fund, or if applicable pro rata among the UKLAP Sub-Funds, to which that category of business is allocated.
- 42.8** On and from the Effective Date (after the transfers and allocations pursuant to Parts 3 and 4), all rights, benefits and liabilities and all receipts and payments which relate to or arise

from a Specifically Allocated Asset shall continue to be allocated to the UKLAP Sub-Fund to which such asset is allocated.

- 42.9** Save as otherwise provided in the Scheme, any assets or liabilities relating to the Long-Term Insurance Business of UKLAP which arise on or after the Effective Date and are not allocated to a particular UKLAP Sub-Fund pursuant to any provision of the Scheme shall be allocated to such one or more UKLAP Sub-Fund(s) as the UKLAP Board shall determine, having taken account of appropriate actuarial advice and in accordance with Regulatory Requirements and in relation to any allocation affecting a UKLAP With-Profits Sub-Fund with the approval of the With-Profits Committee.

43 Maintenance of adequate assets within the New WPSF

- 43.1** The UKLAP Board shall:

- 43.1.1** at least annually;
- 43.1.2** immediately prior to the Old WPSF Merger Date where that is triggered pursuant to paragraph 61.1.2;
- 43.1.3** immediately following the Old WPSF Merger Date where that is triggered pursuant to paragraph 61.1.2; or
- 43.1.4** as required by the Old/New WPSF PPFM,

and at more frequent intervals if the UKLAP Board considers this necessary or desirable:

- (i) determine the Minimum Asset Requirement for the New WPSF, taking into account the projected position of the New WPSF over such period as the UKLAP Board shall determine; and
- (ii) determine the Aggregate Asset Shares of WP Policies allocated to the New WPSF and the Market Value of Core Eligible Assets held in the New WPSF.

- 43.2** UKLAP shall at all times maintain within the New WPSF (taking into account assets provided from time to time under the capital support mechanism in Part 6) assets of a Market Value sufficient to cover the Minimum Asset Requirement. Any Capital Requirements of the New WPSF in excess of the Minimum Asset Requirement may, if the UKLAP Board having taken account of appropriate actuarial advice so determines, to the extent permitted under Regulatory Requirements, be satisfied from UKLAP's assets outside the New WPSF.

- 43.3** The UKLAP Board shall, in accordance with paragraph 43.1, determine the Market Value of Core Eligible Assets in the New WPSF and to the extent such Market Value is found to be less than the Aggregate Asset Shares of WP Policies allocated to the New WPSF as at the relevant date, UKLAP will procure that, as soon as practicable, additional Core Eligible Assets with a Market Value as at the relevant date equal to the deficit are transferred to the New WPSF which, subject to covering the Minimum Asset Requirement as required by paragraph 43.2, may replace assets of the same Market Value which are not Core Eligible Assets.

- 43.4** The UKLAP Board may decide at any time at its discretion, having taken account of appropriate actuarial advice, to maintain in the New WPSF (including by means of capital support pursuant to Part 6) assets with a Market Value in excess of the greater of (i) the Minimum Asset Requirement; and (ii) the Aggregate Asset Shares of WP Policies allocated

to the New WPSF as at that date (the greater of (i) and (ii) being the “**New WPSF Adequacy Assets**”).

43.5 To the extent that at any time the Asset Value of the New WPSF exceeds the Minimum Asset Requirement at such time, and, the UKLAP Board so determines, having taken account of appropriate actuarial advice and being satisfied that such excess assets are not required to be maintained in the New WPSF to meet its Capital Requirements (to the extent such Capital Requirements are required to be met or are determined by the UKLAP Board to be met from assets within the New WPSF) or to ensure the sound management of the New WPSF or UKLAP, all or any part of such excess assets may be transferred to the relevant Non-Profit Sub-Fund in repayment of the capital support provided pursuant to paragraph 54.1 or any other capital support provided to the New WPSF provided that there would be Core Eligible Assets remaining in the New WPSF (after such repayment) with a value equal to, or in excess of, the Aggregate Asset Shares of WP Policies allocated to the New WPSF as at the relevant date.

44 Delay in allocation or misallocation to the UKLAP Sub-Funds

44.1 If:

44.1.1 there is, for any reason any delay (for which provision is not expressly made in this Scheme) in the allocation of any receipt, payment or other item to any UKLAP Sub-Fund in accordance with this Scheme; or

44.1.2 there has been, for any reason, any incorrect allocation of any receipts, payment or other item to any UKLAP Sub-Fund (or its predecessor UKLAP Sub-Fund within a Transferor Company, as the case maybe) which occurred but was not remedied prior to the Effective Date of this Scheme,

the UKLAP Board, having taken account of appropriate actuarial advice, may make such adjustment between the UKLAP Sub-Funds as it considers appropriate in accordance with the principles underlying this Scheme (and, in the case of paragraph 44.1.2, the relevant Predecessor Scheme if applicable) to take account of such delay or incorrect allocation.

PART 5 – DETERMINATION AND APPLICATION OF EXCESS ASSETS

45 Calculation of Available Excess Assets in the New WPSF and the Old WPSF

- 45.1** For the purpose of the investigations and determinations described in this paragraph 45 in respect of the New WPSF (but without prejudice to the operation of Part 6), the UKLAP Board shall take into account the assets and liabilities of the New WPSF and the RIEESA in aggregate as if all were assets and liabilities of the New WPSF (without any obligation for repayment of the RIEESA). Accordingly, references in this Part 5 to the New WPSF shall include the RIEESA as if the RIEESA were part of the New WPSF.
- 45.2** For the purposes of the investigations and determinations in this paragraph 45 any Non-Profit Business which comprises an investment of the RIEESA, or is dependent on the RIEESA for support, shall also be taken into account in the investigations.
- 45.3** The UKLAP Board shall investigate annually, as at the same date in each calendar year, or within five Business Days of that due date, whether the level of assets in the Old WPSF exceeds that required to provide a high level of security to current and future policyholders in the Old WPSF. The calculations shall be completed within six months of the annual investigation date.
- 45.4** On each such annual investigation the UKLAP Board shall determine for the Old WPSF:
- 45.4.1** the amount of Potential Excess Assets; and
 - 45.4.2** the amount of Potential Excess Assets which shall be Available Excess Assets.
- 45.5** The annual investigations and determinations required under this paragraph 45 shall be performed in accordance with Schedule 1.
- 45.6** The UKLAP Board may perform such annual investigations in order to assess whether the level of assets in the New WPSF exceeds that required to provide a high level of security to current and future policyholders in the New WPSF. The results of any such investigation shall be completed within six months of the relevant investigation date.

46 Application of Available Excess Assets in the Old WPSF

- 46.1** The Available Excess Assets (if any) in the Old WPSF shall be applied to enhance policy benefits for WP Policies (other than any WP Policy which under its terms excludes participation in the Available Excess Assets) which are, as at the date of such application, allocated or reassured to the Old WPSF but where applicable reduced to reflect reassurance out of the Old WPSF to another UKLAP Sub-Fund.
- 46.2** The level of enhancement of policy benefits under paragraph 46.1 shall be determined such that the Market Value of the Estate Assets of the Old WPSF (determined after allowing for the liabilities arising in respect of those benefit enhancements, including those in respect of a future transfer to shareholders and tax thereon, consistent with the Old/New WPSF PPFMs) is reduced by the amount of the Available Excess Assets.
- 46.3** The manner of application of the Available Excess Assets under paragraph 46.1 (including by way of bonus) and the allocation among the relevant WP Policies shall be determined by the UKLAP Board, with due regard to the fair treatment of policyholders and having taken account of appropriate actuarial advice. Once such application has been made, it shall be considered to be irrevocable.

46.4 Nothing in the Scheme shall prevent the UKLAP Board from making a distribution or application of Available Excess Assets where such a distribution or application would be required under Regulatory Requirements and/or where the AAA CT Coverage (as defined in Part 2 of Schedule 1) of the Old WPSF is below the MPC (as defined in Part 2 of Schedule 1) where the UKLAP Board so determines having taken account of appropriate actuarial advice.

47 Application of Available Excess Assets in the New WPSF

47.1 After a period of two months from any determination under paragraph 45.6 that there are Available Excess Assets in the New WPSF:

47.1.1 the Available Excess Assets in the New WPSF may, in whole or in part, be transferred to, or, where part of the RIEESA, retained within the NPSF (or be transferred to such other Non-Profit Sub-Fund as the UKLAP Board may determine) taking account of appropriate actuarial advice; and

47.1.2 the Available Excess Assets in the New WPSF shall be released from the RIEESA which shall be reduced accordingly.

47.2 Notice of the determination that there are Available Excess Assets in the New WPSF shall be given to the PRA and FCA within one month of the making of such determination.

48 Determination of Available Excess Assets following a merger of the Old WPSF and the New WPSF

Following a merger of the Old WPSF and the New WPSF, and the application of any Available Excess Assets in the Old WPSF as at the Old WPSF Merger Date where triggered pursuant to paragraph 61.1.2 in accordance with the provisions of Part 7, the provisions of this Part 5 shall cease to apply in relation to any determination of Available Excess Assets in the New WPSF which shall be determined in accordance with Part 7 of Schedule 1 and applied in accordance with paragraph 61.11.

49 WL Deferred Bonus Policies

49.1 The WL Deferred Bonus Policies shall continue after the Effective Date, to entitle the holders thereof to fixed bonuses, which bonuses shall, for the avoidance of doubt, be paid out of and be borne by the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine having taken account of appropriate actuarial advice). The UKLAP Board shall reserve out of the surplus assets of the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine having taken account of appropriate actuarial advice) such amount as it shall consider appropriate to cover such bonuses.

49.2 The holders of WL Deferred Bonus Policies shall not be eligible to participate in any other surplus, whether arising in the NPSF or any other Non-Profit Sub-Fund, the SHF or any UKLAP Shareholder Fund or any other UKLAP Sub-Fund.

49.3 The WL Deferred Bonus Policies are those policies previously marketed under the following product names:

49.3.1 Colonial Pacemaker Investment Plan;

49.3.2 Colonial Golden Future Investment Plan;

- 49.3.3 Colonial Pacemaker Investment Bond (Mark I, II and III);
- 49.3.4 Colonial Pacemaker 2 (Mark I, II and III);
- 49.3.5 Colonial Pacemaker Child's Security Plan; and
- 49.3.6 Colonial Pacesetter Investment Plan.

50 Future Allocations of surplus from the FL With-Profits Sub-Funds

50.1 In order that, after the Effective Date:

- 50.1.1 the methodology, as determined by the FLC Funds PPFM, for the allocation of surplus in the FLC New WPSF continues to be consistent with the methodology for the allocation of surplus in the FLC New WPSF maintained by FLL prior to the Effective Date;
- 50.1.2 the methodology, as determined by the FLC Funds PPFM, for the allocation of surplus in the FLC Old WPSF continues to be consistent with the methodology for the allocation of surplus in FLC Old WPSF maintained by FLL prior to the Effective Date;
- 50.1.3 the methodology, as determined by the FP WPSF PPFM, for the allocation of surplus in the FP WPSF is consistent with the methodology for the allocation of surplus in the FP WPSF maintained by FLL prior to the Effective Date;
- 50.1.4 the methodology, as determined by the relevant FLAS WPSF PPFM, for the allocation of surplus in the FLAS WPSF is consistent with the methodology for the allocation of surplus in the FLAS WPSF maintained by FLL prior to the Effective Date;
- 50.1.5 the methodology, as determined by the relevant WL WPSF PPFM, for the allocation of surplus in the WL WPSF is consistent with the methodology for the allocation of surplus in the WL WPSF maintained by FLL prior to the Effective Date; and
- 50.1.6 the methodology, as determined by the SGF PPFM, for the allocation of surplus in the SGF is consistent with the methodology for the allocation of surplus in the SGF maintained by FLP prior to the Effective Date,

following the Effective Date, and, in the case of the FLC Old WPSF, subject to paragraph 50.2, and in the case of the FP WPSF, after having made full provision for its obligations pursuant to paragraph 52:

- 50.1.7 UKLAP shall procure that the excess of the assets over the liabilities of each FLL 90:10 Fund shall be determined by an actuarial assessment conducted in accordance with Regulatory Requirements by the UKLAP Board having taken account of appropriate actuarial advice at such intervals, being not less than once in every 12 months (or such longer time as the PRA and FCA may allow), as the UKLAP Board may determine;
- 50.1.8 the UKLAP Board, having taken account of appropriate actuarial advice, shall:
 - (i) in determining the excess of the assets over the liabilities of any FLL 90:10 Fund ascertained pursuant to paragraph 50.1.7, reserve within that FLL 90:10 Fund or carry forward unallocated, such amounts as it considers

appropriate to be set aside to be carried forward as part of that FLL 90:10 Fund; and

- (ii) set aside the remainder to be divided between the SHF (or such other UKLAP Shareholder Fund as the UKLAP Board may determine) and holders of WP Policies allocated to that FLL 90:10 Fund;

50.1.9 other than in respect of the FP WPSF (to which paragraph 50.1.10 shall apply) and in respect of the WL WPSF (to which paragraph 50.1.11 shall apply), in respect of each other FLL 90:10 Fund, an amount not less than 90 per cent. of the sums set aside pursuant to paragraph 50.1.8(ii) shall be allocated by way of bonus with respect to those WP Policies allocated to that FLL 90:10 Fund, in the case of Reorganisation Bonus and otherwise, on such basis as shall be determined by the UKLAP Board having taken account of appropriate actuarial advice, save that the same percentage (being not less than 90 per cent.) shall be set aside in respect of each category of WP Policies allocated to each FLC Fund as the percentage applied to similar categories of WP Policies respectively allocated to the other FLC Fund;

50.1.10 in respect of the FP WPSF, an amount not less than 90 per cent. of sums set aside pursuant to paragraph 50.1.8(ii) attributable to Conventional WP Policies and an amount equal to 100 per cent. of sums set aside pursuant to paragraph 50.1.8(ii) attributable to Hybrid Policies and Unitised WP Policies shall be allocated by way of bonus with respect to such WP Policies allocated to the FP WPSF on such basis as shall be determined by the UKLAP Board having taken account of appropriate actuarial advice;

50.1.11 in respect of the WL WPSF:

- (i) an amount not less than 90 per cent. of sums set aside pursuant to paragraph 50.1.8(ii) attributable to Conventional WP Policies;
- (ii) an amount not less than 90 per cent. of sums set aside pursuant to paragraph 50.1.8(ii) attributable to Hybrid Policies and Unitised WP Policies written in the WL WPSF; and
- (iii) an amount equal to 100 per cent. of sums set aside pursuant to paragraph 50.1.8(ii) attributable to the Hybrid Policies and Unitised WP Policies written in the NPSF in respect of which their with-profits component is reassured to the WL WPSF,

shall be allocated by way of bonus with respect to such WP Policies on such basis as shall be determined by the UKLAP Board having taken account of appropriate actuarial advice; and

50.1.12 the balance of the amount set aside pursuant to paragraph 50.1.8(ii) shall be recognised as a declared surplus of the relevant FLL 90:10 Fund and, subject to the provisions of the relevant UKLAP PPFM, transferred to the SHF (or such other UKLAP Shareholder Fund or Non-Profit Sub-Fund as the UKLAP Board may determine).

50.2 As at each FLC Special Scheme Bonus Calculation Date, UKLAP shall calculate and allocate to relevant Policies the FLC Special Scheme Bonus in accordance with Schedule 5.

50.3 Any surplus arising in the FPLAL WPSF which is distributed will be distributed solely to holders of FPLAL WPSF Policies carrying the right to participate in profits.

50.4 Any surplus arising in the SGF which is distributed will be distributed solely to holders of SGF Policies carrying the right to participate in profits.

51 Future Allocations of Surplus from other UKLAP With-Profits Sub-Funds

51.1 The UKLAP Board shall determine an amount available in the PM SF for distribution as bonus from time to time in accordance with the PM SF PPFM and:

51.1.1 an amount of not less than 90 per cent. of any such amount which the UKLAP Board determined to be available for distribution as bonus shall be distributed by way of bonus on WP Policies allocated or reassured to the PM SF; and

51.1.2 assets representing the balance of such amount available for distribution as bonus shall be transferred to the SHF (or any other UKLAP Shareholder Fund or Non-Profit Sub-Fund as the UKLAP Board may determine).

51.2 The UKLAP Board, having obtained appropriate actuarial advice, will determine an amount available in the Old WPSF or the New WPSF for distribution as bonus from time to time. That amount will include (for the avoidance of doubt) any bonus resulting directly or indirectly from an application of Available Excess Assets in the Old WPSF (or in the New WPSF after the Old WPSF Merger Date) to augment policyholder benefits in accordance with Part 5 of Schedule 1 of this Scheme. An amount of not less than 90% of any such amount which the UKLAP Board determines to be available for distribution as bonus (after allowing for shareholder tax in respect of any such distribution) shall be distributed by way of bonus on WP Policies allocated or internally reassured to the relevant sub-fund. Assets representing the balance of such amount determined to be available for distribution as bonus shall be transferred, as determined by the UKLAP Board to the UKLAP Shareholder Funds or to any Non-Profit Sub-Fund(s).

51.3 The UKLAP Board, having obtained appropriate actuarial advice, shall determine an amount available in the UKLAP WPSF for distribution as bonus from time to time. Subject to paragraph 51.4, an amount which is not less than 90% (or, in respect of certain Policies written after the effective date of the NULIS Scheme and on or before 2 October 2000, such other percentage specified in respect of such Policies or, in respect of the WP Part of DC Policies, 100%) of any such amount which the UKLAP Board determines to be available for distribution as bonus (after allowing for shareholder tax in respect of any such distribution) shall be distributed by way of bonus on WP Policies allocated or reassured to the UKLAP WPSF. Assets representing the balance of such amount determined to be available for distribution shall be transferred to the UKLAP Shareholder Funds or to any Non-Profit Sub-Fund(s), as determined by the UKLAP Board having obtained appropriate actuarial advice.

51.4 New Policies allocated or reassured to the UKLAP WPSF after the Effective Date may be issued on the basis that the maximum amount available for distribution that may be divided among such Policies shall be specified in advance of the issue of such Policies, provided that the UKLAP Board, having obtained appropriate actuarial advice, determines that the terms of such Policies will not prejudice the interests of all holders of Existing UKLAP Policies which are then subsisting.

51.5 The whole of any amounts determined by the UKLAP Board to be distributable as bonus in respect of Stakeholder Pension Policies allocated or reassured to the Stakeholder WPSF

that are part of the Existing UKLAP Business shall be applied for the benefit of such Policies or their holders.

51.6 Save for paragraphs 51.1, 51.3, 51.4, 51.5 the UKLAP Board may amend the UKLAP PPFMs, with the prior approval of the With-Profits Committee and after prior notification to the PRA and the FCA (but without requiring an application to the Court) if, as a result of any change in, or a new interpretation of, any law, regulation, policy or practice, such an amendment is, in the opinion of the UKLAP Board having obtained appropriate advice, (i) necessary, or (ii) appropriate, provided that in the latter case such amendment does not (except in the case of the application of changes in Tax legislation) materially adversely affect policyholders' interests.

52 FP Schedule 3 Amount

52.1 After the Effective Date, following each actuarial valuation of the FP WPSF in accordance with Schedule 3, the UKLAP Board, having taken account of appropriate actuarial advice, shall calculate the FP Schedule 3 Amount in respect of the period ended on the date as at which such actuarial valuation is carried out.

52.2 If the FP Schedule 3 Amount is positive, as soon as practicable following the date of the calculation referred to in paragraph 52.1, an amount of cash and assets with a value determined in accordance with Prudential Regulation equal to 60 per cent. of the FP Schedule 3 Amount shall cease to be cash and assets of the FP WPSF and shall be credited to the NPSF (or such other Non-Profit Sub-Fund or a UKLAP Shareholder Fund as the UKLAP Board may determine).

PART 6 – CAPITAL SUPPORT

53 General provision of financial support

- 53.1** Subject to any requirement or restriction imposed by this Scheme, other financial assistance or support may be provided by any Existing UKLAP Sub-Fund (excluding, subject to paragraph 53.2, the RIEESA) to any other Existing UKLAP Sub-Fund provided that the UKLAP Board, having taken account of appropriate actuarial advice, is of the opinion that the provision of such assistance or support will not have a material adverse effect on the interests of the holders of Policies allocated to the Existing UKLAP Sub-Fund which is to provide or receive such assistance or support.
- 53.2** The RIEESA (including any Non-Profit Business in which the RIEESA is invested and including any amounts then provided by way of capital support to the New WPSF or the Old WPSF under this Part 6) may only be used to provide capital support to the New WPSF and the Old WPSF or, through the New WPSF and the Old WPSF, to the Stakeholder WPSF.
- 53.3** Nothing in the Scheme shall prevent UKLAP from relying upon any of the assets in each UKLAP Sub-Fund from time to time for the purposes of meeting its Capital Requirements, subject always to compliance with Regulatory Requirements.
- 53.4** Save as otherwise expressly provided for in this Scheme, nothing in this Scheme shall require UKLAP to provide any form of capital support to any UKLAP Sub-Fund after the Effective Date.

SECTION A – UKLAP Existing Capital Support

54 Required capital support for the New WPSF and the Old WPSF

- 54.1** If the UKLAP Board, having taken account of appropriate actuarial advice, determines at any time that the assets of the New WPSF are insufficient to cover the Minimum Asset Requirement of the New WPSF, capital support shall, subject to paragraph 54.2, be provided to the New WPSF to cover the shortfall by way of a transfer of cash or other assets from the RIEESA to the New WPSF on the terms set out in paragraph 56.1 or under an alternative arrangement permitted pursuant to paragraph 56.3.
- 54.2** Subject to paragraphs 54.4 and 54.5, the maximum amount of capital support available to be provided to the New WPSF pursuant to paragraph 54.1 at any time shall be the sum of:
- 54.2.1** the assets allocated to the RIEESA at that time determined in accordance with paragraph 55; and
 - 54.2.2** the amount of any capital support provided as at that date to the Old WPSF under paragraph 54.3 or under paragraph 54.5 which could be immediately repaid pursuant to paragraph 56.2.
- 54.3** If the UKLAP Board, having taken account of appropriate actuarial advice, determines at any time that the assets of the Old WPSF are insufficient to cover the Minimum Asset Requirement of the Old WPSF, capital support shall, subject to paragraph 54.4 be provided to the Old WPSF to cover the shortfall by way of a transfer of cash or other assets from the RIEESA to the Old WPSF on the terms set out in paragraph 56.1 or under an alternative arrangement permitted pursuant to paragraph 56.3.

54.4 Subject to paragraph 54.5, the maximum amount of capital support available to be provided to the Old WPSF pursuant to paragraph 54.3 at any time shall be the sum of:

54.4.1 the assets allocated to the RIEESA at that time determined in accordance with paragraph 55; and

54.4.2 the amount of any capital support provided as at that date to the New WPSF under paragraph 54.1 which could be immediately repaid pursuant to paragraph 56.2.

54.5 If at any time capital support is required to be provided to both the New WPSF and the Old WPSF pursuant to paragraphs 54.1 and 54.3, capital support shall be provided first to the New WPSF and then to the Old WPSF to the extent there is any RIEESA remaining after such provision to the New WPSF, provided that the UKLAP Board, having taken account of appropriate actuarial advice, may vary such provisions to the extent necessary and appropriate to equalise to the extent possible the ability of each such UKLAP Sub-Fund to make allocations or distributions of bonuses to the holders of WP Policies allocated or reassured to that UKLAP Sub-Fund (other than future allocations or distributions pursuant to Part 5) consistent with UKLAP's duty to treat its policyholders fairly.

55 Reattributed Inherited Estate External Support Account

55.1 The RIEESA shall be maintained as an identifiable separate account allocated to the NPSF or other Non-Profit Sub-Fund in accordance with paragraph 40.3.

55.2 The RIEESA shall comprise:

55.2.1 the assets allocated to the RIEESA immediately prior to the Effective Date; and

55.2.2 from time to time after the Effective Date, the RIEESA shall comprise the assets referred to in paragraph 55.2.1 adjusted by:

- (i) the acquisition and disposal of assets in the RIEESA in accordance with paragraph 55.4;
- (ii) the addition of actual investment income on the assets allocated to the RIEESA (net of dealing costs and investment management expenses);
- (iii) where the RIEESA is invested in non-profit business consistent with the Old/New WPSF PPFMs, the addition of all premiums received under the relevant policies allocated to such non-profit business less all liabilities, claims and expenses relating to such policies;
- (iv) the addition of any cash or other assets received into the RIEESA from time to time in repayment of capital support provided at any time since the UKLAP Reattribution Scheme Effective Date or pursuant to paragraph 54;
- (v) the deduction of cash amounts in respect of Taxation attributable to the RIEESA from time to time as determined by the UKLAP Board;
- (vi) the deduction of any cash or other assets or assets transferred to the New WPSF and/or the Old WPSF by way of capital support after the Effective Date pursuant to paragraph 54; and
- (vii) the deduction of cash or other assets representing releases from the RIEESA pursuant to paragraph 47.

55.3 For the purposes of paragraph 55.2.2(v), the amount of Taxation to be deducted shall, so far as it is practicable, be calculated as the Taxation which would have been borne by the New WPSF and the RIEESA during the relevant period if together they had represented a with-profits fund which comprised the whole of the Long-Term Insurance Business of a proprietary United Kingdom life assurance company (subject to any adjustment in accordance with paragraph 39.7) less the amount of Taxation borne by the New WPSF during that period calculated in accordance with paragraph 39 and shall take into account all Policies written in the New WPSF and those in which the RIEESA is invested. The amount of Taxation to be deducted shall exclude any incremental Taxation arising on any release from the RIEESA pursuant to paragraph 47.

55.4 Assets comprised in the RIEESA may be sold or otherwise disposed of from time to time and cash in the RIEESA may be applied for the acquisition of further investments provided that:

55.4.1 such acquisitions and disposals shall be made in accordance with an investment policy determined by the UKLAP Board, consistent with the Old/New WPSF PPFMs; and

55.4.2 all proceeds of any such disposals and any such further investments shall be credited to the RIEESA.

56 Terms upon which required capital support is provided

56.1 Capital support provided to the New WPSF or the Old WPSF referred to in paragraph 54 shall be on the following terms:

56.1.1 the assets provided by way of such capital support shall be transferred together with their related liabilities (which, for the avoidance of doubt, would include liabilities under Non-Profit Policies where assets backing such Non-Profit Policies are made available) to the New WPSF or the Old WPSF as appropriate and shall comprise such Specifically Allocated Assets and/or an Interest in the Pooled Assets as the UKLAP Board shall determine and, where the Non-Profit Policies are to be transferred, such assets must be sufficient to cover the Capital Requirements applicable to such Non-Profit Policies;

56.1.2 the amount of capital support to the Old WPSF to be treated as outstanding at any time shall be determined as provided in paragraph 56.4;

56.1.3 the amount of capital support to the New WPSF treated as outstanding at any time shall be represented by the excess of the Market Value of the New WPSF Adequacy Assets maintained in accordance with paragraph 43.4 at such time over the Aggregate Asset Shares of WP Policies allocated to the New WPSF;

56.1.4 capital support may only be required to be repaid to the RIEESA if, and to the extent that following any such repayment, there would be no shortfall in the assets of the New WPSF or the Old WPSF (as applicable) below the Minimum Asset Requirement for the relevant UKLAP Sub-Fund;

56.1.5 capital support shall be required to be repaid up to an amount of assets held in excess of the Minimum Asset Requirement as determined by the UKLAP Board:

(i) where the circumstances in paragraph 54.1 apply, from the Old WPSF;

- (ii) where the circumstances in paragraph 54.3 apply, from the New WPSF;
- (iii) in the event that a merger of the Old WPSF and the New WPSF has been resolved to take place under paragraph 61.1.2, prior to any investigations under paragraph 61.2, from the Old WPSF; and

56.1.6 for the avoidance of doubt, where Non-Profit Policies are to be transferred as envisaged by paragraph 56.1.1, such transfer shall not be regarded as a re-allocation of the relevant Non-Profit Policies and the requirements of paragraph 27.1 shall not apply.

56.2 Subject to paragraphs 56.1.4 and 56.1.5, the extent to which the capital support provided to the New WPSF under paragraph 54.1 or to the Old WPSF under paragraph 54.3 or which is provided under paragraph 56.3 is repaid from time to time shall be determined by the UKLAP Board taking account of appropriate actuarial advice.

56.3 As an alternative to the provision of capital support from the RIEESA described in paragraph 54, UKLAP may provide capital support to the New WPSF or the Old WPSF through a different mechanism if the UKLAP Board, having taken account of appropriate actuarial advice, concludes that the overall financial and regulatory effect of such alternative support is no worse for the New WPSF and (if applicable) the Old WPSF, having due regard to the interests of the holders of Policies allocated or reassured to the New WPSF and the Old WPSF and its duty to treat them fairly. Any such alternative capital support shall be deemed to have been provided by the RIEESA for the purpose of determining the maximum available capital support to be provided out of the RIEESA from time to time but whilst any such alternative capital support is in place any release from the RIEESA under paragraph 47.1 shall be subject to the approval of the With-Profits Committee that such a release is not in circumvention of the principles of the Scheme.

56.4 The amount of capital support to the Old WPSF outstanding from time to time shall be designated as the “**Old WPSF Capital Support**” and shall comprise the assets which, immediately prior to the Effective Date, have been transferred to the Old WPSF as Old WPSF Capital Support (which may be none) and shall be adjusted by:

56.4.1 the addition of any additional cash or assets provided to the Old WPSF as capital support under paragraph 54.3 or 56.3;

56.4.2 the disposal of cash or assets provided as capital support and cash or the acquisition of new assets with the proceeds, which cash or new assets shall then be comprised in the Old WPSF Capital Support;

56.4.3 the addition of actual investment income and gains on the cash and assets comprised in the Old WPSF Capital Support (before deduction of dealing costs and investment management expenses);

56.4.4 the addition of any premiums received, and deduction of claims and expenses, in respect of any Non-Profit Policies included in the Old WPSF Capital Support;

56.4.5 the deduction of any payment of a liability attaching to any asset in the Old WPSF Capital Support;

56.4.6 the deduction of investment expenses and dealing costs in respect of investments comprised in the Old WPSF Capital Support save to the extent included in paragraph 56.4.4;

- 56.4.7 the deduction of any cash amount or other assets applied in repayment of the capital support in accordance with paragraph 56.1.4, 56.1.5 or 56.2;
- 56.4.8 a deduction for Taxation comprising the Taxation appropriate to the cash and assets comprised in the Old WPSF Capital Support reflecting any incremental tax borne by Old WPSF due to the presence of the Old WPSF Capital Support; and
- 56.4.9 such other addition or deduction from the cash and assets comprised in the Old WPSF Capital Support as the UKLAP Board, having taken account of appropriate actuarial advice, shall consider appropriate to reflect:
- (i) changes in the value of; or
 - (ii) costs incurred in relation to,
- the acquisition, holding or disposal of the assets representing the Old WPSF Capital Support subject to the approval of the With-Profits Committee.

57 Permitted additional capital support to the Old WPSF and/or the New WPSF

- 57.1 Subject to any restriction imposed by this Scheme, the UKLAP Board may at its discretion provide additional capital support to the New WPSF and/or the Old WPSF over and above the amount necessary to cover the Minimum Asset Requirement including, *inter alia*, to assist the New WPSF and/or the Old WPSF in supporting the capital requirements of the Stakeholder WPSF. Such capital support may be provided by way of additional capital support from the RIEESA in accordance with this Part 6 or otherwise as the UKLAP Board may determine, having taken account of appropriate actuarial advice and concluded that the overall financial and regulatory effect of such alternative support is no worse for the New WPSF or the Old WPSF having due regard to the interests of holders of Policies allocated or reinsured to the New WPSF or the Old WPSF and its duty to treat them fairly.

SECTION B - FL Capital Support

58 Establishment of accounts in UKLAP

- 58.1 On and with effect from the Effective Date UKLAP shall establish and maintain:
- 58.1.1 a memorandum account designated as the FLC Funds Support Account;
 - 58.1.2 a memorandum account designated as the FP WPSF Support Account;
 - 58.1.3 a memorandum account designated as the FP Post Demutualisation WPSF Support Account;
 - 58.1.4 a memorandum account designated as the FLAS WPSF Support Account; and
 - 58.1.5 a memorandum account designated as the WL WPSF Support Account.
- 58.2 On and with effect from the Effective Date, UKLAP shall ensure that:
- 58.2.1 the FLC Funds Support Account shall have an Asset Value on the Effective Date equal to the Asset Value which was allocated immediately prior to the Effective Date to the FLC Funds Support Account;

- 58.2.2 the FP WPSF Support Account shall have an Asset Value on the Effective Date equal to the Asset Value which was allocated immediately prior to the Effective Date to the FP WPSF Support Account;
 - 58.2.3 the FP Post Demutualisation WPSF Support Account shall have an Asset Value on the Effective Date equal to the Asset Value which was allocated immediately prior to the Effective Date to the FP Post Demutualisation WPSF Support Account;
 - 58.2.4 the FLAS WPSF Support Account shall have an Asset Value on the Effective Date equal to the Asset Value which was allocated immediately prior to the Effective Date to the FLAS WPSF Support Account; and
 - 58.2.5 the WL WPSF Support Account shall have an Asset Value on the Effective Date equal to the Asset Value which was allocated immediately prior to the Effective Date to the WL WPSF Support Account.
- 58.3 On and with effect from the Effective Date, UKLAP shall establish and maintain a Reorganisation Bonus memorandum account within the FLC New WPSF (the “**RBM Account**”) having an Asset Value on the Effective Date equal to the RBM Account Value maintained by FLL immediately prior to the Effective Date.

59 Management of FL Support Accounts

- 59.1 From the Effective Date UKLAP shall continue to maintain records of the balance of:
- 59.1.1 the FLC Funds Support Account for so long as one or more of the FLC Funds are maintained as a separate UKLAP Sub-Fund;
 - 59.1.2 the FP WPSF Support Account until the earlier of (i) 31 December 2031; and (ii) the date on which the FP WPSF is no longer maintained as a separate UKLAP Sub-Fund;
 - 59.1.3 the FP Post Demutualisation WPSF Support Account for so long as the FP WPSF is maintained as a separate UKLAP Sub-Fund;
 - 59.1.4 the FLAS WPSF Support Account for so long as the FLAS WPSF is maintained as a separate UKLAP Sub-Fund; and
 - 59.1.5 the WL WPSF Support Account for so long as the WL WPSF is maintained as a separate UKLAP Sub-Fund.
- 59.2 The balance of each of the Support Accounts shall from time to time be determined in accordance with Schedule 2.
- 59.3 Whilst the NPSF, WPSF 5, Belgian SF (and any other Non-Profit Sub-Funds at the relevant time) and the SHF (and any other UKLAP Shareholder Fund at the relevant time) continue to hold, in aggregate, Regulatory Assets (excluding the RIEESA but including any assets held in trust for UKLAP the beneficial ownership in respect of which is allocated to the NPSF, WPSF 5, Belgian SF (or other Non-Profit Sub-Funds) or the SHF (or other UKLAP Shareholder Funds) pursuant to Part 3) greater than the aggregate of:
- 59.3.1 the Technical Provisions of the Non-Profit Sub-Fund(s) and WPSF 5 (but excluding the Technical Provisions of any Policies allocated at the relevant time to the RIEESA);
 - 59.3.2 other liabilities allocated to the Non-Profit Sub-Funds (excluding the RIEESA), UKLAP Shareholder Fund(s) and WPSF 5; and

59.3.3 the MCR of UKLAP (excluding any part of the MCR attributable to a UKLAP With-Profits Sub-Fund which is being met by the Own Funds of that UKLAP With-Profits Sub-Fund and excluding any part of the MCR attributable to the RIEESA being met by the Own Funds of the RIEESA),

then

59.3.4 the FP Remaining Support Amount and the FP Post Demutualisation Remaining Support Amount shall (in addition to other appropriate considerations) be taken into account in the management (including in relation to the determination of investment and bonus policy) of the FP WPSF on the basis specified in the FP WPSF PPFM;

59.3.5 the FLC Remaining Support Amount shall (in addition to other appropriate considerations) be taken into account in the management (including in relation to the determination of investment and bonus policy) of the FLC Funds on the basis specified in the FLC Funds PPFM; and

59.3.6 the FLAS Remaining Support Amount shall (in addition to other appropriate considerations) be taken into account in the management (including in relation to the determination of investment and bonus policy) of the FLAS WPSF on the basis specified in the FLAS WPSF PPFM.

59.4 The WL Remaining Support Amount shall not (in addition to other appropriate considerations) be taken into account in the management (including in relation to the determination of investment and bonus policy) of the WL WPSF on the basis specified in the WL WPSF PPFM.

59.5 The RBM Account shall be operated in accordance with the FLC PPFM and paragraph 62.5.

60 Temporary Transfers and Permanent Contributions

60.1 In circumstances where paragraph 60.5 provides for a Further Temporary Transfer to be made, UKLAP will transfer cash or assets selected by the UKLAP Board, having taken account of appropriate actuarial advice, such cash or assets to be taken from either or both of the NPSF (excluding the RIEESA) and/or the SHF or such other Non-Profit Sub-Fund or UKLAP Shareholder Fund as the UKLAP Board may determine in the absolute discretion of the UKLAP Board (subject to any Regulatory Requirements) (the “**Supporting Funds**” or, as applicable, each a “**Supporting Fund**”) to the relevant FLL With-Profits Sub-Fund by way of a Temporary Transfer on terms such that (and such terms shall also apply to any Existing Temporary Transfer):

60.1.1 the value of the cash or assets so transferred shall be determined in accordance with Prudential Regulation; and

60.1.2 amounts from time to time representing the balance of a Temporary Transfer shall be increased or, as the case may be, decreased by Enhancements, unless such amounts are paid pursuant to paragraph 60.7.

60.2 Neither the transfer of such cash or assets representing the principal amount of a Temporary Transfer nor its increase or reduction by Enhancements shall give rise to a liability of the relevant FLL With-Profits Sub-Fund or an asset of the Supporting Fund.

60.3 In relation to the FP WPSF, the FLC Funds and the FLAS WPSF, the requirements of this paragraph 60 in respect of the repayment (or part repayment) of Temporary Transfers and the payment of Enhancements shall be ignored for the purpose of determining the

investment and bonus policy applicable to the FP WPSF, the FLC Funds and the FLAS WPSF in accordance with the relevant UKLAP PPFM.

60.4 Repayment (or part repayment) of a Temporary Transfer will occur only in accordance with paragraph 60.6. Upon any such repayment (or part repayment), cash or assets selected by the UKLAP Board, having taken account of appropriate actuarial advice, with a Market Value as at the most recent practicable date equal to the amount of such repayment shall be transferred from the relevant FLL With-Profits Sub-Fund to the Supporting Fund.

60.5 Subject to paragraph 60.6, one or more further temporary asset transfers pursuant to paragraph 60.1 (each a “**Further Temporary Transfer**”) shall be made by UKLAP:

60.5.1 if a Deficit is determined by the UKLAP Board, having taken account of appropriate actuarial advice, to have arisen in any of the FP WPSF, the FLC Funds or the FLAS WPSF, in which event the amount of the Further Temporary Transfer advanced to any of the FP WPSF, the FLC Funds or the FLAS WPSF (as the case may be) pursuant to paragraph 60.1, shall be the amount of the Deficit or, if smaller, the amount which would result in the Temporary Transfers then outstanding to the FP WPSF from the assets of the Non-Profit Sub-Fund or the UKLAP Shareholder Funds in respect of the FP WPSF Support Account, the FLC Funds or the FLAS WPSF (aggregated in respect of each such FLL With-Profits Sub-Fund as applicable) being equal to, at that time, the relevant Specified Year End Support Amount in respect of the FP WPSF Support Account, the FLC Funds Support Account or the FLAS WPSF Support Account, respectively determined in accordance with Schedule 2;

60.5.2 if a Shortfall is determined by the UKLAP Board, having taken account of appropriate actuarial advice, to have arisen in respect of the FP Post Demutualisation Policies, in which event the amount of the Further Temporary Transfer advanced to the FP WPSF pursuant to paragraph 60.1 shall be the amount of the Shortfall or, if smaller, the amount which would result in the aggregate of all Temporary Transfers then outstanding to the FP WPSF from the the assets of the Non-Profit Sub-Fund or the UKLAP Shareholder Funds in respect of the FP Post Demutualisation WPSF Support Account being equal to the amount at that time of the relevant Specified Year End Support Amount in respect of the FP Post Demutualisation WPSF Support Account in accordance with Schedule 2; and

60.5.3 in any event (whether or not a Deficit has arisen with respect to a particular FLL With-Profits Sub-Fund) if the UKLAP Board so determines, in which event the amount of the Further Temporary Transfer shall be the amount so determined by the UKLAP Board (having taken account of appropriate actuarial advice),

provided that no Further Temporary Transfer shall be made pursuant to paragraph 60.1 which would result in:

- (i) the aggregate value of all Regulatory Assets (excluding the RIEESA) allocated to the NPSF, WPSF 5, Belgian SF (and any other Non-Profit Sub-Funds at the relevant time) and the SHF (or any other UKLAP Shareholder Funds at the relevant time) (or held in trust for UKLAP the beneficial ownership in respect of which is allocated to the NPSF, WPSF 5, Belgian SF (or other Non-Profit Sub-Funds) or the SHF (or other UKLAP Shareholder Funds) pursuant to Part 3), being less than,
- (ii) the aggregate of:

- (a) the Technical Provisions of the Non-Profit Sub-Fund(s) and WPSF 5 (but excluding the Technical Provisions of any Policies allocated at the relevant time to the RIEESA);
- (b) other liabilities allocated to the Non-Profit Sub-Fund(s) (excluding the RIEESA), WPSF 5 and UKLAP Shareholder Fund(s); and
- (c) the MCR of UKLAP (excluding any part of the MCR attributable to a UKLAP With-Profits Sub-Fund which is being met by the Own Funds of that UKLAP With-Profits Sub-Fund and excluding any part of the MCR attributable to the RIEESA being met by the Own Funds of the RIEESA).

60.6 A Temporary Transfer may be repaid or partially repaid at any time at the discretion of the UKLAP Board, having taken account of appropriate actuarial advice, but only if and to the extent that the UKLAP Board, having taken account of appropriate actuarial advice, determines that immediately following any such repayment a Deficit would not arise in the relevant FLL With-Profits Sub-Fund repaying the Temporary Transfer (or part thereof).

60.7 In respect of each Temporary Transfer which is from time to time outstanding, an Enhancement shall be calculated as at each Year End and:

60.7.1 if the Enhancement is a positive amount, such Enhancement shall be paid provided always that:

- (i) such payment shall be contingent on the UKLAP Board, having taken account of appropriate actuarial advice, having determined that immediately following such a payment a Deficit would not arise in the FLL With-Profits Sub-Fund making the payment and any payment due under this paragraph 60.7 shall be made in priority to repayments of an Existing Temporary Transfer pursuant to paragraph 60.6 and Schedule 2; and
- (ii) such a payment from the FP WPSF to the relevant Supporting Fund in relation to a Temporary Transfer made from the FP WPSF Support Account shall be made only if the amount certified under paragraph 52 as the FP Schedule 3 Amount in respect of the financial year ended on that Year End is not negative,

and upon any such payment, cash or assets selected by the UKLAP Board, having taken account of appropriate actuarial advice, with a Market Value as at the most recent practicable date equal to the amount to be so paid shall cease to be the property of the relevant FLL With-Profits Sub-Fund and shall be credited to the relevant Supporting Fund; and

60.7.2 if the Enhancement is a negative amount, cash or assets selected by the UKLAP Board, having taken account of appropriate actuarial advice, with a Market Value as at the most recent practicable date equal to the amount by which such Enhancement is negative shall cease to be the property of the relevant Supporting Fund and shall be credited to the relevant FLL With-Profits Sub-Fund.

60.8 One or more Permanent Contributions shall be made in accordance with paragraph 2 of Part 5 of Schedule 2 from the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine) or the SHF (or such other UKLAP Shareholder Fund as the UKLAP Board may determine) or a combination of them, as the UKLAP Board may determine to the WL

WPSF if the UKLAP Board, having taken account of appropriate actuarial advice, considers that any of the following will result, or has resulted, in a reduction in the values of any Colonial Policies:

60.8.1 a change to asset share or other methodology used to determine the value of any Colonial Policies; or

60.8.2 the aggregate value of deficiencies allocated to any Colonial Policy pursuant to the WL WPSF PPFM exceeding the aggregate value of surpluses allocated to such Colonial Policy pursuant to the WL WPSF PPFM.

60.9 In the event that a Further Temporary Transfer is required to be provided from the NPSF (or other Non-Profit Sub-Fund) or the SHF (or other UKLAP Shareholder Fund) to more than one FL With-Profits Sub-Fund at the same time, and the proviso set out in paragraph 60.5 would apply to restrict the amount of capital support available for such Further Temporary Transfer, then each Further Temporary Transfer shall be reduced on a pro rata basis.

PART 7 – CLOSURE AND MERGER OF UKLAP SUB-FUNDS

61 Merger of the Old WPSF with the New WPSF

61.1 If:

61.1.1 the amount of the With-Profits Regulatory Asset Value of the Old WPSF falls to below £100 million; or

61.1.2 there are no UKLAP Reattribution Scheme Transferred Policies which are WP Policies (including, for the avoidance of doubt Hybrid Policies which have no current with-profits investment) left In Force (other than Stakeholder Pension Policies),

UKLAP may, by resolution of the UKLAP Board (having consulted with the With-Profits Committee, having taken account of appropriate actuarial advice and having notified that resolution to the PRA and FCA), transfer the Policies, assets and liabilities of the Old WPSF to the New WPSF with effect from a date to be determined by the UKLAP Board (the “**Old WPSF Merger Date**”). Prior to such time, any merger of the Old WPSF with the New WPSF shall, unless paragraph 64 applies, require the consent of the Court to which the provisions of paragraph 73.2 shall apply.

61.2 Where a merger of the Old WPSF with the New WPSF is resolved to be effected on the basis of the criteria set out in paragraph 61.1.1, the provisions of paragraph 64.1.1 shall apply (to the exclusion of the provisions of paragraphs 61.4 to 61.8 (inclusive)).

61.3 Where a merger of the Old WPSF with the New WPSF is resolved to be effected on the basis of the criteria set out in paragraph 61.1.2, the provisions set out in paragraphs 61.4 to 61.8 (inclusive) shall apply.

61.4 Investigations shall be performed to determine as at the Old WPSF Merger Date:

61.4.1 the excess of the Market Value of the assets of the Old WPSF over the Realistic Liabilities and other non-Policy related liabilities of the Old WPSF (the “**Old WPSF Estate Value**”); and

61.4.2 the excess of the Market Value of the assets comprised in the New WPSF (which term where used in paragraphs 61.1 to 61.11 inclusive shall include the RIEESA unless expressly stated otherwise) over the Realistic Liabilities and other non-Policy related liabilities of the New WPSF (the “**New WPSF Estate Value**”),

and the Old WPSF Estate Value plus the New WPSF Estate Value shall equal the “**Total Estate Value**”.

61.5 If the Old WPSF Estate Value as a proportion of the Total Estate Value is:

61.5.1 greater than the Old WPSF Proportion, then sufficient assets of the Old WPSF shall be designated Available Excess Assets as at the Old WPSF Merger Date so as to reduce the Old WPSF Estate Value (calculated after allowing for the application of the Available Excess Assets as required by paragraphs 61.6 and 61.7) as a proportion of the Total Estate Value (also calculated after allowing for the application of such Available Excess Assets as required by paragraphs 61.6 and 61.7) to the Old WPSF Proportion; or

61.5.2 less than the Old WPSF Proportion, then sufficient assets in the RIEESA shall be designated as an identifiable separate sub-account of the RIEESA (the “**RIEESA 2**”)

as at the Old WPSF Merger Date so as to reduce the Total Estate Value (calculated leaving the assets of the RIEESA 2 out of account) such that the Old WPSF Estate Value as a proportion of such reduced Total Estate Value is equal to the Old WPSF Proportion. References in paragraphs 61.8 to 61.11 inclusive to the RIEESA shall include the RIEESA 2 unless otherwise expressly stated.

- 61.6** Any Available Excess Assets in the Old WPSF as at the Old WPSF Merger Date, determined pursuant to paragraph 61.5.1 shall be applied to enhance policy benefits for WP Policies which are, as at the date of such application, allocated or reassured to the Old WPSF (other than any WP Policy which under its terms excludes participation in Available Excess Assets) in accordance with the Old/New WPSF PPFMs.
- 61.7** The manner of application of Available Excess Assets under paragraphs 61.6 and 61.12 (including by way of bonus) and the allocation among the relevant WP Policies shall be determined by the UKLAP Board, with due regard to the fair treatment of policyholders and having taken account of appropriate actuarial advice. Once such application has been made, it shall be considered to be irrevocable.
- 61.8** All Policies, assets and liabilities remaining allocated to the Old WPSF as at the Old WPSF Merger Date after the application of any Available Excess Assets pursuant to paragraphs 61.6 to 61.7 inclusive and immediately prior to the merger, shall be re-allocated to the New WPSF (excluding the RIEESA) as follows:
- 61.8.1** all such Policies and liabilities (other than those arising in respect of transferring assets, which shall be allocated together with those assets) shall be allocated to the New WPSF (excluding the RIEESA);
- 61.8.2** assets of a Market Value equal to the Old WPSF Uplifted Aggregate Asset Shares on and with effect from the Old WPSF Merger Date shall be allocated to the New WPSF (excluding the RIEESA) (calculated in accordance with paragraph 61.12); and
- 61.8.3** the remainder of the assets of the Old WPSF shall be allocated to the RIEESA, (but will not form part of the RIEESA 2) and shall provide capital support to the New WPSF in accordance with the provisions of this Scheme and, in particular, paragraph 43.2 and Part 6.
- 61.9** On and with effect from the Old WPSF Merger Date:
- 61.9.1** the Specifically Allocated Assets and the Interest in the Pooled Assets allocated to the Old WPSF at the Old WPSF Merger Date (prior to the merger) shall become respectively Specifically Allocated Assets and an additional Interest in the Pooled Assets allocated to the New WPSF;
- 61.9.2** any reference to the Stakeholder WPSF having its assets and liabilities allocated proportionately to the New WPSF and the Old WPSF shall be deemed to refer solely to the New WPSF;
- 61.9.3** any internal reinsurance arrangement between the Old WPSF and the New WPSF at the Old WPSF Merger Date shall cease to have effect and any internal reinsurance arrangement to or internal co-insurance arrangement to which the Old WPSF is a party with one or more UKLAP Sub-Funds shall be transferred to the New WPSF and the provisions governing such internal reinsurance or internal co-insurance arrangement shall be construed accordingly;

- 61.9.4** any provision requiring the allocation, reassurance of or re-allocation of any Policy or liability (including charges and expenses) to be made proportionately to the Old WPSF and the New WPSF and, save for references in this paragraph 61, references to the Old WPSF Proportion and the New WPSF Proportion shall cease to apply and if a Policy or liability is expressly required to be allocated to or borne by the Old WPSF (in whole or in part) such references shall be deemed to be a reference to the New WPSF, but without prejudice to any provision of this Scheme which may allow the UKLAP Board to determine otherwise;
- 61.9.5** those elements of the Old/New WPSF PPFM which are applicable to the Old WPSF shall cease to have effect; and
- 61.9.6** the references in this Scheme to the Old WPSF shall be disregarded apart from the references in this paragraph 61.
- 61.10** Following the Old WPSF Merger Date the provisions of Part 7 of Schedule 1 shall apply to the designation of any assets in the New WPSF as Available Excess Assets.
- 61.11** After the Old WPSF Merger Date, the UKLAP Board shall determine from time to time, having taken account of appropriate actuarial advice and taking into account its duty to treat customers fairly, whether any distribution of Available Excess Assets should be made from the RIEESA 2 or from the RIEESA or from both. Any distribution of Available Excess Assets of the New WPSF designated by the UKLAP Board after the Old WPSF Merger Date shall be applied as follows:
- 61.11.1** for any such distribution from the RIEESA 2, 100 per cent. of any such amount determined to be distributed, up to the amount standing to the credit of the RIEESA 2 account, shall be transferred as determined by the UKLAP Board to the SHF (or such other UKLAP Shareholder Fund or Non-Profit Sub-Fund as the UKLAP Board may determine);
- 61.11.2** for any such distribution of assets not comprised in the RIEESA 2 or in the event that no assets were designated as RIEESA 2 assets on the Old WPSF Merger Date:
- (i) the Old WPSF Proportion of any Available Excess Assets shall be applied to enhance policy benefits for WP Policies allocated or reassured to the New WPSF as at the date of the distribution (other than any WP Policy which under its terms excludes participation in the Available Excess Assets). The level of enhancement to policy benefits shall be determined such that the Market Value of Estate Assets of the New WPSF (determined after allowing for the liabilities arising in respect of those benefit enhancements including those in respect of a future transfer to shareholders and tax thereon in accordance with the Old/New WPSF PPFM) is reduced by an amount equal to the Old WPSF Proportion of the Available Excess Assets; and
 - (ii) an amount equal to the New WPSF Proportion of the Available Excess Assets shall be transferred as determined by the UKLAP Board to the SHF (or to such other UKLAP Shareholder Fund or Non-Profit Sub-Fund as the UKLAP Board may determine); and
- 61.11.3** always providing that:
- (i) UKLAP may write WP Policies after the Old WPSF Merger Date which may not, under their terms, be entitled to participate in any distribution of Available

Excess Assets or may be entitled to participate up to a set amount as determined by the UKLAP Board in its discretion having taken account of appropriate actuarial advice and consistent with its duty to treat policyholders fairly; and

- (ii) if the UKLAP Board determines that UKLAP will not effect any further WP Policies with an entitlement to a share in any Available Excess Assets in the New WPSF, or such entitlement will be limited, at any time after the Old WPSF Merger Date, then the UKLAP Board shall determine, with the advice of the UKLAP With-Profits Actuary and with the approval of the With-Profits Committee, a plan to effect an equitable distribution of the Old WPSF Proportion of the RIEESA or, as the case may be, the relevant proportion from which new WP Policies are not to be entitled to share in any distributions (excluding in each case the RIEESA 2) over the remainder of the WP Policies then in force which have such an entitlement.

61.12 For the purposes of this paragraph 61, the “**Old WPSF Uplifted Aggregate Asset Shares**” of the Relevant Old WPSF WP Policies on the Old WPSF Merger Date shall be calculated as follows:

61.12.1 the Aggregate Asset Shares, but only in respect of all WP Policies allocated or reassured to the Old WPSF, excluding to the extent the liabilities thereunder have been internally reassured under paragraph 29 or externally reassured, (the “**Relevant Old WPSF WP Policies**”) shall be determined as at the Old WPSF Merger Date, taking into account any planned enhancements to such Aggregate Asset Shares on or prior to the Old WPSF Merger Date (including for the avoidance of doubt policyholder entitlements to any surplus from Non-Profit Policies allocated to the Old WPSF) and the application of the Available Excess Assets under paragraph 61.6;

61.12.2 there shall be added to the amount calculated under paragraph 61.12.1 an amount (calculated in a manner consistent with the PRA Rulebook) representing the value of the planned future enhancements to the Aggregate Asset Shares in respect of the Relevant Old WPSF WP Policies including, for the avoidance of doubt, the value (if any) attributable to non-profit business written as an investment of the Asset Shares;

61.12.3 there shall be deducted from the amount calculated under paragraph 61.12.2, an amount (“**A**”) (calculated in a manner consistent with the PRA Rulebook) where:

$$\mathbf{A = B \text{ minus } C}$$

and for these purposes:

- (i) “**B**” equals the expected value of future charges (including for business written after October 2001, surrender penalties) and other deductions from Aggregate Asset Shares of the Relevant Old WPSF WP Policies, including for the avoidance of doubt, deductions in respect of expenses, smoothing (to the extent not captured under paragraph 61.12.4), future transfers to shareholders, guarantee costs (other than those charges or deductions which are not expected to be debited to such Aggregate Asset Shares) tax and other risks, which the UKLAP Board, having taken account of appropriate actuarial advice, and having regard to policyholders’ interests and the duty to treat them fairly, decides should be so deducted; and

- (ii) “C” equals an amount representing the expected value of:
 - (a) future smoothing costs in respect of Relevant Old WPSF WP Policies to the extent not captured under paragraph 61.12.4; plus
 - (b) future transfers to shareholders in relation to distributions for Relevant Old WPSF WP Policies; plus
 - (c) future costs of meeting Guaranteed Benefits given under Relevant Old WPSF WP Policies where a charge is to be made (or has been made) and is expected to be (or has been) credited to Aggregate Asset Shares of the Relevant Old WPSF WP Policies (to the extent that such charges may be levied in accordance with the Old/New WPSF PPFM); plus
 - (d) future tax (other than incremental costs in respect of shareholders transfers) and risk costs and expenses properly attributable to the Aggregate Asset Shares of the Relevant Old WPSF WP Policies in accordance with the Old/New WPSF PPFM; and

for the avoidance of doubt, where C is a greater amount than B, A will be a negative amount and therefore cause an addition to (rather than a deduction from) the amount calculated under paragraph 61.12.2; and

61.12.4 the amount calculated under paragraph 61.12.3 shall be adjusted by:

- (i) adding the value of any positive smoothing account carried forward as at the Old WPSF Merger Date; or, as applicable
- (ii) deducting the value of any negative smoothing account as at the Old WPSF Merger Date to the extent that such a reduction in the Aggregate Asset Shares of the Relevant Old WPSF WP Policies would be permitted as a result of the negative smoothing account.

62 Merger of the FLC Funds

62.1 If the With-Profits Regulatory Asset Value of the FLC Old WPSF falls below £250 million, then the requirement to maintain the FLC Old WPSF and the FLC New WPSF as separate UKLAP Sub-Funds shall cease, and the UKLAP Board may, having (i) consulted with the With-Profits Committee, and (ii) having taken account of appropriate actuarial advice, by resolution notified to the PRA and the FCA determine that the FLC Old WPSF shall be transferred to and become part of the FLC New WPSF on a specified date (an “**FLC Fund Merger**”).

62.2 UKLAP shall only carry out an FLC Fund Merger if the UKLAP Board has obtained a certificate from an independent actuary (such independent actuary to be appointed by the UKLAP Board with the approval of the PRA and the FCA) to the effect that the FLC Fund Merger will not have a material adverse effect on the reasonable expectations of the policyholders of both the FLC Old WPSF and the FLC New WPSF and in particular (but without limitation) with regard to the reasonable expectations that such policyholders have in respect of Reorganisation Bonuses, FLC Special Scheme Bonuses or any other category of bonus, and the need to ensure that, having taken account of all amounts properly chargeable to the FLC Old WPSF in accordance with this Scheme, the excess of the assets specifically or notionally allocated to the FLC Old WPSF over the liabilities specifically or

notionally allocated to the FLC Old WPSF are distributed to the holders of Eligible FLC Old WPSF Policies over time or by way of shareholder transfers consistent with paragraph 50.1.9.

- 62.3** The FLC Fund Merger shall occur on the date determined by the UKLAP Board (the “**FLC Fund Merger Date**”), having taken account of appropriate actuarial advice, being no more than 12 months following the notification to the PRA and the FCA referred to in paragraph 62.1.
- 62.4** On the FLC Fund Merger Date, UKLAP shall re-allocate all Policies, assets and liabilities allocated to the FLC Old WPSF to the FLC New WPSF.
- 62.5** If the RBM Account is greater than zero at the FLC Fund Merger Date, then Reorganisation Bonuses shall be declared in the form of additional reversionary or annual bonuses on WP Policies allocated at that time to the FLC New WPSF and which were in force prior to the FLC 2001 Scheme Effective Date, so as to ensure that the RBM Account is fully exhausted at that date.
- 62.6** From the FLC Fund Merger Date, the WP Policies transferred from the FLC Old WPSF to the FLC New WPSF shall have the right to participate in the profits of the FLC New WPSF arising after the FLC Fund Merger Date and the UKLAP Board, in determining future bonus policy for the WP Policies formerly comprised within the FLC Old WPSF, shall have regard to the bonus policy applied in relation to the FLC Old WPSF prior to the FLC Fund Merger Date.
- 62.7** From the FLC Fund Merger Date:
- 62.7.1** those elements of the FLC Funds PPFM which are applicable to the FLC Old WPSF shall cease to have effect;
 - 62.7.2** the requirement to maintain the RBM Account shall cease to have effect;
 - 62.7.3** the references in this Scheme to the FLC Old WPSF shall be disregarded apart from the references in this paragraph 62;
 - 62.7.4** each Policy allocated or reassured to the FLC Old WPSF immediately prior to the FLC Fund Merger Date shall be deemed to be amended with effect from the FLC Fund Merger Date to reflect the relevant provisions of this paragraph 62;
 - 62.7.5** any internal reinsurance arrangement between the FLC Old WPSF and the FLC New WPSF shall cease to have effect and any internal reinsurance arrangement to which the FLC Old WPSF is a party with one or more UKLAP Sub-Funds shall be transferred to the FLC New WPSF and the provisions governing such internal reinsurance arrangement shall be construed accordingly;
 - 62.7.6** the provisions of paragraph 27.2.6 regarding the reallocation of Policies shall cease to apply; and
 - 62.7.7** Schedule 5 shall cease to apply.

63 Closure of the UKLAP With-Profits Sub-Funds

63.1 If:

- 63.1.1 the aggregate amount of the With-Profits Regulatory Asset Value of the Old WPSF and the New WPSF (whether prior to or following an Old WPSF Merger Date but subject to paragraph 63.6), falls below £250 million;
- 63.1.2 the amount of the With-Profits Regulatory Asset Value of the UKLAP WPSF, falls to below £250 million;
- 63.1.3 the amount of the With-Profits Regulatory Asset Value of the PM SF falls to below £50 million;
- 63.1.4 the amount of the With-Profits Regulatory Asset Value of the SGF falls to below £100 million;
- 63.1.5 the amount of the With-Profits Regulatory Asset Value of the FPLAL WPSF falls to below £80 million;
- 63.1.6 the amount of the With-Profits Regulatory Asset Value of the FLAS WPSF falls to below £250 million;
- 63.1.7 the aggregate amount of the With-Profits Regulatory Asset Value of the FLC Old WPSF and the FLC New WPSF (whether prior to or following an FLC Fund Merger Date but subject to paragraph 63.5) falls to below £250 million;
- 63.1.8 the amount of the With-Profits Regulatory Asset Value of the FP WPSF falls to below £250 million; or
- 63.1.9 the amount of the With-Profits Regulatory Asset Value of the WL WPSF falls to below £100 million,

UKLAP may, having (i) notified the PRA and the FCA and provided that the PRA and the FCA have not objected thereto within two months of such notification, and (ii) consulted with the With-Profits Committee, close the relevant UKLAP With-Profits Sub-Fund (the “**UKLAP Closing Fund**”) on the UKLAP Fund Closure Date in accordance with paragraphs 63.2, 63.3 and 63.4.

63.2 The “**UKLAP Fund Closure Date**” shall be, in the case of a closure pursuant to paragraph 63.1, the date determined by the UKLAP Board, having taken account of appropriate actuarial advice, being no more than 12 months following the notification to the PRA and the FCA referred to in paragraph 63.1.

63.3 The UKLAP Board (having taken account of appropriate actuarial advice) shall calculate the surplus in the UKLAP Closing Fund immediately before the UKLAP Fund Closure Date (after making provision for the repayment of all Temporary Transfers and accrued but unpaid Enhancements by the relevant UKLAP Closing Fund on the UKLAP Fund Closure Date, but only to the extent that to do so would not cause the relevant UKLAP Closing Fund to hold assets with a Fair Value which is less than the Realistic Liabilities and other non-Policy related liabilities of the relevant UKLAP Closing Fund) and shall:

- 63.3.1 divide such surplus in the UKLAP Closing Fund between the policyholders and the shareholder of the relevant UKLAP Closing Fund in accordance with the principles for that UKLAP Closing Fund;

- 63.3.2** in the case of the FLAS WPSF, the FLC Funds, the FP WPSF and the WL WPSF (each an “**FLL Closing Fund**”), distribute such surplus, in such manner as the UKLAP Board (having taken account of appropriate actuarial advice) may determine, by way of cash bonus or reversionary bonus or benefit increases to holders of Policies allocated to such FLL Closing Fund immediately before the UKLAP Fund Closure Date and thereupon any assets and liabilities remaining then allocated to the FLL Closing Fund shall be allocated to the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine) and such Policies shall cease to carry any further right to participate in profits of UKLAP arising after the UKLAP Fund Closure Date;
- 63.3.3** in respect of the FPLAL WPSF, procure that any existing surplus calculated (having regard to then current and likely future financial and other relevant circumstances) shall be distributed by way of cash bonus or reversionary bonus or benefit increases to the then remaining holders of in force WP Policies allocated to the FPLAL WPSF in such manner as the UKLAP Board (having taken account of appropriate actuarial advice) may determine and thereupon any assets and liabilities remaining then allocated to the FPLAL WPSF shall be allocated to the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine) and such WP Policies allocated to the FPLAL WPSF shall cease to carry any further right to participate in profits;
- 63.3.4** in respect of the SGF, procure that any existing surplus calculated (having regard to then current and likely future financial and other relevant circumstances) shall be distributed by way of cash bonus or reversionary bonus or benefit increases or in any other way considered to be fair at the time to the then remaining holders of Policies allocated to the SGF in such manner as the UKLAP Board (having taken account of appropriate actuarial advice) may determine taking account of:
- (i) UKLAP’s regulatory duty to treat customers fairly; and
 - (ii) policyholders’ reasonable benefit expectations,
- and thereupon any assets and liabilities remaining then allocated to the SGF shall be allocated to the NPSF (or such other Non-Profit Sub-Fund as the UKLAP Board may determine) and shall cease to carry any further right to participate in profits;
- 63.3.5** in respect of the PM SF, on and with effect from the applicable UKLAP Fund Closure Date:
- (i) re-allocate all Policies, assets and liabilities allocated to the PM SF immediately prior to the applicable UKLAP Fund Closure Date to such other Non-Profit Sub-Fund as the UKLAP Board determines, having taken account of appropriate actuarial advice;
 - (ii) procure that the Specifically Allocated Assets of the PM SF become Specifically Allocated Assets of such Non-Profit Sub-Fund;
 - (iii) procure that the internal reinsurance of the UL Investment Element of UL Policies allocated to the PM SF to the relevant Non-Profit Sub-Fund pursuant to paragraph 29.1.2 ceases to have effect and is replaced by such arrangements (if any) as the UKLAP Board determines to be appropriate to give effect to the purposes of paragraph 29.7;

- (iv) procure that guaranteed increases in benefits are applied to the WP Policies allocated or reassured to the PM SF immediately prior to the UKLAP Fund Closure Date until their termination (in accordance with their terms). Such Policies shall not have any right to participate in any of the profits of UKLAP after the UKLAP Fund Closure Date; and
- (v) declare the scale of bonuses in respect of Policies allocated to the PM SF on the UKLAP Fund Closure Date consistent with the PM PPFM; and

63.3.6 in the case of the Old WPSF, the New WPSF and the UKLAP WPSF (each an “**Existing UKLAP Closing Fund**”), distribute such surplus (calculated taking into account the guarantees and benefit expectations that policyholders would be entitled to immediately prior to the closure of the Existing UKLAP Closing Fund), in such manner as it shall determine, consistent with the principles generally applying to such Existing UKLAP Closing Fund immediately prior to the UKLAP Fund Closure Date and taking account of:

- (i) UKLAP’s regulatory duty to treat customers fairly;
- (ii) policyholders’ reasonable benefit expectations; and
- (iii) UKLAP’s view of expected future investment returns and the cost of providing capital,

to the holders of Policies allocated to such Existing UKLAP Closing Fund immediately prior to the UKLAP Fund Closure Date and thereupon any assets remaining then allocated to the Existing UKLAP Closing Fund and liabilities relative to such assets or to Policies allocated to the Existing UKLAP Closing Fund shall be allocated to the NPSF (or to such other Non-Profit Sub-Fund as the UKLAP Board may determine) and such Policies shall cease to carry any further right to participate in profits of UKLAP arising after the UKLAP Fund Closure Date.

63.4 From the UKLAP Fund Closure Date:

63.4.1 the relevant UKLAP PPFM for the UKLAP Closing Fund shall cease to have effect;

63.4.2 the references in this Scheme to the UKLAP Closing Fund shall be disregarded apart from the references in paragraphs 63.1 to 63.4; and

63.4.3 each Policy allocated or reassured to the UKLAP Closing Fund immediately prior to the UKLAP Fund Closure Date shall be:

- (i) allocated to the NPSF or such other Non-Profit Sub-Fund as the UKLAP Board may determine; and
- (ii) deemed to be amended with effect from the UKLAP Fund Closure Date to reflect the relevant provisions of this paragraph 63.4.

63.5 The FLC New WPSF and the FLC Old WPSF may only be closed pursuant to paragraph 63.3.2 prior to the FLC Fund Merger Date if such closure is to take place in both FLC Funds at the same time.

63.6 The Old WPSF and the New WPSF may only be closed pursuant to paragraph 63.3.6 prior to the Old WPSF Merger Date if such closure is to take place in both such UKLAP Sub-Funds at the same time.

64 General Merger Provisions

64.1 Notwithstanding paragraphs 61 and 62, UKLAP shall be permitted to, and nothing in this Scheme shall prevent UKLAP from:

64.1.1 merging all or any part of any UKLAP With-Profits Sub-Fund with any other one or more UKLAP With-Profits Sub-Funds or with any Non-Profit Sub-Fund (provided, in the case of a merger of either (a) the FLC Old WPSF or the FLC New WPSF, or (b) the Old WPSF or the New WPSF, with any other UKLAP Sub-Fund, they shall either have been merged together first, or be proposed to both be merged at the same time, respectively), or sub-dividing any such UKLAP With-Profits Sub-Fund or effecting any combination of such changes on such terms as the UKLAP Board may determine taking account of appropriate actuarial advice and:

- (i) having consulted with the With-Profits Committee; and
- (ii) having taken into account UKLAP's duty to pay due regard to the interests of its policyholders and to treat them fairly, including taking account of the relative expectations of different groups of policyholders within each affected UKLAP Sub-Fund and across the other affected UKLAP Sub-Funds in relation to future distributions of excess estate assets which might be expected to arise in the absence of such merger (in the case of a merger of the Old WPSF and/or the New WPSF, as set out in paragraph 64.2); and

provided that if any UKLAP With-Profits Sub-Fund is merged into another UKLAP With-Profits Sub-Fund or any Non-Profit Sub-Fund, references in this Scheme to a UKLAP With-Profits Sub-Fund which has been merged with, or had its assets transferred to, another UKLAP Sub-Fund, shall thereafter be deemed to be references to the UKLAP Sub-Fund into which it has been merged or has its assets transferred;

64.1.2 merging all or any part of the NPSF or the SHF with the other or with any other Non-Profit Sub-Fund or UKLAP Shareholder Fund or sub-dividing any Non-Profit Sub-Fund or UKLAP Shareholder Fund (or effecting any combination of such changes) on such terms as the UKLAP Board may determine (after taking account of appropriate actuarial advice and taking into account UKLAP's duty to pay due regard to the interests of its policyholders and to treat them fairly), provided that if either the NPSF or SHF are merged into another UKLAP Sub-Fund, or are closed and have their assets transferred to another UKLAP Sub-Fund, references in the Scheme to the NPSF or SHF (as applicable) shall thereafter be deemed to be references to the UKLAP Sub-Fund or UKLAP Shareholders Fund into which the NPSF or SHF has been merged or into which its assets have been transferred; and

64.1.3 subject to compliance with Regulatory Requirements, closing any UKLAP Sub-Fund established or maintained pursuant to paragraph 17.1 once such UKLAP Sub-Fund no longer has any Policies allocated or reassured to it or otherwise as may be provided for in this Scheme.

64.2 In respect of a merger pursuant to paragraph 64.1.1 or otherwise, which involves the Old WPSF and/or the New WPSF, then the terms relating to the allocation of any surplus in the Old WPSF and/or the New WPSF (as the case may be) shall reflect the provisions which would have applied in the event of a merger of the Old WPSF and the New WPSF under paragraph 61.1.2, provided that any such allocations shall be amended to appropriately

reflect the expected future relative distributions which would otherwise have been anticipated, which in the case of expected future relevant distributions of excess surplus to the Elected Policies would be zero.

64.3 In respect of a merger pursuant to paragraph 64.1.1 or otherwise, which involves the FLC Old WPSF or the FLC New WPSF (a “**General FLC Funds Merger**”):

64.3.1 the UKLAP Board shall, in addition to complying with paragraph 64.1.1:

- (i) notify the PRA and the FCA about the General FLC Funds Merger and effect the General FLC Funds Merger no later than 12 months following the notification to the PRA and the FCA;
- (ii) obtain a certificate from an independent actuary (such independent actuary to be appointed by the UKLAP Board with the approval of the PRA and the FCA) to the effect that the General FLC Funds Merger will not have a material adverse effect on the reasonable expectations of the policyholders of both the FLC Old WPSF and the FLC New WPSF, and in particular (but without limitation) with regard to the reasonable expectations that such policyholders have in respect of Reorganisation Bonuses, FLC Special Scheme Bonuses or any other category of bonus, and the need to ensure that, having taken account of all amounts properly chargeable to the FLC Old WPSF in accordance with this Scheme, the excess of the assets specifically or notionally allocated to the FLC Old WPSF over the liabilities specifically or notionally allocated to the FLC Old WPSF are distributed to the holders of Eligible FLC Old WPSF Policies over time or by way of shareholder transfers consistent with paragraph 50.1.9; and
- (iii) if the RBM Account is greater than zero at the General FLC Fund Merger Date, declare Reorganisation Bonuses in the form of additional reversionary or annual bonuses on WP Policies allocated at that time to the FLC New WPSF and which were in force prior to the FLC 2001 Scheme Effective Date, so as to ensure that the RBM Account is fully exhausted at that date; and

64.3.2 following the implementation of the General FLC Funds Merger, the provisions of paragraphs 62.6 (as applicable to the General FLC Funds Merger) and 62.7 shall apply.

64.4 For the avoidance of doubt, nothing in this Scheme shall prevent the merger, closure or other cessation of any UKLAP Sub-Fund or UKLAP Shareholder Fund established after the Effective Date.

65 Solvency Risk Appetite

65.1 With effect from the Effective Date, UKLAP shall maintain and comply with the Solvency Risk Appetite.

65.2 The UKLAP Board shall from time to time be entitled to:

- 65.2.1** make amendments to the Solvency Risk Appetite (including amendments to correct manifest errors) provided that they do not result in a material weakening (as defined in the Solvency Risk Appetite document) of the Solvency Risk Appetite; and

65.2.2 after having taken account of appropriate actuarial advice and having consulted with the With-Profits Committee, make other amendments to the Solvency Risk Appetite not falling under paragraph 65.2.1, subject to prior consultation with the PRA and the FCA.

PART 8 – MISCELLANEOUS

66 Effective Date

- 66.1** Subject to paragraph 67, the Scheme shall become operative at 00.01 (London time) on 1 October 2017 or such other time and date as may be specified before then by the UKLAP Board and specified in the Order sanctioning the Scheme but, unless the Scheme shall become operative on or before 31 December 2017 or such later date as the Court may allow (following consultation with the PRA and the FCA) upon the application of the Transferees and the Transferor Companies, it shall lapse.
- 66.2** In the event an application is made to the Court in accordance with paragraph 66.1 above to allow for the Scheme to become operative on a date that is later than 31 December 2017:
- 66.2.1** notification of such application shall be made to the PRA and the FCA at least one month in advance of a hearing of the Court at which such application is considered and at which the PRA and the FCA shall each have the right to attend and be heard;
- 66.2.2** such application shall be accompanied by a certificate from an independent expert approved for the purpose by the PRA to the effect that, in his opinion, the proposed delay to the Effective Date of the Scheme beyond 31 December 2017 will not materially adversely affect the security or reasonable expectations of the relevant policyholders; and
- 66.2.3** such financial information (which has been approved by the Boards of Aviva, UKPTL, UKLAP and AIPL) as the parties may agree with the PRA is necessary in order to support such application and which has been made available to the independent expert shall accompany the application to Court.

67 Conditions

- 67.1** Notwithstanding paragraph 66, the Scheme shall not become effective on the Effective Date unless:
- 67.1.1** on or prior thereto the Transferor Companies and/or the Transferees (as applicable) receive such Tax clearances and confirmations (in terms acceptable to each of the Transferor Companies and the Transferees, as applicable) from HM Revenue and Customs as each of the relevant Transferor Companies and the Transferees (acting reasonably) consider appropriate or the requirement for any such clearance or confirmation is waived in whole or in part by each of the relevant Transferor Companies and the Transferees;
- 67.1.2** UKLAP has received the Transitional Deduction Approval; and
- 67.1.3** UKLAP has received the Matching Adjustment Approval.
- 67.2** Notwithstanding paragraph 66, the Scheme shall not become effective on the Effective Date unless on or prior thereto each of the Aviva Board, the UKPTL Board, the UKLAP Board and the AIPL Board shall have confirmed that it is satisfied that no material change has occurred between the date of the Court Hearing of this matter and the Effective Date which would adversely affect the financial position of Aviva, the Transferor Companies and/or UKLAP and/or UKPTL, and/or which would adversely affect the implementation of the Scheme.

68 Previous schemes

68.1 Continuity with previous Schemes and Orders

- 68.1.1** Nothing in this Scheme shall prejudice the provisions of the Irish Scheme and in the event of any conflict between the Irish Scheme and this Scheme, the provisions of the Irish Scheme shall prevail to the extent necessary to enable the provisions of the Irish Scheme to be effectively carried out.
- 68.1.2** Subject to paragraph 68.1.3, each of the 2013 Scheme, the UKLAP Reattribution Scheme, the Peak Scheme, the Hamilton Schemes and the UKA Scheme (the “**Terminating Schemes**”) shall cease to have effect at the Effective Date save as expressly set out in this Scheme.
- 68.1.3** Paragraph 68.1.2 shall be without prejudice to:
- (i) any rights or liabilities arising under the Terminating Schemes and which remain to be fulfilled or which are capable of being exercised immediately prior to the Effective Date;
 - (ii) any rights or liabilities as between the Predecessor Companies under a Predecessor Scheme including, to the extent preserved by the UKLAP Reattribution Scheme, the PM Scheme, the Northern Scheme, the NULIS Scheme, the NULAP Scheme and the UKA Scheme, which arise under such schemes and which remain to be fulfilled or which are capable of being exercised immediately prior to the Effective Date; and
 - (iii) any action taken pursuant to, or provisions implemented under, a Terminating Scheme or a Predecessor Scheme prior to the Effective Date.

69 Further assurance

- 69.1** The Transferor Companies and the Transferees shall as and when appropriate execute all such documents and do all such other things as may be necessary or desirable to effect or perfect the transfer to and vesting in:
- 69.1.1** UKLAP of the Transferred Business including any Transferred Asset, Residual Asset, Transferred Liability or Residual Liability of the Transferor Companies in accordance with the terms of this Scheme; and
- 69.1.2** UKPTL of the UKPTL Transferred Business including any UKPTL Transferred Asset, UKPTL Transferred Liability, UKPTL Residual Asset or UKPTL Residual Liability of FLP in accordance with the terms of this Scheme.
- 69.2** Neither the transfer of the Transferred Business or the UKPTL Transferred Business nor this Scheme nor anything done or omitted to be done in connection with the transfer of the Transferred Business or the UKPTL Transferred Business or this Scheme shall, in relation to the Transferred Business or the UKPTL Transferred Business (or any Transferred Policies, Transferred Assets, Transferred Liabilities, Residual Assets, Residual Liabilities, UKPTL Transferred Assets, UKPTL Transferred Liabilities, UKPTL Residual Assets or UKPTL Residual Liabilities), whether before or after the Effective Date:
- 69.2.1** invalidate, discharge or result in the termination of any Transferred Policy, or any agreement, instrument, trust deed, indenture, guarantee, Encumbrance, right,

interest, benefit, power, obligation or title forming part of the Transferred Business or the UKPTL Transferred Business;

- 69.2.2 constitute a breach of or default, event of default, potential event of default, 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 Transferred Policy, or any agreement, instrument, trust deed, indenture, guarantee, Encumbrance, right, interest, benefit, power, obligation or title forming part of the Transferred Business or the UKPTL Transferred Business;
- 69.2.3 require any registration, re-registration or filing of any amendment to any existing registration or filing in respect of any Transferred Policy, or any agreement, instrument, trust deed, indenture, guarantee, Encumbrance, right, interest, benefit, power, obligation or title forming part of the Transferred Business or the UKPTL Transferred Business;
- 69.2.4 require any person to perform any new or additional obligation or take any new or additional step or action, including where such new or additional step or action comprises 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 comprised within the Transferred Business or the UKPTL Transferred Business;
- 69.2.5 entitle or require any person to exercise any right or remedy to:
 - (i) reduce, suspend, delay, alter or discharge its rights or obligations;
 - (ii) accelerate, terminate, suspend, delay, alter or discharge the performance of any rights or obligations; or
 - (iii) otherwise vary, amend, disclaim, repudiate or terminate any Transferred Policy, or any agreement, instrument, trust deed, indenture, guarantee or Encumbrance comprised within or directly relating to the Transferred Business or the UKPTL Transferred Business; or
- 69.2.6 affect the enforceability, priority or ranking of any Encumbrance.

69.3 CGNU Life and CULAC Mortgage Endowment Promise

- 69.3.1 In 2000 CULAC and CGNU Life each made a promise (the “**Promise**”) to the holders of with-profits endowment policies (and certain other endowment policies to the extent that the policyholders switched their investment into with-profits by a certain date) in force as at 31 December 1999 which policies had been entered into in connection with a mortgage. The Promise was made subject to the condition that there were sufficient investment earnings on the free reserves in the relevant with-profits fund of CULAC or CGNU Life to fund the top-up payments under the Promise (the “**Affordability Condition**”). The Promise was also made subject to a number of other conditions.
- 69.3.2 CULAC and CGNU Life agreed to amend the Promise under the UKLAP Reattribution Scheme so that, from and with effect from the UKLAP Reattribution Scheme Effective Date, the Promise was no longer subject to the Affordability Condition. The conditions to the Promise, other than the Affordability Condition,

continued to apply after the UKLAP Reattribution Scheme Effective Date and such provisions of the UKLAP Reattribution Scheme shall continue to apply.

69.3.3 For the avoidance of doubt:

- (i) the amendment of the Promise made under paragraph 69.3.2 only applies to the CULAC and CGNU Life policyholders referred to in paragraph 69.3.1 and does not apply to the promise made by UKLAP to holders of its with-profits mortgage related endowment policies or the promise made to holders of with-profits related endowment policies allocated to the PM SF (which in both cases remains subject, inter alia, to corresponding affordability conditions); and
- (ii) the conditions to the Promise, other than the Affordability Condition, shall continue to apply after the Effective Date.

70 Netting of transfers or re-allocations

Where pursuant to the Scheme a transfer or re-allocation of assets is due from one UKLAP Sub-Fund to another, UKLAP may set off such transfer or re-allocation against any transfer or re-allocation of assets due from the latter to the former.

71 Data protection

71.1 From the Effective Date, the Records, which may include personal data protected under the Data Protection Act 1998, may continue to be used and disclosed by a Transferee for, and disclosed by a Transferee to, and used and disclosed by, any agent or contractor of a Transferee for the purposes that they were used by the relevant Transferor Company (or any relevant Predecessor Company) and its agents or contractors prior to the Effective Date and for all purposes in connection with:

71.1.1 in respect of Records relating to the Transferred Business, the Transferred Business, including administration thereof; and

71.1.2 in respect of Records relating to the UKPTL Transferred Business, the UKPTL Transferred Business, the My Money SIPP and any Contract relating to the UKPTL Transferred Business, including administration of any of them,

and all matters relevant or incidental thereto, and no consent from the individual policyholders or any third party in respect of such disclosure, transfer and use such Records shall be required.

71.2 To the extent that an authority has been given to a Transferor Company or a relevant Predecessor Company in connection with a Transferred Policy by the Policyholder thereof or by any other relevant person, whether pursuant to the Data Protection Act 1998 or otherwise, such authority shall continue, from the Effective Date, to be deemed to have been given to UKLAP or, if applicable, UKPTL.

71.3 The relevant Transferee shall become the data controller in place of the relevant Transferor Company (or Predecessor Company, as applicable).

71.4 Any information made available to, or consent obtained or request or other notice received from, any data subject by or on behalf of a Transferor Company (or a relevant Predecessor Company) will be deemed to have been made available to, obtained or received by, the relevant Transferee.

- 71.5** Any reference to a Transferor Company (or a Predecessor Company, if applicable) in any such information, consent, request or other notice will be deemed to include a reference to the relevant Transferee and any reference to a Transferor Company's (or a Predecessor Company's) group of companies will be deemed to include a reference to the relevant Transferee's group of companies.
- 71.6** Where, prior to the Effective Date, a data subject of Transferred Personal Data has provided Marketing Preferences to either or both of a Transferor Company (or a Predecessor Company, if applicable) and its relevant Transferee, the Transferee's record of the Marketing Preference shall be deemed to apply on and with effect from the Effective Date whether or not it is the same as any Marketing Preference given by the relevant data subject to a Transferor Company (or a Predecessor Company, if applicable).
- 71.7** Where a data subject of Transferred Personal Data has made a Subject Access Request to a Transferor Company before the Effective Date and the Transferor Company has not responded with a copy of the relevant Transferred Personal Data held by it in accordance with the Data Protection Act 1998 before the Effective Date, the relevant Transferee may respond to the request, in accordance with the Data Protection Act 1998, by providing copies of the Transferred Personal Data held by the Transferor Company immediately before the Effective Date.
- 71.8** Where a data subject of Transferred Personal Data has made a Subject Access Request to a Transferee before the Effective Date and the Transferee has not responded with a copy of the Transferred Personal Data held by it in accordance with the Data Protection Act 1998 before the Effective Date, the Transferee may exclude any Transferred Personal Data transferred as a consequence of the Scheme from its subsequent response.

72 Costs and expenses

- 72.1** The costs and expenses of and incidental to the preparation and carrying into effect of this Scheme shall be apportioned between the NPSF (excluding the RIEESA) and the SHF as the UKLAP Board may determine in its sole discretion.
- 72.2** The costs and expenses allocated to the NPSF in accordance with paragraph 72.1 shall be met from assets within the NPSF that are available for distribution to shareholders.

73 Modifications or additions

- 73.1** Aviva, the Transferees and the Transferor Companies may at any time before the Effective Date, consent, for and on behalf of all other persons bound by this Scheme and all other persons concerned (other than the PRA and FCA), to any amendment or addition to this Scheme or to any further condition or provision affecting the same which, prior to its sanction of this Scheme, the Court may approve or impose.
- 73.2** Subject to paragraph 73.3, any amendment to this Scheme considered by UKLAP (or, to the extent the amendment relates to the provisions of this Scheme addressing the transfer of the UKPTL Transferred Business, UKPTL, with the consent of UKLAP) after the Effective Time must:
- 73.2.1** be approved by the Court;
 - 73.2.2** be notified, reasonably in advance of any hearing of the Court (if applicable) at which such application is considered, to the PRA and FCA, who shall each have the right

to attend and be heard at such hearing of the Court (if applicable) at which such application is considered; and

73.2.3 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 the proposed amendment will not materially adversely affect the security or reasonable expectations (including taking account of appropriate obligations to treat customers fairly) of the holders of Policies of UKLAP in any material respect.

73.3 Notwithstanding paragraph 73.2, Court approval will not be necessary in relation to any amendment considered by UKLAP (or, to the extent the amendment relates to the provisions of this Scheme addressing the transfer of the UKPTL Transferred Business, UKPTL, with the consent of UKLAP) having taken account of appropriate advice, as one which is:

73.3.1 to correct manifest errors;

73.3.2 of a minor and/or technical nature;

73.3.3 to ensure the provisions of this Scheme operate in the intended manner in circumstances where the provision to which the proposed variation applies will be materially affected by a variation to Regulatory Requirements;

73.3.4 required to reflect any change in any Regulatory Requirement or in the interpretation or application of any Regulatory Requirement which has or will have any implications for the Transferor Companies or the Transferees in relation to the terms or operation of this Scheme;

73.3.5 necessary to reflect any changes in the actuarial practices relating to, or techniques for the management of, the Policies of UKLAP;

73.3.6 required to protect the rights and reasonable expectations of the holders of Policies of UKLAP; or

73.3.7 an amendment to this Scheme for which specific provision is made elsewhere in this Scheme, provided that such specific provision is fully complied with,

provided that:

(i) the PRA has been notified in writing of the same and, having consulted with the FCA, neither the PRA nor the FCA have objected thereto within a period of three months commencing on the date of the relevant notification;

(ii) where the amendment is being made pursuant to either paragraphs 73.3.3 to 73.3.6 or, to the extent the amendment is material and of a technical nature, pursuant to paragraph 73.3.2, and in each case relates to a UKLAP With-Profits Sub-Fund, following consultation with the With-Profits Committee and having taken account of appropriate advice; and

(iii) in the case of amendments being made pursuant to either paragraphs 73.3.3 to 73.3.6 or, to the extent the amendment is material and of a technical nature, pursuant to paragraph 73.3.2, the PRA, following consultation with the FCA, may require a certificate from an independent expert (approved for the purpose by the PRA) to the effect that, in his opinion, the proposed amendment will not materially adversely affect the security or reasonable expectations of the holders of Policies of UKLAP in any material respect.

- 73.4** Where paragraph 27.1.2(iv) applies to allow the transfer or re-allocation of Non-Profit Policies allocated to any FL With-Profits Sub-Fund to a Non-Profit Sub-Fund, the UKLAP Board shall be permitted to make any amendments to the terms of this Scheme, without the consent of the Court, as are considered necessary or desirable as a consequence of such transfer or reallocation of Non-Profit Policies, provided that:
- 73.4.1** the UKLAP Board has notified the PRA and the FCA of the proposed changes and neither the PRA nor the FCA has objected thereto within two months of such notification; and
 - 73.4.2** an independent actuary approved for the purpose by the PRA, having consulted with the FCA, has provided UKLAP with a certificate to the effect that such changes will not have a material adverse effect on policyholders whose Policies are allocated to the relevant FL With-Profits Sub-Fund or to the relevant transferee Non-Profit Sub-Fund.
- 73.5** At any time after 31 December 2031 all or any of the requirements of this Scheme in respect of separate treatment of, or otherwise applicable to FP Demutualisation Protected Policies may be modified or cease to apply (and this Scheme shall be deemed to have been amended accordingly) on such terms as the UKLAP Board (having taken account of appropriate actuarial advice) may recommend in writing, provided that no such modification or cessation shall be permitted which would materially adversely affect the reasonable expectations of the holders of FP Demutualisation Protected Policies then remaining in force. Any proposed recommendation shall be notified in writing to the PRA and the FCA at least one month before it is proposed to take effect and the final form of such recommendation shall take account of all comments thereon by the PRA and the FCA made within one month after such notification.
- 73.6** If the UKLAP Board considers that any allocation of assets and liabilities to any of the UKLAP Sub-Funds with effect from the Effective Date pursuant to this Scheme is inequitable in any respect, such allocation may be amended provided that:
- 73.6.1** the UKLAP Board, having taken account of appropriate actuarial advice, considers that the proposed amendment shall not materially adversely affect the interests of the holders of the Transferred Policies, the Excluded Policies and the Existing UKLAP Policies (including the UKLAP Reattribution Scheme Transferred Policyholders);
 - 73.6.2** where it relates to a UKLAP With-Profits Sub-Fund, the amendment to the allocation has been approved by the With-Profits Committee; and
 - 73.6.3** the UKLAP Board has notified the PRA in writing of the proposed changes and, having consulted with the FCA, neither the PRA nor the FCA have objected thereto within two months of the relevant notification.
- 73.7** The UKLAP Board may at any time change the name of any of the UKLAP Sub-Funds established pursuant to this Scheme to such other name as it thinks fit and the provisions of this Scheme shall be automatically modified to take account of any such change.
- 73.8** At any time after the Effective Date, having taken appropriate actuarial advice and having consulted with the With-Profits Committee, any references in this Scheme to the UKLAP Reattribution Scheme Actuarial Function Holder's Report or the UKLAP Reattribution Scheme With-Profits Actuary's Report may be deleted from this Scheme provided that the Scheme is either amended to include alternative wording that materially reproduces the

intent of those references or is otherwise supplemented, whether through amendments to other applicable measures, or the UKLAP PPFMs or by the adoption of equivalent measures which provide substantially equivalent protections so to reproduce the intent of those references. For the avoidance of doubt, this modification falls within the purview of paragraph 73.3.7 of this Scheme and hence these modifications shall not require the consent of the Court.

73.9 For the avoidance of doubt, nothing in this Scheme shall take effect to the extent that it is contrary to legally binding law, statute, regulations or rules in force on 13 September 2017 (taking account of any applicable transitional provisions or regulatory waiver or dispensation in place at such date). UKLAP shall assess at least annually (and more often if required) whether any changes are required to this Scheme as a result of the circumstances referred to in paragraphs 73.3.3, 73.3.4 or 73.3.6 which either (a) have arisen during the period since the previous such assessment (or the Effective Date of the Scheme in the case of the first such assessment) or (b) are expected to arise during the twelve months following the current assessment on the basis of published draft rules or legislation or published Court judgements at that time. If UKLAP assesses that those circumstances have arisen or are expected to arise as set out in (a) or (b) above, it shall notify the PRA and the FCA and, where relevant, the With-Profits Committee of the relevant circumstances which have arisen and, to the extent reasonably practicable in respect of future changes pursuant to (b) above, its proposed amendments to this Scheme in accordance with the provisions of this paragraph 73.3 as are necessary to take account of such circumstances. As regards future changes pursuant to (b) above, UKLAP will seek to make such proposed modifications to the Scheme in sufficient time to enable the Scheme to address the effect of the change by no later than the implementation date of such change.

74 Third party rights

A person who is not a party to the Scheme may not enforce any term of this Scheme pursuant to the Contracts (Rights of Third Parties) Act 1999.

75 Annual Certification of Scheme Compliance

75.1 UKLAP shall publish and cause to be delivered to the PRA and the FCA a certificate in writing from the UKLAP Board, having taken account of appropriate actuarial advice, stating whether the provisions of Parts 4 to 8 (inclusive) of this Scheme have been complied with since the date of the last such certificate (and, if not, detailing the respects in which such provisions have not been complied with), on an annual basis and within four months of the end of the period to which it relates.

75.2 The first certificate to be delivered pursuant to paragraph 75.1 after the Effective Date shall also state whether the provisions of Parts 2 and 3 of this Scheme were complied with (and, if not, detail the respects in which such provisions have not been complied with).

76 Gross up

Where a Transferor Company is entitled to receive an amount pursuant to any indemnity in the Scheme, it shall be entitled to receive such amount as, after payment of or provision for any liability to Taxation in respect of the amount receivable, will result in the receipt of an amount equal to the value of the liability to be indemnified against.

77 Evidence of Transfer

77.1 The production of a copy of the Order with any modifications, amendments and/or additions made under paragraph 73, and a copy of a certificate by a director of the relevant Transferee that the Scheme has taken effect shall for all purposes be evidence of the transfer to, and vesting in, the relevant Transferee:

77.1.1 on and with effect from the Effective Date, of the Transferred Business, the Transferred Assets, the Transferred Liabilities, the Transferred Policies, the UKPTL Transferred Business, the UKPTL Transferred Assets and the UKPTL Transferred Liabilities;

77.1.2 with effect from each relevant Subsequent Transfer Date, of the Residual Assets and Residual Liabilities;

77.1.3 with effect from each relevant UKPTL Subsequent Transfer Date, of the UKPTL Residual Assets and UKPTL Residual Liabilities; and

77.1.4 with effect from each UKA Subsequent Transfer Date of the UKA Residual Assets and UKA Residual Liabilities.

78 Successors and Assignees

This Scheme will bind and enure to the benefit of the successors and assignees of each of FLL, FLP, AIPL, UKLAP and UKPTL respectively.

79 Governing law

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

Dated 13 September 2017

Schedule 1

Determination of Potential Excess Assets and Available Excess Assets

Part 1

Introduction

1 This Schedule 1 sets out provisions for:

conducting annual investigations (In Part 3, where results are rounded to the nearer 5%, a result that is equidistant will be rounded up. (i.e. 152.5% rounds to 155%).

1.1 Part 3);

1.2 determining the amount of Potential Excess Assets (Part 4); and

1.3 determining the amount of such Potential Excess Assets which shall be Available Excess Assets (Part 5 and Part 6),

in relation to the Old WPSF and, separately, the New WPSF.

2 For the purpose of the investigations and determinations to be made in respect of the New WPSF, the UKLAP Board shall take into account the RIEESA as if the RIEESA were part of the New WPSF. Accordingly, references in this Schedule 1 to the New WPSF shall include the RIEESA from time to time.

3 For the purposes of the investigations and determinations referred to in paragraph 2, any non-profit business which comprises an investment of the RIEESA or is dependent on the RIEESA for support shall also be taken into account in the investigations.

Part 2

Definitions

1 In this Schedule 1, the following terms, which may be applied to either the Old WPSF or the New WPSF except where otherwise indicated, have the meaning set opposite them.

“AAA Capital Threshold” or **“AAA CT”** is determined as set out in Part 3 of this Schedule 1.

“AAA CT Coverage” means for the Old WPSF or the New WPSF (as relevant), the Market Value of Estate Assets divided by the AAA CT of the Old WPSF or the New WPSF (as relevant) x 100 expressed as a percentage.

“Moderated AAA CT of the New WPSF” means the AAA CT for the New WPSF.

“Moderated AAA CT of the Old WPSF” means the AAA CT for the New WPSF multiplied the Realistic Liabilities of the Old WPSF divided by the Realistic Liabilities of the New WPSF.

“Moderated AAA CT Coverage” means for the Old WPSF or the New WPSF (as relevant), the Market Value of Estate Assets divided by the Moderated AAA CT

of the Old WPSF or the New WPSF (as relevant) x 100 expressed as a percentage.

“Realistic Assets” means the market value of assets, or where no market exists, the value derived from a model or other process calibrated to produce market values.

In Part 3, where results are rounded to the nearer 5%, a result that is equidistant will be rounded up. (i.e. 152.5% rounds to 155%).

Part 3

Provisions applicable to annual investigations and calculation of AAA CTs for the Old WPSF and the New WPSF

- 1 At each annual investigation, the UKLAP Board, having taken account of appropriate actuarial advice, shall calculate separately for the Old WPSF and the New WPSF:
 - 1.1 The Internal View Required Economic Capital (“**IV REC**”);
 - 1.2 The Bottom of the Preferred Range Factor (“**BPR Factor**”);
 - 1.3 The Top of the Preferred Range Factor, also known as the AAA Capital Threshold Factor (“**AAA CT Factor**”);
 - 1.4 The AAA Capital Threshold (“**AAA CT**”); and
 - 1.5 The AAA CT Coverage.
- 2 The IV REC means the amount by which the excess of the Realistic Assets above the Realistic Liabilities reduces in respect of the Old WPSF or the New WPSF (as relevant) when applying the aggregate impact of the 1-200 event prescribed in the Company’s Internal Model at the time of the annual investigation (“the 1 in 200 Shocks”).
- 3 For the investigation carried out as at the end of 2017 the BPR Factors and AAA CT Factors were:

	Old WPSF	New WPSF
BPR Factor	160%	170%
AAA CT Factor	215%	230%

- 4 At each subsequent annual investigation, the UKLAP Board, having taken account of appropriate actuarial advice, shall
 - 4.1 Calculate a revised BPR Factor for the Old WPSF and the New WPSF as follows:

The lowest Market Value of Estate Assets required in respect of the Old WPSF or the New WPSF (as relevant) necessary to cover the shocks to the Realistic Liabilities prescribed in the Company’s Internal Model at the time of, or not more than six months earlier than, the annual investigation that represent a 1 in 1,500 event (“the 1 in 1,500 Shocks”) will be divided by the IV REC for the Old WPSF or the New WPSF (as relevant).

This value shall be multiplied by 105% to allow for potential hedge mis-alignment and the impact of multiple years events.

The revised BPR Factor for the Old WPSF will be the factor determined above, expressed as a percentage and rounded to the nearest 5% and the revised BPR Factor for the New WPSF will be the factor determined above, expressed as a percentage and rounded to the higher 5%.

- 4.2** If the BPR factor is revised, then calculate a revised AAA CT Factor for the Old WPSF and the New WPSF as follows:

The revised AAA CT Factor is 135% of the BPR Factor, expressed as a percentage and rounded to the nearest 5%.

- 5** At each annual investigation, the UKLAP Board, having taken account of appropriate actuarial advice, shall

- 5.1** If the BPR factor is revised, then calculate the Maximum Permitted Coverage Factor (“**MPCF**”) and the Maximum Permitted Coverage (“**MPC**”) for the Old WPSF as follows:

The MPC for the Old WPSF is equal to the MPCF divided by the revised AAA CT Factor for the Old WPSF.

The MPCF for the Old WPSF is equal to the revised AAA CT Factor for the Old WPSF as determined in paragraph 4.2 above multiplied by 120% and then rounded to the nearest 5%.

- 5.2** If the BPR factor is revised, then calculate the Capital Release Point Coverage Factor (“**CRPCF**”) and the Capital Release Point Coverage (“**CRPC**”) for the New WPSF as follows:

The CRPC for the New WPSF is equal to the CRPCF divided by the revised AAA CT Factor for the New WPSF.

The CRPCF for the New WPSF is equal to the revised AAA CT Factor for the New WPSF as determined in paragraph 4.2 above multiplied by 110% and then rounded to the nearest 5%.

- 6** The AAA Capital Threshold for the Old WPSF or the New WPSF (as relevant) is the relevant IV REC multiplied by the relevant revised AAA CT Factor as determined in paragraph 4.2 above.

- 7** Any changes after the Effective Date to the methodology used for the annual investigations described in this Schedule 1 (including in respect of capital requirements) will be subject to the prior approval of the With-Profits Committee. Any changes must comply with the following principles:

- 7.1** any proposed replacement for the MPC should provide similar protection in terms of the risk of failure of the Old WPSF to meet its Realistic Liabilities; and

- 7.2** the margin between the MPC and the CRPC should be preserved.

Part 4

Provisions applicable to determining the amount of Potential Excess Assets in the Old WPSF and the New WPSF

- 1** The UKLAP Board may at its discretion in accordance with its risk appetite, subject to compliance with PRA Rulebook and FCA Handbook and consistent with treating customers

fairly and with the approval of the With-Profits Committee, designate any amount of assets in the Old WPSF in excess of those required to meet the Capital Requirements of the Old WPSF (to the extent such Capital Requirements are required to be met or are determined by the UKLAP Board to be met from assets in the Old WPSF) as Potential Excess Assets but must designate any amount of Estate Assets in the Old WPSF in excess of that resulting in AAA CT Coverage equal to the MPC as Potential Excess Assets.

- 2 If the Market Value of assets in the New WPSF results in an AAA CT Coverage above the CRPC at the current annual investigation and there have been annual investigations in the two previous consecutive years where the Market Value of assets in the New WPSF resulted in an AAA CT Coverage above the CRPC at those dates, then the amount of Potential Excess Assets of the New WPSF as at the latest investigation date which is able to be designated as Available Excess Assets shall be calculated as “**W per cent.**” multiplied by the AAA CT of the New WPSF determined on that date, where W per cent. is the smallest excess of AAA CT Coverage over the CRPC of the said three years’ investigations which has been identified as Potential Excess Assets.
- 3 Where, for the purposes of the three years’ comparison in paragraph 2 of this Part 4 of Schedule 1, one or more of the two previous annual investigations has resulted in an amount of Available Excess Assets being applied to fund a shareholder transfer (whether to a UKLAP Shareholder Funds or to a Non-Profit Sub-Fund), the UKLAP Board shall, having taken account of appropriate actuarial advice, recalculate as necessary the AAA CT Coverage for the previous two years taking into account the effect of such application or applications.

Part 5

Provisions applicable to determining Available Excess Assets in the Old WPSF or the New WPSF

- 1 Subject to paragraph 2 of this Part 5 and Part 6 of this Schedule 1, the UKLAP Board may determine, having taken account of appropriate actuarial advice, and taking into account the relevant UKLAP PPFMs, that any amount of the Potential Excess Assets shall be Available Excess Assets.
- 2 In determining the amount of assets to be designated as Available Excess Assets the UKLAP Board will have regard to the following principles:
 - 2.1 no designation of Available Excess Assets in the Old WPSF can take place where, in the opinion of the UKLAP Board (having taken account of appropriate actuarial advice, including that of the With-Profits Actuary, and consistent with its duty to treat policyholders fairly) a distribution of such assets would give rise to a significant risk that the Old WPSF, viewed as a stand-alone entity, would be unable to meet its obligations to policyholders or its Capital Requirements; and
 - 2.2 designation of Potential Excess Assets as Available Excess Assets in the New WPSF (including the RIEESA) can only take place where, in the opinion of the UKLAP Board, having taken account of appropriate actuarial advice, including that of the With-Profits Actuary, a release of such assets would not give rise to a significant risk determined on an equivalent basis to that in paragraph 2.1 of this Part 5 of Schedule 1 that the New WPSF (including the RIEESA) would be unable to meet its obligations to policyholders allocated to the New WPSF, the RIEESA and the Old WPSF or the Capital Requirements of the New WPSF and the RIEESA.

Part 6

Provisions applying to the amounts of Available Excess Assets in the Old WPSF and the New WPSF

- 1** If the AAA CT Coverage of the Old WPSF exceeds the MPC for the Old WPSF at the current annual investigation and at the two previous annual investigations (which may be annual investigations conducted prior to the Scheme Effective Date under the equivalent provisions of the UKLAP Reattribution Scheme) then (unless paragraph 2.1 of Part 5 of this Schedule 1 applies) the amount of Potential Excess Assets which shall be designated as Available Excess Assets of the Old WPSF at the latest investigation date shall be calculated as Z per cent. multiplied by the AAA CT determined at that date, where Z per cent. is the smallest excess of AAA CT Coverage over the MPC of the said three years' investigations.
- 2** Where, for the purposes of the three year comparison in paragraph 1 of this Part 6 of Schedule 1, one or more of the two previous annual investigations has resulted in an amount of Available Excess Assets being applied to enhance policyholder benefits or the UKLAP Board has otherwise applied assets to enhance policyholder benefits, the UKLAP Board shall, having taken account of appropriate actuarial advice, recalculate as necessary the MPC and the AAA CT Coverage for the two previous years taking into account the effect of such application or applications.
- 3** The amount of Potential Excess Assets potentially to be determined as Available Excess Assets in the New WPSF shall be restricted to ensure that, after the application of Available Excess Assets under paragraphs 46 (in respect of the Old WPSF) and 47 (in respect of the New WPSF) of the Scheme, the AAA CT Coverage of the New WPSF shall be no lower than the Moderated AAA CT Coverage of the Old WPSF, and the AAA CT Coverage of the New WPSF shall be no lower than the AAA CT Coverage of the Old WPSF.
- 4** The purpose of the test required under paragraph 3 of this Part 6 of Schedule 1 comparing the Moderated AAA CT Coverages of the Old WPSF and the New WPSF is to restrict any release of assets from the RIEESA which would result in the financial strength, measured as AAA CT Coverage, of the New WPSF falling below that of the Old WPSF assuming a similar investment mix of the assets of each of the Old WPSF or the New WPSF (as relevant). Such test may be amended if the UKLAP Board having taken account of appropriate actuarial advice considers that the test no longer provides a reasonable test of relative financial strength on this basis provided that any amendment to the test is approved by the With-Profits Committee prior to implementation of any such amendment.

Part 7

Provisions applicable to the New WPSF after the Old WPSF Merger Date

In determining any amounts as Available Excess Assets in the New WPSF after the Old WPSF Merger Date, the UKLAP Board shall not be obliged to follow the calculations in this Schedule 1 but may determine the amount of Available Excess Assets in its sole discretion having regard to the applicable UKLAP PPFM and its duty to treat customers fairly.

Schedule 2 FL Support Accounts

Part 1 FLC Funds Support Account

- 1 The amount of the FLC Funds Support Account shall be calculated and determined in accordance with the provisions of this Part 1 of Schedule 2.
- 2 From 31 December 2016 the amount of the FLC Funds Support Account with effect from the relevant Year End (and in respect of the calendar year following such Year End) shall be the Specified Year End Support Amount determined in accordance with paragraph 3 of this Part 1 of Schedule 2.
- 3 Subject to paragraph 4 of this Part 1 of Schedule 2, the “**Specified Year End Support Amount**” in relation to the FLC Funds Support Account shall be determined (without prejudice to paragraph 63 of the Scheme which permits the closure of the FLC Funds) in accordance with the following table:

(A) Year End	(B) Calendar Year	(C) Specified Year End Support Amount (£m)
31 December 2016	2017	220
31 December 2017	2018	220
31 December 2018	2019	220
31 December 2019	2020	220
31 December 2020	2021	100
31 December 2021	2022	100
31 December 2022	2023	100
31 December 2023	2024	100
31 December 2024	2025	100
31 December 2025	2026	55
31 December 2026	2027	51
31 December 2027	2028	47
31 December 2028	2029	43
31 December 2029	2030	39
31 December 2030	2031	35
31 December 2031	2032	31
31 December 2032	2033	27
31 December 2033	2034	23
31 December 2034	2035	19

(A) Year End	(B) Calendar Year	(C) Specified Year End Support Amount (£m)
31 December 2015	2036	15
31 December 2036	2037	11
31 December 2037	2038	7
31 December 2038 and thereafter for so long as the FLC Funds are maintained as separate UKLAP Sub-Funds	2039 and thereafter	5

4 In the event that a Temporary Transfer is made to the FLC Funds or is repaid from the FLC Funds in accordance with the provisions of paragraph 60 of the Scheme, the Specified Year End Support Amount in relation to the FLC Funds Support Account shall be deemed to be reduced by (in the case of a Temporary Transfer made to the FLC Funds) or increased by (in the case of a Temporary Transfer repaid by the FLC Funds) the amount of such Temporary Transfer in respect of each Year End following the date on which such Temporary Transfer is made or repaid, provided that in no circumstances shall the Specified Year End Support Amount be:

4.1 increased above the level set out in the table at paragraph 3 of this Part 1 of Schedule 2; or

4.2 reduced below zero.

Part 2 FP WPSF Support Account

- 1 The amount of the FP WPSF Support Account shall be determined in accordance with the provisions of this Part 2 of Schedule 2.
- 2 From 31 December 2016 the amount of the FP WPSF Support Account with effect from the relevant Year End (and in respect of the calendar year following such Year End) shall be the Specified Year End Support Amount determined in accordance with paragraph 3 of this Part 2 of Schedule 2.
- 3 Subject to paragraph 4 of this Part 2 of Schedule 2, the “**Specified Year End Support Amount**” in relation to the FP WPSF Support Account shall be determined (without prejudice to paragraph 63 of the Scheme which permits the closure of the FP WPSF) in accordance with the following table:

(A) Year End	(B) Calendar Year	(C) Specified Year End Support Amount (£m)
31 December 2016	2017	43.047
31 December 2017	2018	38.742
31 December 2018	2019	34.868
31 December 2019	2020	31.381
31 December 2020	2021	28.243
31 December 2021	2022	25.419
31 December 2022	2023	22.877
31 December 2023	2024	20.589
31 December 2024	2025	18.530
31 December 2025	2026	16.677
31 December 2026	2027	15.009
31 December 2027	2028	13.509
31 December 2028	2029	12.158
31 December 2029	2030	10.942
31 December 2030	2031	9.848
31 December 2031	2032	0

- 4 In the event that a Temporary Transfer is made to the FP WPSF or is repaid from the FP WPSF in accordance with the provisions of paragraph 60 of the Scheme, the Specified Year End Support Amount in relation to the FP WPSF Support Account shall be deemed to be reduced by (in the case of a Temporary Transfer made to the FP WPSF) or increased by (in the case of a Temporary Transfer repaid by the FP WPSF) the amount of such Temporary

Transfer in respect of each Year End following the date on which such Temporary Transfer is made or repaid, provided that in no circumstances shall the Specified Year End Support Amount be:

- 4.1** increased above the level set out in the table at paragraph 3 of this Part 2 of Schedule 2; or
- 4.2** reduced below zero.

Part 3
FP Post Demutualisation WPSF Support Account

- 1** The amount of the FP Post Demutualisation WPSF Support Account shall be calculated and determined in accordance with the provisions of this Part 3 of Schedule 2.
- 2** From 31 December 2016 the amount of the FP Post Demutualisation WPSF Support Account with effect from the relevant Year End (and in respect of the calendar year following such Year End) shall be the Specified Year End Support Amount determined in accordance with paragraph 3 of this Part 3 of Schedule 2.
- 3** Subject to paragraph 4 of this Part 3 of Schedule 2, the “**Specified Year End Support Amount**” in relation to the FP Post Demutualisation WPSF Support Account shall be determined (without prejudice to paragraph 63 of the Scheme which permits the closure of the FP WPSF) in accordance with the following table:

(A) Year End	(B) Calendar Year	(C) Specified Year End Support Amount (£m)
31 December 2016	2017	20
31 December 2017	2018	19
31 December 2018	2019	18
31 December 2019	2020	17
31 December 2020	2021	16
31 December 2021	2022	15
31 December 2022	2023	14
31 December 2023	2024	13
31 December 2024	2025	12
31 December 2025	2026	11
31 December 2026	2027	10
31 December 2027	2028	9
31 December 2028	2029	8
31 December 2029	2030	7
31 December 2030	2031	6
31 December 2031	2032	5.5
31 December 2032	2033	5
31 December 2033	2034	4.5
31 December 2034	2035	4

(A) Year End	(B) Calendar Year	(C) Specified Year End Support Amount (£m)
31 December 2035	2036	3.5
31 December 2036	2037	3
31 December 2037	2038	2.5
31 December 2038	2039	2
31 December 2039	2040	1.5
31 December 2040 and thereafter for so long as the FP WPSF is maintained as a separate UKLAP Sub-Fund.	2041 and thereafter	1

4 In the event that a Temporary Transfer is made to the FP WPSF in respect of FP Post Demutualisation Policies or is repaid from the FP WPSF in respect of FP Post Demutualisation Policies in accordance with the provisions of paragraph 60 of the Scheme, the Specified Year End Support Amount in relation to the FP Post Demutualisation WPSF Support Account shall be deemed to be reduced by (in the case of a Temporary Transfer made to the FP WPSF in respect of FP Post Demutualisation Policies) or increased by (in the case of a Temporary Transfer repaid by the FP WPSF in respect of FP Post Demutualisation Policies) the amount of such Temporary Transfer in respect of each Year End following the date on which such Temporary Transfer is made or repaid, provided that in no circumstances shall the Specified Year End Support Amount be:

4.1 increased above the level set out in the table at paragraph 3 of this Part 3 of Schedule 2; or

4.2 reduced below zero.

Part 4
FLAS WPSF Support Account

- 1** The amount of the FLAS WPSF Support Account shall be calculated and determined in accordance with the provisions of this Part 4 of Schedule 2.
- 2** Certain amendments were made to the corresponding provisions of this Part 4 of Schedule 2 as then contained in the 2013 Scheme in accordance with paragraph 24 of the 2013 Scheme, with effect from 12 June 2015 (the “**2015 Amendments**”).
- 3** Subject to paragraphs 5 and 6 of this Part 4 of Schedule 2, from 31 December 2016 the amount of the FLAS WPSF Support Account with effect from the relevant Year End (and in respect of the calendar year following such Year End) shall be the Specified Year End Support Amount determined in accordance with paragraph 4 of this Part 4 of Schedule 2.
- 4** Subject to paragraph 9 of this Part 4 of Schedule 2, the “**Specified Year End Support Amount**” in relation to the FLAS WPSF Support Account shall be determined (without prejudice to paragraph 63 of the Scheme which permits the closure of the FLAS WPSF) in accordance with the following table:

(A) Year End	(B) Calendar Year	(C) Specified Year End Support Amount (£m)
31 December 2016	2017	132
31 December 2017	2018	126
31 December 2018	2019	120
31 December 2019	2020	114
31 December 2020	2021	108
31 December 2021	2022	102
31 December 2022	2023	96
31 December 2023	2024	90
31 December 2024	2025	84
31 December 2025	2026	78
31 December 2026	2027	72
31 December 2027	2028	66
31 December 2028	2029	60
31 December 2029	2030	55
31 December 2030	2031	50
31 December 2031	2032	45
31 December 2032	2033	40

(A) Year End	(B) Calendar Year	(C) Specified Year End Support Amount (£m)
31 December 2033	2034	35
31 December 2034 and thereafter for so long as the FLAS WPSF is maintained as a separate UKLAP Sub-Fund	2035 and thereafter	Min(With-Profits Regulatory Asset Value (N) / With-Profits Regulatory Asset Value (N-1), 1) * Specified Year End Support Amount (N-1) Where “N” is the Year End for the calendar year in respect of which the relevant calculation is being performed, “N-1” is the Year End for the calendar year immediately prior to the calendar year in respect of which the calculation is being performed If the value of this calculation is less than £5m then the Specified Year End Support Amount will be set to £5m.

- 5 Liabilities relating to annuities vesting from within the FLAS WPSF (including for such purposes liabilities relating to deferred annuities in the FLAS WPSF coming into payment) (together “**FLAS Vesting Annuity Liabilities**”) have not been allocated to the FLAS WPSF on vesting since 4 February 2013 (the “**FLAS Vesting Annuity Redirection**”).
- 6 Subject to paragraphs 7 and 8 of this Part 4 of Schedule 2, if (at any time) the FLAS Vesting Annuity Redirection ceases and FLAS Vesting Annuity Liabilities are allocated to the FLAS WPSF on subsequent vesting, then the UKLAP Board, having taken account of appropriate actuarial advice, shall make such amendments to this Part 4 of Schedule 2 as it considers appropriate in order to reflect the writing of such annuity business in the FLAS WPSF (“**Re-vesting Amendments**”), provided that:
- 6.1 an independent actuary has provided UKLAP with a certificate stating that, in his or her opinion:
- 6.1.1 having taken into account the effect of the allocation of FLAS Vesting Annuity Liabilities to the FLAS WPSF, the Re-vesting Amendments proposed to the Specified Year End Support Amounts result in the likelihood of the FLAS WPSF and the FLAS WPSF Support Account becoming unable together to cover the deemed capital resources requirements of the FLAS WPSF (such inability being an “**Insufficiency**”) being not materially greater than the likelihood of an Insufficiency arising in respect of the FLAS WPSF, taking into account the amount of the FLAS WPSF Support Account determined in accordance with this Part 4 of Schedule 2 (before the proposed Re-vesting Amendments are made) and assuming that FLAS Vesting Annuity Liabilities would continue not to be allocated to the FLAS WPSF on vesting. This assessment shall be determined in accordance with Prudential Regulation and include liabilities arising from UKLAP’s regulatory duty to treat customers fairly

(where not already included in the Best Estimate Liabilities) and the value of any prospective future shareholder transfers out of the FLAS WPSF, and including for the avoidance of doubt the Best Estimate Liabilities in respect of Non-Profit Policies in the FLAS WPSF but excluding:

- (i) any liabilities ceded by any FL Reinsurance Arrangements in respect of which the amounts recoverable are not taken into account in the calculation of FLAS WPSF Regulatory Assets; and
- (ii) any Transitional Adjustments; and

6.1.2 any other Re-vesting Amendments proposed to this Part 4 of Schedule 2 will not have a material adverse effect on policyholders whose policies are allocated to the FLAS WPSF,

6.2 in making his or her assessment in respect of Re-Vesting Amendments under paragraph 6.1.2 of this Part 4 of Schedule 2, the independent actuary will not take into account either the effect of the allocation of FLAS Vesting Annuity Liabilities to the FLAS WPSF or the Re-vesting Amendments proposed to the Specified Year End Support Amounts, provided that the independent actuary may take into account the allocation of FLAS Vesting Annuity Liabilities to the FLAS WPSF to the extent that the amendments proposed pursuant to paragraph 6.1.2 relate to paragraph 10 of this Part 4 of Schedule 2, and

6.3 the UKLAP Board has notified the PRA and the FCA of the proposed changes.

7 The UKLAP Board shall not be obliged to make any amendments to this Part 4 of Schedule 2, in accordance with the mechanism described in paragraph 6.1.1 to the extent that the effect of such amendments would be to cause the Specified Year End Support Amounts to exceed the level of the Specified Year End Support Amounts that would have been determined in accordance with the corresponding provisions of this Part 4 of Schedule 2, contained within the 2013 Scheme which were in effect immediately prior to the 2015 Amendments.

8 In the event that the UKLAP Board proposes to make amendments to this Part 4 of Schedule 2, in accordance with the mechanism described in paragraph 6, the opinion set out in paragraph 6.1.1 shall only be required should the effect of those amendments be that the Specified Year End Support Amounts would be lower than the level of the Specified Year End Support Amounts that would have been determined in accordance with the corresponding provisions of this Part 4 of Schedule 2, contained within the 2013 Scheme which were in effect immediately prior to the 2015 Amendments.

9 In the event that a Temporary Transfer is made to the FLAS WPSF or is repaid from the FLAS WPSF in accordance with the provisions of paragraph 60 of the Scheme, the Specified Year End Support Amount in relation to the FLAS WPSF Support Account shall be deemed to be reduced by (in the case of a Temporary Transfer made to the FLAS WPSF) or increased by (in the case of a Temporary Transfer repaid by the FLAS WPSF) the amount of such Temporary Transfer in respect of each Year End following the date on which such Temporary Transfer is made or repaid, provided that in no circumstances shall the Specified Year End Support Amount be:

9.1 increased above the level set out in the table at paragraph 4 of this Part 4 of Schedule 2; or

9.2 reduced below zero.

- 10** If any Re-vesting Amendments have been made to this Part 4 of Schedule 2 in accordance with paragraph 6 of this Part 4 of Schedule 2 and the FLAS Vesting Annuity Redirection is subsequently restarted or an alternative arrangement is put in place with materially the same effect as the FLAS Vesting Annuity Redirection, which results in FLAS Vesting Annuity Liabilities not being allocated to the FLAS WPSF on subsequent vesting, then the UKLAP Board, having taken account of appropriate actuarial advice, shall make such amendments to this Part 4 of Schedule 2 as it considers appropriate in order to reflect the fact that FLAS Vesting Annuity Liabilities will not, in the future, be allocated to the FLAS WPSF on vesting (“**Redirection Amendments**”), provided that:
- 10.1** an independent actuary has provided UKLAP with a certificate stating that, in his or her opinion:
- 10.1.1** having taken into account the effect of ceasing to allocate any further FLAS Vesting Annuity Liabilities to the FLAS WPSF, the Redirection Amendments proposed to the Specified Year End Support Amounts result in the likelihood of an Insufficiency (as such term is defined in paragraph 6.1.1 of this Part 4 of Schedule 2) arising in respect of the FLAS WPSF being not materially greater than the likelihood of an Insufficiency arising in respect of the FLAS WPSF, taking into account the amount of the FL FLAS WPF Support Account determined in accordance with this Part 4 of Schedule 2 (before the Redirection Amendments are made) and assuming that FLAS Vesting Annuity Liabilities would continue to be allocated to the FLAS WPSF on vesting; and
 - 10.1.2** any other Redirection Amendments proposed to this Part 4 of Schedule 2 will not have a material adverse effect on policyholders whose policies are allocated to the FLAS WPSF. In making his or her assessment, the independent actuary will not take into account either the effect of ceasing to allocate the FLAS Vesting Annuity Liabilities to the FLAS WPSF or the Redirection Amendments proposed to the Specified Year End Support Amounts, and
- 10.2** the UKLAP Board has notified the PRA and the FCA of the proposed changes.

Part 5

WL WPSF Support Account

- 1 In the event of any change to asset share or other methodology used to determine the value of any Colonial Policies, the UKLAP Board shall determine, having taken account of appropriate actuarial advice as soon as reasonably practicable after the change has been implemented, whether assets should be transferred from the WL WPSF Support Account to the WL WPSF pursuant to paragraph 60.8 of the Scheme and, if so, the value of the assets which should be transferred. Any such actuarial advice will set out the reasons for the conclusions reached by the relevant actuary (i) on whether assets should be transferred from the WL WPSF Support Account to the WL WPSF and (ii) if appropriate, on the value of the assets which should be transferred.
- 2 The assets to be transferred pursuant to paragraph 60.8 of the Scheme by way of Permanent Contribution shall have a value which the UKLAP Board considers is sufficient to restore or maintain the value of the Colonial Policies, provided that the value of the assets transferred by way of Permanent Contribution shall not exceed the WL WPSF Support Account Value (as defined in paragraph 4 of this Part 5 of Schedule 2 and as deemed adjusted in accordance with paragraph 4 of this Part 5 of Schedule 2) at the time of any proposed transfer and such Permanent Contribution shall not be liable to be repaid by the WL WPSF.
- 3 Nothing in this Part 5 of Schedule 2 shall require UKLAP to determine whether there has been a reduction in value of any particular Colonial Policy and accordingly, in assessing whether a reduction in the value of a Colonial Policy will arise, or has arisen, the UKLAP Board will be entitled to use valuation methodologies which it, having taken account of appropriate actuarial advice, considers appropriate or practical.
- 4 Subject to paragraph 5 of this Part 5 of Schedule 2, the amount of the WL WPSF Support Account (the “**WL WPSF Support Account Value**”) shall be determined as at each Year End (but without prejudice to paragraph 63 of the Scheme which permits closure of the WL WPSF) in accordance with the following table:

(A) Year End	(B) Calendar Year	(C) WL WPSF Support Account Value (£m)
31 December 2016	2017	8.5
31 December 2017	2018	7.0
31 December 2018	2019	6.0
31 December 2019	2020	5.0
31 December 2020	2021	4.0
31 December 2021	2022	3.5
31 December 2022	2023	3.0
31 December 2023	2024	2.5
31 December 2024	2025	2.5

(A) Year End	(B) Calendar Year	(C) WL WPSF Support Account Value (£m)
31 December 2025	2026	2.0
31 December 2026	2027	2.0
31 December 2027	2028	1.5
31 December 2028	2029	1.5
31 December 2029	2030	1.5
31 December 2030	2031	1.0
31 December 2031	2032	1.0
31 December 2032	2033	1.0
31 December 2033	2034	1.0
31 December 2034	2035	1.0
31 December 2035	2036	1.0
31 December 2036	2037	1.0
31 December 2037 and thereafter for so long as the WL WPSF is maintained as a separate UKLAP Sub-Fund	2038 and thereafter	0.5

- 5** In the event that a Permanent Contribution is made to the WL WPSF in accordance with paragraph 2 of this Part 5 of Schedule 2, the WL WPSF Support Account Value shall be reduced (and the table at paragraph 4 of this Part 5 of Schedule 2 shall be deemed to be amended accordingly) by the full amount of such Permanent Contribution in respect of each Year End following the date on which such a Permanent Contribution is made, provided that the WL WPSF Support Account shall not be reduced below zero.

Schedule 3 Calculation of certain miscellaneous FP WPSF Surplus

- 1** For each Financial Year, the FP Schedule 3 Amount in relation to all FP Demutualisation Protected Policies (excluding Conventional WP Policies and PHI Policies) which were in force at any time during the period to which such calculation relates (together “**FP Schedule 3 Policies**”), shall be computed as the aggregate of the following (the “**FP Schedule 3 Amount**”):
- 1.1** premiums less, in the case of Linked Policies or Unitised WP Policies, the investment element of those premiums plus any emerging annual management charges due from the Linked Funds including, in respect of Unitised WP Policies, notional annual management charges equal to the annual management charge which was applicable to the corresponding Linked Policy at the Demutualisation Scheme Effective Date;
- PLUS
- 1.2** investment income and gains received or accrued which are attributable to the statutory reserves of FP Schedule 3 Policies excluding any unit linked reserves;
- PLUS
- 1.3** risk premiums charged to Unitised WP Policy or Linked Policy units;
- PLUS
- 1.4** any amount received in respect of, or reduction in non-linked reserves resulting from a reinsurance or other transaction in respect of, or relating to, all or any category of FP Schedule 3 Policies, being a transaction:
- 1.4.1** of which notice has been given to the PRA and the FCA and where either (i) each of the PRA and the FCA has, before the expiration of the period of one month beginning with the date on which it received such notice, notified UKLAP that it does not object to the transaction being designated for the purposes of this Schedule; or (ii) the period of one month beginning with the date on which each of the PRA and the FCA received such notice has elapsed without either the PRA or the FCA having served on UKLAP written notice of objection to such designation; and
- 1.4.2** which has been designated for the purposes of this Schedule by the UKLAP Board, (a “**Designated Transaction**”)
- LESS
- 1.5** the aggregate of any amounts paid or repaid to a reinsurer or other party pursuant to a Designated Transaction and any increase in non-linked reserves resulting from any recapture of liabilities under a Designated Transaction;
- LESS (OR PLUS) AS THE CASE MAY BE
- 1.6** the increase (or reduction) in non-linked reserves in respect of FP Schedule 3 Policies arising from any factor other than a Designated Transaction;
- LESS
- 1.7** claims in respect of FP Schedule 3 Policies less, in the case of Linked Policies or Unitised WP Policies, the investment element of those claims;

LESS

- 1.8** expenses determined in accordance with Schedule 4 attributable to the FP Schedule 3 Policies;

LESS

- 1.9** the amount (if any) by which the FP Schedule 3 Amount in respect of the previous Financial Year was negative.

- 2** For the purposes of the calculation of the FP Schedule 3 Amount the term “non-linked reserves” shall be interpreted on a basis determined by the UKLAP Board, having taken account of appropriate actuarial advice, which so far as possible shall avoid the occurrence of a profit or loss arising on the Solvency II Implementation Date solely as a result of the implementation of the Solvency II Requirements in respect of item 1.6 of the calculation of the FP Schedule 3 Amount, and the term “statutory reserves of Policies excluding any unit linked reserves” shall be consistently interpreted.

- 3** Premiums, claims, non-linked reserves, expenses and attributed investment income and gains taken into account in determining the FP Schedule 3 Amount shall be calculated net of amounts attributable to reassurances (other than any Designated Transaction, unless the UKLAP Board specifies otherwise at the time it designates the relevant transaction) on the basis which the UKLAP Board regards as appropriate.

- 4** Investment income and gains and expenses taken into account in this calculation shall be adjusted for policyholder tax attributable thereto on the basis which the UKLAP Board regards as appropriate.

Schedule 4 Expenses and Charges

Part 1 FPLAL WPSF Expenses

1 FPLAL WPSF Expenses

1.1 The following expenses (including VAT thereon, if any) of the FPLAL WPSF shall be dealt with as follows:

- 1.1.1** the actual costs of buying and selling investments for the benefit of the FPLAL WPSF will be charged to the FPLAL WPSF;
- 1.1.2** the investment management expenses (including a portion of the overhead expenses of UKLAP as a whole attributable to investment management) will be charged to the FPLAL WPSF in an amount certified by the UKLAP Board, having taken account of appropriate actuarial advice, to be fair and reasonable having regard to the size of the FPLAL WPSF, the categories of asset in which the FPLAL WPSF is invested and the investment management expenses incurred by UKLAP as a whole;
- 1.1.3** subject to paragraph 1.1.4 of this Part 1 of Schedule 4, the FPLAL WPSF will not be charged with any expenses attributable to new business undertaken within UKLAP;
- 1.1.4** subject to paragraph 1.1.5 of this Part 1 of Schedule 4, the FPLAL WPSF will be charged with such share of renewal, maintenance, claims, surrender and lapse expenses (including overhead expenses of UKLAP) as is determined by the UKLAP Board, having taken account of appropriate actuarial advice, to be fairly attributable thereto having regard to the number of FPLAL WPSF Policies then in force and the level of activity thereby required;
- 1.1.5** the renewal and maintenance charges in each Financial Year charged to the FPLAL WPSF shall not exceed:
 - (i) in the case of any FPLAL WPSF Policy which is a non-group policy, £29.86 per policy, subject to adjustment by reference to any increase or decrease after 30 June 2015 in the Retail Prices Index or any other substitute index or register conveying the same or similar information; and
 - (ii) in the case of all FPLAL WPSF Policies which are group policies, 0.75 per cent. of the Best Estimate Liabilities of those policies as at 30 September in the relevant year.
- 1.1.6** the claims, surrenders and lapse charges applicable to Policies in the FPLAL WPSF which become claims, surrender or lapse in each Financial Year charged to the FPLAL WPSF shall not exceed:
 - (i) in the case of FPLAL WPSF Policies which are non-group policies, £89.59 per policy, subject to adjustment as provided for in paragraph 1.1.5(i) of Part 1 of this Schedule 4; and

- (ii) in the case of all FPLAL WPSF Policies which are group policies, 3 per cent. of the amount of claims or surrenders payable in that year under such policies.

Part 2

FP WPSF Expenses

2 FP WPSF Expenses

2.1 Amounts in respect of:

2.1.1 the acquisition, set up, maintenance and termination of FP Demutualisation Protected Policies allocated to the FP WPSF; and

2.1.2 investment management fees to be allocated to the FP WPSF in respect of FP Demutualisation Protected Policies,

shall, with effect from the Effective Date, be allocated in accordance with the FP WPSF PPFM and shall at no time either:

- (i) exceed the charges for similar services made by a Comparable Third Party; or
- (ii) significantly exceed the costs which the FP WPSF would incur if UKLAP were to undertake such services itself and the only business of UKLAP were that comprised in the FP WPSF.

2.2 A “**Comparable Third Party**” for the purposes of paragraph 2.1(i) above, shall be a third party with appropriate regulatory permissions to provide the relevant services and with the resources and expertise to provide the services to a similar standard to the levels in place at the relevant time and which would be able to meet or comply with UKLAP’s policy on outsourcing in place at the relevant time. Third parties shall not be taken into account if a reasonable person would have concerns about the quality of service, reputation, financial standing or jurisdictional location of such third party.

Part 3

WL WPSF Expenses

3 WL WPSF Expenses

3.1 In this Part 3 of Schedule 4:

“**Management Services**” means services which are, in the opinion of the UKLAP Board, having taken account of appropriate actuarial advice, provided in respect of the management of the WL WPSF, including any administrative or other related services, but excluding any Investment Services;

“**Investment Services**” means services which are, in the opinion of the UKLAP Board, having taken account of appropriate actuarial advice, provided in respect of the investment management of the WL WPSF, including any administrative or other related services, but excluding any Management Services;

“Winterthur Misselling Liabilities” means all payments required to be made by UKLAP in respect of the following liabilities arising prior to the WLUK Scheme Effective Date:

- (a) to the extent that the same result from advice given or representations made by Winterthur or any of its representatives, employees or agents in contravention of or not in conformity with any applicable laws, regulations, conduct of business rules or guidelines in force;
- (b) by way of fines, statutory levies and payments to or imposed by a regulatory body or any other body acting under the guidance of any of them to the extent that such fines, levies or payments are, in the opinion of the UKLAP Board, having taken account of appropriate actuarial advice, referable to the WLUK Scheme Policies;
- (c) which the UKLAP Board, having taken account of appropriate actuarial advice, considers is of a similar character to those referred to in paragraphs (a) and (b) above and should be included in this definition; and
- (d) costs incurred in undertaking reviews to determine the extent of payments to be made as referred to in paragraph (a), (b) or (c) above and in administering such payments; and

“WLUK Scheme Policies” means policies of WLUK as at the WLUK Scheme Effective Date.

3.2 From the Effective Date there shall be debited and charged to the WL WPSF all of the following (including VAT, where applicable):

- 3.2.1** such expenses payable by UKLAP in respect of Management Services as are attributable to any Policy which has been allocated to the WL WPSF (excluding, for the avoidance of doubt, any expenses as are payable thereunder in respect of policies that are Unitised WP Policies or Hybrid Policies investing in the WL WPSF but allocated to the NPSF), subject to the maximum level of charges set out in paragraph 4 of this Part 3 of Schedule 4, but provided always that such expenses may be increased beyond those limits if the UKLAP Board, having taken account of appropriate actuarial advice, considers it reasonable to do so in all the circumstances;
- 3.2.2** such proportion of the investment management fees payable after the Effective Date by UKLAP in respect of Investment Services as the UKLAP Board, having taken account of appropriate actuarial advice, shall consider to be fairly attributable to the management of the assets of the WL WPSF subject to the maximum level of charges set out in paragraph 4 of this Part 3 of Schedule 4, but provided always that such charges may be increased beyond those limits if the UKLAP Board, having taken account of appropriate actuarial advice, considers it reasonable to do so in all the circumstances;
- 3.2.3** all other costs and expenses (excluding costs in respect of taxation which are dealt with at paragraph 39 of the Scheme) incurred by UKLAP arising in connection with the acquisition, disposal or disposition of, or dealing with, any asset of the WL WPSF;
- 3.2.4** to the extent not comprised within sums debited or charged to the WL WPSF pursuant to either paragraph 3.2.1 or 3.2.2 of this Part 3 of Schedule 4, such proportion of the overhead and other general expenses of UKLAP as the UKLAP Board, having taken account of appropriate actuarial advice, shall determine to be fairly attributable to the WL WPSF on the basis that no proportion of such overhead

and general expenses shall be fairly so attributable in respect of policies that are Unitised WP Policies or Hybrid Policies investing in the WL WPSF but allocated to the NPSF;

3.2.5 such proportion of the amounts payable from time to time by UKLAP to the Financial Services Compensation Scheme established under the Act of any other levies referable to a period after the WLUK Scheme Effective Date payable by UKLAP in accordance with any applicable Regulatory Requirements as shall be determined by the UKLAP Board, having taken account of appropriate actuarial advice, to be fairly attributable to the WL WPSF and so that for the avoidance of any doubt such amounts shall not include:

- (i) amounts payable from time to time by UKLAP in connection with claims made by or on behalf of holders of Policies in respect of alleged mis-selling of Policies or maladministration; or
- (ii) any amount payable with respect to any Policy issued after the WLUK Scheme Effective Date which is not allocated to the WL WPSF; and

3.2.6 such other cost, expense or liability of the Long-Term Insurance Business of UKLAP from time to time but only to the extent that the UKLAP Board, having taken account of appropriate actuarial advice, shall consider the same to be wholly attributable to the business comprised within the WL WPSF.

3.3 No payments relating to Winterthur Misselling Liabilities in respect of those Policies transferred pursuant to the WLUK Scheme allocated to the WL WPSF may be debited from or charged to the WL WPSF.

4 Set out below are the maximum level of charges which can be passed to and met from the WL WPSF for each different type of Policy allocated to the WL WPSF and type of service to be provided as at 1 January 2016. The maximum level of charge which can be made in any month from the Effective Date will be the monetary amount shown increased by the percentage change in the Retail Prices Index for the period from the calendar month prior to 1 January 2016, as appropriate, to the calendar month prior to the date for which the maximum charge is being calculated. This does not apply to maximum charge rates expressed in percentage terms rather than monetary amounts which will not be increased in line with the Retail Prices Index. For the purposes of this paragraph 4 of Part 3 of Schedule 4, if at any time the Retail Prices Index ceases to be updated or is the subject of rebasing, UKLAP shall adopt such alternative method as the UKLAP Board, having taken account of appropriate actuarial advice shall, determine to be appropriate in all the circumstances.

4.1 Maximum Fee for Management Services at 1 January 2016

Contract Type	Per annum charges (per policy unless otherwise states). Monthly charges to be calculated as 1/12 of amounts set out below £
COLONIAL CONTRACTS	
With-profits whole life and endowment	23.66
• Premium paying	12.23

Contract Type	Per annum charges (per policy unless otherwise states). Monthly charges to be calculated as 1/12 of amounts set out below £
• Non-premium paying	
Term assurances	16.14
Flexible Benefit Plans (including terminated schemes):	
• Per contributing member	54.80
• Per non-contributing member	27.81
Retirement Annuities (live)	30.42
With-profits Retirement Annuities (paid up)	15.61
WINTERTHUR CONTRACTS	
Conventional whole life and endowments	
• Premium paying	23.66
• Non-premium paying	11.82
Unit linked life savings and protection	
• Premium paying	51.33
• Non-premium paying	38.49
Unit linked life home health and conventional PHI	
• Premium paying	17.10
• Non-premium paying	17.10
Unit linked pensions	
• Premium paying	60.38
• Non-premium paying	45.29
Term assurance (premium paying)	16.14
Conventional pension policies	
• Premium paying	54.80
Non-premium paying	27.40
Annuities in payment (non-premium paying), including PHI claims in payment	31.05

To the extent that any Policy allocated to the WL WPSF is not listed in the above table, then the maximum level of charges which can be passed to and met from the WL WPSF in respect of Management Services for such Policy shall be determined by the UKLAP Board, having taken account of appropriate actuarial advice, subject always to the terms of the relevant Policy and policyholders reasonable expectations.

4.2 Maximum Fee for Investment Services

The Investment Services fees shall in aggregate be no more than

$$\frac{0.20 \text{ per cent.} * WL \text{ Asset Value}}{12} \text{ per month}$$

where:

“**WL Asset Value**” means the average of the aggregate values of the assets comprised within the WL WPSF on the first business day and the last business day of any calendar month, calculated according to the generally accepted accounting principles used in the UK to calculate the value of assets of life assurance companies.

Schedule 5 FLC Special Scheme Bonus

1 Definitions

“**FLC Old WPSF Regulatory Assets**” means, in relation to the FLC Old WPSF, the value of the assets determined in accordance with Prudential Regulation, but excluding:

- (i) any Temporary Transfers then outstanding;
- (ii) the FLC Remaining Support Amount assets; and
- (iii) any Transitional Adjustments;

“**FLC Old WPSF Regulatory Liabilities**” means the Regulatory Liabilities of the FLC Old WPSF and including liabilities arising from its regulatory duty to treat customers fairly (where not already included in the Best Estimate Liabilities) and the value of any prospective future shareholder transfers out of the FLC Old WPSF, and including for the avoidance of doubt the Best Estimate Liabilities in respect of Non-Profit Policies in the FLC Old WPSF. The FLC Old WPSF Regulatory Liabilities shall for the purpose of the FLC Special Scheme Bonus calculations be calculated using the supportable long-term payout ratio of the FLC New WPSF;

“**FLC Old WPSF SCR**” means the Solvency Capital Requirement calculated in accordance with the SCR Rules for Internal Models (as defined in the PRA Rulebook Glossary) and consistently with the assumptions underlying the FLC Old WPSF Regulatory Assets and FLC Old WPSF Regulatory Liabilities;

“**FLC Special Scheme Bonus Surplus**” means, as at any FLC Special Scheme Bonus Calculation Date:

$$A - B - (C \times q)$$

where:

A is the estimated amount of the FLC Old WPSF Regulatory Assets as at the relevant FLC Special Scheme Bonus Calculation Date;

B is the estimated amount of the FLC Old WPSF Regulatory Liabilities as at the relevant FLC Special Scheme Bonus Calculation Date;

C is the estimated Gross SCR as at the relevant FLC Special Scheme Bonus Calculation Date;

q shall be determined in accordance with the table below:

FLC Special Scheme Bonus Calculation Date	q
31 December 2020	0.25
31 December 2025	0.05
All FLC Special Scheme Bonus Calculation Dates falling after 31 December 2025	0.05

“**FLC Special Scheme Bonus Threshold**” means an amount equal to 1 per cent. of the aggregate of the sum assured plus reversionary bonuses in respect of Conventional WP

Policies entitled to a FLC Special Scheme Bonus under paragraph 2.5 of this Schedule 5 plus 1 per cent. of the aggregate unit values in respect Unitised WP Policies entitled to a FLC Special Scheme Bonus under paragraph 2.5 of this Schedule 5. The amounts used in this calculation for business reinsured from the FLC New WPSF to the FLC Old WPSF are to be the reinsured proportion of the amounts; and

“**Gross SCR**” means the result of a calculation identical to that of the calculation of the FLC Old WPSF SCR other than that no account is taken of the loss-absorbing capacity of reducing the percentage of asset share targeted when setting bonus rates, or of any other management action which is taken into account in the calculation of the FLC Old WPSF SCR, but for the avoidance of doubt excluding the reduction in future regular or final bonus rates necessary to ensure that, subject to normal smoothing practices, bonus rates continue to target an unchanged percentage of asset share.

2 Declaration of FLC Special Scheme Bonus

- 2.1** In advance of each FLC Special Scheme Bonus Calculation Date (or as soon as practicable thereafter), UKLAP shall calculate the FLC Special Scheme Bonus Surplus as at that FLC Special Scheme Bonus Calculation Date.
- 2.2** There shall be no declarations of FLC Special Scheme Bonus after the merger of the FLC Old WPSF and the FLC New WPSF in accordance with paragraph 62 of the Scheme.
- 2.3** The UKLAP Board shall distribute the FLC Special Scheme Bonus Surplus by way of declarations of FLC Special Scheme Bonus (and the associated transfers to the SHF (or such other UKLAP Shareholder Fund as the UKLAP Board may determine)) during the five year period after each FLC Special Scheme Bonus Calculation Date in accordance with this Schedule 5 if appropriate actuarial advice obtained by the UKLAP Board certifies that such a declaration (and the associated transfer to the UKLAP Shareholder Funds) would not, in the opinion of the UKLAP With-Profits Actuary, adversely affect the reasonable expectations of holders of policies allocated or reassured to the FLC Old WPSF (other than to an immaterial extent), unless the FLC Special Scheme Bonus Surplus in respect of that FLC Special Scheme Bonus Calculation Date is below the FLC Special Scheme Bonus Threshold, in which case the UKLAP Board shall determine whether a FLC Special Scheme Bonus shall be declared in respect of that FLC Special Scheme Bonus Surplus having taken account of appropriate actuarial advice and having consulted with the With-Profits Committee (but, for the avoidance of doubt, would not be expected to declare a FLC Special Scheme Bonus in respect of that FLC Special Scheme Bonus Surplus).
- 2.4** Declarations of FLC Special Scheme Bonus (and the associated transfer to the UKLAP Shareholder Funds) will be made as soon as practicable during the five year period after the FLC Special Scheme Bonus Calculation Date and will be declared, if in the form of reversionary bonus, as at the FLC Special Scheme Bonus Calculation Date and, if in the form of terminal bonus, when the Policy becomes a claim.
- 2.5** All in force WP Policies allocated to the FLC Old WPSF or reassured to the FLC Old WPSF from the FLC New WPSF (to the extent that the policy benefits are reinsured) will be eligible to share in declarations of FLC Special Scheme Bonus. The UKLAP Board having taken account of appropriate actuarial advice, shall determine the allocation of the amount available to be declared amongst the relevant WP Policies allocated to the FLC Funds.
- 2.6** The UKLAP Board may declare FLC Special Scheme Bonuses either as terminal bonuses on relevant WP Policies allocated to the FLC Funds becoming claims during the five year

period after the relevant FLC Special Scheme Bonus Calculation Date or as additional reversionary or annual bonuses. If FLC Special Scheme Bonuses are declared other than as terminal bonus, the Asset Shares of the relevant WP Policies allocated to the FLC Funds will be increased by amounts determined by the UKLAP Board having taken account of appropriate actuarial advice so as to ensure that in aggregate 90 per cent. of the total FLC Special Scheme Bonus Surplus is attributed to the relevant WP Policies allocated to the FLC Funds.

Schedule 6
Transferred Reassurance Arrangements

References to “Initial Cedant” and “Initial Reassurer” and “Final Cedant” and “Final Reassurer” are references to the relevant parties immediately prior to, and immediately following, the Effective Date respectively.

Part 1 – FL Internal Reassurance Arrangements

A. Internal Risk Transfer Reassurance Agreements – Intra-Group

Ref	Initial Cedant	Initial Reassurer	Final Cedant	Final Reassurer	Date of Agreement	Type of Arrangement
a02	FLL FP WPF	FLP NPF	FP WPSF	NPSF	Documentation could not be located	Various approved pension business, including attaching rider benefits, originally written by London & Manchester Assurance (LMA) are reinsured from the FLL FP With-Profits Fund to FLP NPF.
a03	FLL FP WPF	FLP NPF	FP WPSF	NPSF	Documentation could not be located	Life Reinsurance Agreement – Investment Trust Retirement Annuities
b02	FLP NPF	FLL FP WPF	NPSF	FP WPSF	4 May 1999	Life Reinsurance Agreement – mortality and morbidity risks

B. Internal Risk Transfer Reassurance Agreements – Inter-Fund

Ref	Initial Cedant	Initial Reassurer	Final Cedant	Final Reassurer	Date of Agreement	Type of Arrangement
108	FLL NPF	FLL FP WPF	NPSF	FP WPSF	20 June 1995	Life Reinsurance Agreement – life and pension annuities written by the former LMP

Ref	Initial Cedant	Initial Reassurer	Final Cedant	Final Reassurer	Date of Agreement	Type of Arrangement
l09	FLL NPF	FLL FP WPF	NPSF	FP WPSF	20 June 1995	Life Reinsurance Agreement – a small number of F&C annuities, transferred to FLL NPF from F&C
m01	FLL FLAS WPF	FLL NPF	FLAS WPSF	NPSF	December 1998 – exact date was not available	Unit Linked Life Reassurance Agreement – non-pensions
m02	FLL FLAS WPF	FLL NPF	FLAS WPSF	NPSF	15 December 1998 (with a supplemental agreement dated 25 May 2001)	Unit Linked Pensions Reassurance Agreement
m03	FLL FLAS WPF	FLL NPF	FLAS WPSF	NPSF	10 September 1996	Unit Linked Reassurance Agreement – school fees business
m04	FLL FLAS WPF	FLL NPF	FLAS WPSF	NPSF	17 December 2008	Quota share Life Non-profit Reassurance Agreement – annuities
m05	FLL FLAS WPF	FLL NPF	FLAS WPSF	NPSF	15 October 1964	Surplus Agreement – conventional life products
n01	FLL NPF	FLL FLAS WPF	NPSF	FLAS WPSF	15 October 1964	Surplus Agreement – conventional life products
o01	FLL FLAS WPF	FLL NPF	FLAS WPSF	NPSF	30 June 2009	In-force Intra-group Reassurance Agreement – pensions annuities

C. Internal Fund Access Reinsurance Agreements – Intra-Group

Ref	Initial Cedant	Initial Reassurer	Final Cedant	Final Reassurer	Date of Agreement	Type of Arrangement
a01	FLL FP WPF	FLP NPF	FP WPSF	NPSF	20 April 2001	Life Reinsurance Agreement – unit-linked pensions liabilities
a02	FLL FP WPF	FLP NPF	FP WPSF	NPSF	Documentation could not be located	Various approved pension business, including attaching rider benefits, originally written by London & Manchester Assurance (LMA) are reinsured from the FLL FP With-Profits Fund to FLP NPF.
b01	FLP NPF	FLL FP WPF	NPSF	FP WPSF	Documentation could not be located	UWP Pensions business written from January 2002 is written in FLP. The benefit value is reinsured from FLP NPF to the FLL With-Profits Fund
p02	FLP NPF	FLL WL WPF	NPSF	WL WPSF	12 December 2013	Fund Access Reinsurance Agreement – UWP policies
s02	FLL WL WPF	FLP NPF	WL WPSF	NPSF	12 December 2013	Fund Access Reinsurance Agreement
t01	FLL FLAS WPF	FLP NPF	FLAS WPSF	NPSF	Documentation could not be located	Fund Access Reinsurance Agreement – A specific Group Personal Pension scheme
v01	FLP NPF	Aviva Investors Pensions Limited (AIPL)	NPSF	AIPL	1 October 2011	Fund Access Reinsurance Agreement – Pension Unit Funds

D. Internal Fund Access Reinsurance Agreements – Inter-Fund

Ref	Initial Cedant	Initial Reassurer	Final Cedant	Final Reassurer	Date of Agreement	Type of Arrangement
k01	FLL FP WPF	FLL NPF	FP WPSF	NPSF	Documentation could not be located	Pre-demut Unit Linked life business (excl UWP) written by FPLO prior to de-mutualisation is now within the With-Profits Fund of FLL. The unit linked liabilities are wholly reinsured to the FLL Non-Profit Fund.
k02	FLL FP WPF	FLL NPF	FP WPSF	NPSF	Documentation could not be located	Pre-demut Unit Linked OLAB business (excl UWP) written by FPLO prior to de-mutualisation is now within the With-Profits Fund of FLL. The unit linked liabilities are wholly reinsured to the FLL Non-Profit Fund.
I01	FLL NPF	FLL FP WPF	NPSF	FP WPSF	16 November 2011	Fund Access Reinsurance Agreement – former NM UWP business
I02	FLL NPF	FLL FP WPF	NPSF	FP WPSF	16 November 2011	Fund Access Reinsurance Agreement – pensions UWP
I03	FLL NPF	FLL FP WPF	NPSF	FP WPSF	Documentation could not be located	Pensions UWP – written between July 2001 and December 2001 in the FLL Non Profit Fund The benefit value is reinsured internally to the FLL With-Profits Fund
I04	FLL NPF	FLL FP WPF	NPSF	FP WPSF	Documentation could not be located	Life UWP business written from July 2001 to April 2004 was written in FLL Non Profit Fund. The benefit value is reinsured from FLL Non-Profit Fund to the FLL With-Profits Fund.
I05	FLL NPF	FLL FP WPF	NPSF	FP WPSF	Documentation could not be located	Pre-2004 UWP

I06	FLL NPF	FLL FP WPF	NPSF	FP WPSF	Documentation could not be located	Life UWP business written from April 2004. The benefit value is reinsured from FLL Non-Profit Fund to the FLL With-Profits Fund
I07	FLL NPF	FLL FP WPF	NPSF	FP WPSF	Documentation could not be located	Post-2004 UWP
p01	FLL NPF	FLL WL WPF	NPSF	WL WPSF	12 December 2013	Fund Access Reinsurance Agreement – UWP policies
s01	FLL WL WPF	FLL NPF	WL WPSF	NPSF	12 December 2013	Fund Access Reinsurance Agreement
u01	FLP NPF	FLP SGF	NPSF	SGF	1 January 2016	To allow certain policies to access the Secure Growth Fund

Part 2 – FL External Reassurance Arrangements

A. External Risk Transfer Reinsurance Agreements

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
1. FLL_Mar15_Lloyds_CatXL	FLL	Various Lloyds Syndicates	01 March 2015	Catastrophe Excess of Loss
16.ASL_Jan98_Swiss_FacLife	FLL	Swiss Re Europe S.A. – UK Branch	05 January 1998	Facultative Arrangement
1.SLAS_Oct64_InterOffice_Life	FLL	Equity&Law, Sun Life, CM&G	15 October 1964	Life Reinsurance Agreement
3.SLAS_Jan94_Swiss_ConvLife	FLL	Swiss Re Europe S.A. – UK Branch	01 January 1994	Life Reinsurance Agreement
4.SLAS_Jan83_Swiss_ConvLife	FLL	Swiss Re Europe S.A. – UK Branch	01 January 1983	Life Reinsurance Agreement

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
5.SLAS_Jan75_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	01 January 1975	Life Reinsurance Agreement
7.SLAS_Dec84_Hannover_ConvLife	FLL	Hannover Life Re (UK) Ltd	01 December 1984	Life Reinsurance Agreement
8.SLAS_Jan81_Munich_ConvLife	FLL	Munich Reinsurance Company (UK Branch)	01 January 1981	Life Reinsurance Agreement
10.SLAS_Sep92_Munich_Life	FLL	Munich Re Company (UK Life Branch)	01 September 1992	Life Reinsurance Agreement
14.SLAS_Jun92_Swiss_GrpLife	FLL	Swiss Re Europe S.A. – UK Branch	01 June 1992	Life Reinsurance Agreement
3.ASL_Dec82_Swiss_ULLife	FLL	Swiss Re Europe S.A. – UK Branch	01 December 1982	Life Reinsurance Agreement
4.ASL_Dec82_Swiss2_ULLife	FLL	Swiss Re Europe S.A. – UK Branch	01 December 1982	Life Reinsurance Agreement
5.ASL_Dec82_Munich_ULLife	FLL	Munich Reinsurance Company – UK Life Branch	01 December 1982	Life Reinsurance Agreement
22.ASL_Dec91_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	17 December 1991	Life Reinsurance Agreement
3.WLUK_Jan84_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	01 January 1984	Life Reinsurance Agreement
8.WLUK_Apr71_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	01 April 1971	Life Reinsurance Agreement
9.WLUK_Sep76_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	01 September 1976	Life Reinsurance Agreement
14.WLUK_Oct95_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	01 October 1995	Life Reinsurance Agreement

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
16.WLUK_Dec97_GenRe_ADB	FLL	Kolnische Ruckversicherungs-Gesellschaft AG	15 December 1997	Life Reinsurance Agreement
1.APA_Nov04_Swiss_Life	FLL	Swiss Re Life & Health Limited Now transferred to Swiss Re Europe S.A.	19 November 2004	Life Reinsurance Agreement
2.APA_Nov04_PartnerRe_Life	FLL	Partner Reinsurance Europe Ltd. (Dublin based)	19 November 2004	Life Reinsurance Agreement
3.APA_Nov04_Hannover_Life	FLL	1) Hannover Life Re (UK) Limited 2) Hannover Life Re (Ireland) Limited	19 November 2004	Life Reinsurance Agreement
4.APA_Nov04_SCOR_Life	FLL	SCOR Global Life SE – UK Branch	19 November 2004	Life Reinsurance Agreement
9.APA_Jun06_SCOR_Life	FLL	SCOR Global Life SE – UK Branch	01 June 2006	Life Reinsurance Agreement
10.APA_Jun06_RGA_Life	FLL	1) RGA Reinsurance UK Limited 2) RGA Reinsurance Company (Barbados) Ltd.	01 June 2006	Life Reinsurance Agreement
1.FP_Jan04_Munich_Life	FLL/FPI	Munich Reinsurance Company – UK Life Branch	08 January 2004	Life Reinsurance Agreement
4.FP_Apr06_Munich_Life	FLL	Munich Reinsurance Company – UK Life Branch	06 April 2006	Life Reinsurance Agreement

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
7.FP_May83_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	11 May 1983	Life Reinsurance Agreement
9.FP_Apr93_Swiss_Conv	FLL	Swiss Re Europe S.A. – UK Branch	01 April 1993	Life Reinsurance Agreement
19.LMA_May92_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	01 May 1992	Life Reinsurance Agreement
22.FP_May84_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	01 May 1984	Life Reinsurance Agreement
23.LMA_May91_Hannover_Conv	FLL	Hannover Life Re (UK) Limited	01 January 1992	Life Reinsurance Agreement
24.FP_May91_Hannover_ULLife	FLL	Hannover Life Re (UK) Limited	01 May 1991	Life Reinsurance Agreement
33.FP_Jun82_Swiss_ConvLife	FLL	Swiss Re Europe S.A. – UK Branch	01 June 1982	Life Reinsurance Agreement
34.FP_Jan77_Swiss_ConvLife	FLL	Swiss Re Europe S.A. – UK Branch	01 January 1977	Life Reinsurance Agreement
47.FPLAL_Dec09_Swiss_Tesco	FLL	Swiss Re Europe S.A. – UK Branch	04 December 2009	Life Reinsurance Agreement
16.BHA_Nov01_SCOR_Life	FLL	SCOR75%/Swiss Re25%	12 November 2001	Life Reinsurance Agreement
19.BHA_Dec01_Swiss_Life	FLL	75% Gerling, 25% Swiss Re	12 November 2001	Life Reinsurance Agreement
20.BHA_Sep03_Revios_Life	FLL	100% Revios	01 September 2003	Life Reinsurance Agreement
27.BHA_Jun14_RGA_Life	FLP	10% RGA UK, 90% RGA Barbados	01 June 2014	Life Reinsurance Agreement
28.BHA_Mar12_Munich_Life	FLL	100% Munich	05 March 2012	Life Reinsurance Agreement
29.BHA_Jan13_Munich_Life	FLP	100% Munich	01 January 2013	Life Reinsurance Agreement

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
32.BHA_Sep13_Hannover_Life	FLP	100% Hannover	23 September 2013	Life Reinsurance Agreement
55.BHA_Jun12_Munich_Life	FLL	Munich Re	11 June 2012	Life Reinsurance Agreement
Retro 2 – SLAS VICT 010771	Swiss Re (UK)	FLAS	01 July 1971	Life Reinsurance Agreement
Retro 3 – SLAS SwissRe 011171	Swiss Re (UK)	FLAS	01 November 1971	Life Reinsurance Agreement
Retro 4 – SLAS M&G 010671	Swiss Re (UK)	FLAS	01 June 1971	Life Reinsurance Agreement
Retro 5 – SLAS M&G UL Pool 010583	Swiss Re (UK)	FLAS	01 May 1983	Life Reinsurance Agreement
Retro 6 – SLAS Vict Index Linked 010184	Swiss Re (UK)	FLAS	01 January 1984	Life Reinsurance Agreement
Retro 12 – SLAS SecLife Foreign National YRT Pool 010197	Security Life	FLAS	01 January 1997	Life Reinsurance Agreement
Retro 13 – SLAS MILICO 81, 82 & 84	SR (America)	FLAS	01 January 1981	Life Reinsurance Agreement
Retro 14 – SLAS MILICO 85	SR (America)	FLAS	01 January 1985	Life Reinsurance Agreement
Retro 15 – SLAS MILICO 88 & 89	SR (America)	FLAS	01 January 1988	Life Reinsurance Agreement
Retro 16 – SLAS LRCA GRL Pool 010189	SR (America)	FLAS	01 January 1989	Life Reinsurance Agreement
Retro 17 – SLAS LRCA JLLS Pool 010191	SR (America)	FLAS	01 January 1991	Life Reinsurance Agreement

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
Retro 18 – SLAS LRCA Pool LRe 010492	SR (America)	FLAS	01 April 1992	Life Reinsurance Agreement
Retro 19 – SLAS LRCA Pool LRe 010496	Swiss Re America	FLAS	01 April 1996	Life Reinsurance Agreement
Retro 20 – SLAS SecLife SL 1st Surplus Pool 010192	HR (America)	FLAS	01 January 1992	Life Reinsurance Agreement
Retro 21 – SLAS SecLife SL 2nd Surplus Pool 010192	HR (America)	FLAS	01 January 1992	Life Reinsurance Agreement
Retro 22 – SLAS SecLife LS Pool 010192	HR (America)	FLAS	01 January 1992	Life Reinsurance Agreement
Retro 23 – SLAS SecLife FacOblig Pool 010892	HR (America)	FLAS	01 August 1992	Life Reinsurance Agreement
Retro 24 – SLAS SecLife AutoCeded Pool 010194	HR (America)	FLAS	01 January 1994	Life Reinsurance Agreement
Retro 25 – SLAS SecLife YRT Pool 010196	HR (America)	FLAS	01 January 1996	Life Reinsurance Agreement
Retro 26 – SLAS SecLife YRT Pool 010198	HR (America)	FLAS	01 January 1998	Life Reinsurance Agreement

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
Retro 27 – SLAS SecLife YRT Pool 010100	HR (America)	FLAS	01 January 2000	Life Reinsurance Agreement
Retro 28 – SLAS SecLife YRT Pool 010101	ING Re	FLAS	01 January 2001	Life Reinsurance Agreement
30. Retro_FPLP_Life_Countrywide	Countrywide	Friends Provident Life and Pensions	04 March 2003	Life Reinsurance Agreement
Retro 34 – FLAS – AXA IOM	AXA IOM	FLAS	12 November 2002	Life Reinsurance Agreement
Retro 35 – FLC – AXA IOM	AXA IOM	FLC	12 November 2002	Life Reinsurance Agreement
Retro 36 – Reaal	Reaal	Reaal	29 December 1990	Life Reinsurance Agreement
15.SLAS_Feb92_Munich_SS	FLL	Munich Re Company (UK Life Branch)	07 February 1992	Life Reinsurance Agreement – annuities
24.SLAS_Jun96_Swiss_ULACI	FLL	Swiss Re Europe S.A. – UK Branch	21 June 1996	Life Reinsurance Agreement – critical illness
25.SLAS_Jun96_Hannover_ULACI	FLL	Hannover Life Re (UK) Ltd	21 June 1996	Life Reinsurance Agreement – critical illness
26.SLAS_Jun96_Swiss2_ULACI	FLL	Swiss Re Europe S.A. – UK Branch	21 June 1996	Life Reinsurance Agreement – critical illness
27.SLAS_Sep92_Swiss_IntULACI	FLL	Swiss Re Europe S.A. – UK Branch	01 September 1992	Life Reinsurance Agreement – critical illness
29.SLAS_Oct98_Swiss_ANB	FLL	Swiss Re Europe S.A. – UK Branch	18 October 1998	Life Reinsurance Agreement – critical illness

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
6.ASL_Sep88_Swiss_ULLifeCI	FLL	Swiss Re Europe S.A. – UK Branch	01 September 1988	Life Reinsurance Agreement – critical illness
7.ASL_Oct97_Swiss_ULLifeCI	FLL	Swiss Re Europe S.A. – UK Branch	13 October 1997	Life Reinsurance Agreement – critical illness
8.ASL_Feb00_Hannover_ULLifeCI	FLL	Hannover Life Reassurance (UK) Ltd	07 February 2000	Life Reinsurance Agreement – critical illness
9.ASL_Feb00_Swiss2_ULLifeCI	FLL	Swiss Re Europe S.A. – UK Branch	07 February 2000	Life Reinsurance Agreement – critical illness
10.ASL_Apr00_RGA_UL_LifeCI	FLL	RGA Reinsurance UK Ltd	11 April 2000	Life Reinsurance Agreement – critical illness
13.ASL_Oct99_Swiss_LifeCI	FLL	Swiss Re Europe S.A. – UK Branch	16 October 1999	Life Reinsurance Agreement – critical illness
14.ASL_Jun02_Hannover_LifeCI	FLL	Hannover Life Reassurance (UK) Ltd	01 June 2002	Life Reinsurance Agreement – critical illness
15.ASL_Jun02_Partner_LifeCI	FLL	Partner Reinsurance Europe Ltd	01 June 2002	Life Reinsurance Agreement – critical illness
4.WLUK_Jan95_Swiss_LifeCI	FLL	Swiss Re Europe S.A. – UK Branch	01 January 1995	Life Reinsurance Agreement – critical illness
20.WLUK_April98_SCOR_CI	FLL	SCOR Global Life SE – UK Branch	01 April 1998	Life Reinsurance Agreement – critical illness
21.WLUK_May94_Swiss_SACI	FLL	Swiss Re Europe S.A. – UK Branch	01 May 1994	Life Reinsurance Agreement – critical illness
5.APA_Nov04_SCOR_CI	FLL	SCOR Global Life SE – UK Branch	19 November 2004	Life Reinsurance Agreement – critical illness

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
6.APA_Nov04_Hannover_CI	FLL	1) Hannover Life Re (UK) Limited 2) Hannover Life Re (Ireland) Limited	19 November 2004	Life Reinsurance Agreement – critical illness
7.APA_Nov04_PartnerRe_CI	FLL	Partner Reinsurance Company Ltd Now transferred to Partner Reinsurance Europe Ltd. (Dublin based)	19 November 2004	Life Reinsurance Agreement – critical illness
11.APA_Jun06_SCOR_CI	FLL	SCOR Global Life SE – UK Branch	01 June 2006	Life Reinsurance Agreement – critical illness
12.APA_Jun06_PartnerRe_CI	FLL	Partner Reinsurance Company Ltd Now transferred to Partner Reinsurance Europe Ltd. (Dublin based)	01 June 2006	Life Reinsurance Agreement – critical illness
13.APA_Jun06_PacificLife_CI	FLL	Pacific Life Re Limited	01 June 2006	Life Reinsurance Agreement – critical illness
15.APA_Feb11_SCOR_LifeCI	FLL	SCOR Global Life SE – UK Branch	12 February 2011	Life Reinsurance Agreement – critical illness
16.APA_Feb11_RGA_LifeCI	FLL	RGA International Reinsurance Co. Ltd – UK Branch	12 February 2011	Life Reinsurance Agreement – critical illness
2.FP_Jan04_Munich_LifeCI	FLL/FPI	Munich Reinsurance Company – UK Life Branch	01 January 2004	Life Reinsurance Agreement – critical illness

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
6.FP_Nov08_SCOR_RCI	FLL	SCOR Global Life SE – UK Branch	15 November 2008	Life Reinsurance Agreement – critical illness
8.FP_Jun90_Swiss_CI	FLL	Swiss Re Europe S.A. – UK Branch	01 June 1990	Life Reinsurance Agreement – critical illness
11.FP_May91_Swiss_CI	FLL	Swiss Re Europe S.A. – UK Branch	01 May 1991	Life Reinsurance Agreement – critical illness
13.FP_Jul03_Swiss_RCI	FLL	Swiss Re Europe S.A. – UK Branch	31 July 2003	Life Reinsurance Agreement – critical illness
14.FP_Apr00_Swiss_CI	FLL	Swiss Re Europe S.A. – UK Branch	11 April 2000	Life Reinsurance Agreement – critical illness
15.FP_Dec02_Swiss_CI	FLL	Swiss Re Europe S.A. – UK Branch	09 December 2002	Life Reinsurance Agreement – critical illness
17.LMA_Dec85_Swiss_LifeCI	FLL	Swiss Re Europe S.A. – UK Branch	05 December 1985	Life Reinsurance Agreement – critical illness
18.LMA_May92_Swiss_TPD	FLL	Swiss Re Europe S.A. – UK Branch	01 May 1992	Life Reinsurance Agreement – critical illness
21.LMA_May91_Swiss_LifeCI	FLL	Swiss Re Europe S.A. – UK Branch	01 May 1991	Life Reinsurance Agreement – critical illness
27.FP_Sept10_RGA_African	FLL	RGA International Reinsurance Company Ltd	01 September 2010	Life Reinsurance Agreement – critical illness
30.LMA_May91_Pacific_LifeCI	FLL	Pacific Life Re Limited	01 May 1991	Life Reinsurance Agreement – critical illness
2.BHA_Feb06_SCOR_CIwL	FLL	SCOR Global Life SE – UK Branch and XL Re Ltd, UK Branch, and SCOR Global Life Ireland	24 February 2006	Life Reinsurance Agreement – critical illness

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
3.BHA_Apr07_RGA_ClwL	FLL	RGA RE UK Limited (Amended in 2008)	25 April 2007	Life Reinsurance Agreement – critical illness
4.BHA_Oct94_Munich_CI	FLL	Munich Reinsurance Company – UK Life Branch	01 July 1994	Life Reinsurance Agreement – critical illness
17.BHA_???04_Swiss_CI	FLL	Swiss re	01 January 2004	Life Reinsurance Agreement – critical illness
42.BHA_Sep94_Swiss_CI	FLL	100% GE Frankona	01 September 1994	Life Reinsurance Agreement – critical illness
50.BHA_Jan14_SCOR_CI	FLP	10% SCOR UK, 90% SCOR Ireland	01 January 2012	Life Reinsurance Agreement – critical illness
51.BHA_Mar12_Swiss_CI	FLL	100% Swiss Re	05 March 2012	Life Reinsurance Agreement – critical illness
52.BHA_Jan13_Swiss_CI	FLP	100% Swiss Re	01 January 2013	Life Reinsurance Agreement – critical illness
56.BHA_Mar13_Swiss_LifeCI	FLP	Swiss Re Europe SA, UK branch	07 March 2013	Life Reinsurance Agreement – critical illness
Retro 8 – SLAS M&G Pool A-B 010791	Swiss Re (UK)	FLAS	01 July 1991	Life Reinsurance Agreement – critical illness
Retro 9 – SLAS Vict UK Pool 010193	Swiss Re (UK)	FLAS	01 January 1993	Life Reinsurance Agreement – critical illness
Retro 10 – SLAS M&G Pool C 010196	Swiss Re (UK)	FLAS	01 January 1996	Life Reinsurance Agreement – critical illness
2.SLAS_Jul80_Pacific_ConvLife	FLL	Pacific Life Re Ltd	01 July 1980	Life Reinsurance Agreement – critical illness, disability

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
28.SLAS_May96_Swiss_LifeCIIP	FLL	Swiss Re Europe S.A. – UK Branch	02 May 1996	Life Reinsurance Agreement – critical illness, disability
20.FP_Aug03_Swiss_CW	FLL	Swiss Re Europe S.A. – UK Branch	08 August 2003	Life Reinsurance Agreement – critical illness, disability
11.SLAS_Apr94_Swiss_IndIP	FLL	Swiss Re Europe S.A. – UK Branch	01 April 1994	Life Reinsurance Agreement – disability
12.SLAS_Jul80_Pacific_IndIP	FLL	Pacific Life Re Ltd	09 July 1980	Life Reinsurance Agreement – disability
13.SLAS_Oct74_Swiss_GroupIP	FLL	Swiss Re Europe S.A. – UK Branch	01 October 1974	Life Reinsurance Agreement – disability
11.ASL_Jul89_Swiss_ULIP	FLL	Swiss Re Europe S.A. – UK Branch	01 July 1989	Life Reinsurance Agreement – disability
12.ASL_Oct97_Swiss_ULIP	FLL	Swiss Re Europe S.A. – UK Branch	13 October 1997	Life Reinsurance Agreement – disability
23.ASL_Jan93_Swiss_GrpPHI	FLL	Swiss Re Europe S.A. – UK Branch	01 January 1993	Life Reinsurance Agreement – disability
1.WLUK_Jan86_WLCH_IP	FLL	Winterthur Life (Switzerland)	01 January 1986	Life Reinsurance Agreement – disability
5.WLUK_Jan05_Swiss_IP	FLL	Swiss Re Europe S.A. – UK Branch	01 January 1995	Life Reinsurance Agreement – disability
6.WLUK_Jul88_Swiss_IP	FLL	Swiss Re Europe S.A. – UK Branch	01 July 1988	Life Reinsurance Agreement – disability
7.WLUK_Oct96_Swiss_IP	FLL	Swiss Re Europe S.A. – UK Branch	01 October 1996	Life Reinsurance Agreement – disability

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
11.WLUK_Nov86_Swiss_IP	FLL	Swiss Re Europe S.A. – UK Branch	01 November 1986	Life Reinsurance Agreement – disability
8.APA_Nov04_Swiss_IP	FLL	Swiss Re Life & Health Limited Now transferred to Swiss Re Europe S.A.	19 November 2004	Life Reinsurance Agreement – disability
14.APA_Jun06_Swiss_IP	FLL	Swiss Re Europe S.A. – UK Branch	01 June 2006	Life Reinsurance Agreement – disability
3.FP_Jan04_Munich_LifeIP	FLL/FLPI	Munich Reinsurance Company – UK Life Branch	01 January 1999	Life Reinsurance Agreement – disability
5.FP_Jan71_Munich_Welfare	FLL	Munich Reinsurance Company – UK Life Branch	01 January 1971	Life Reinsurance Agreement – disability
16.FP_Jan98_Swiss_IP	FLL	Swiss Re Europe S.A. – UK Branch	01 January 1998	Life Reinsurance Agreement – disability
26.FP_Sept09_Swiss_GermanWOP	FLL	Swiss Re Europe S.A., German branch	01 September 2009	Life Reinsurance Agreement – disability
31.FP_Jan06_Swiss_GrpIP	FLL	Swiss Re Europe S.A. – UK Branch	01 January 2006	Life Reinsurance Agreement – disability
32.FP_Aug83_Swiss_IndIP	FLL	Swiss Re Europe S.A. – UK Branch	01 August 1983	Life Reinsurance Agreement – disability
13. BHA_Aug09_Hannover_IP	FLL	Hannover Re	04 August 2009	Life Reinsurance Agreement – disability
14. BHA_Jan06_GenRe_IP	FLL	Gen Re	31 December 2005	Life Reinsurance Agreement – disability
38.BHA_May12_Swiss_IP	FLL	100% Swiss Re	05 March 2012	Life Reinsurance Agreement – disability
40.BHA_Jan13_Swiss_IP	FLP	100% Swiss Re	01 January 2013	Life Reinsurance Agreement – disability

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
5.BHA_Jul09_Swiss_CI	FLL	Swiss Re Europe S.A. – UK Branch	01 July 2009	Life Reinsurance Agreement – group life
6.BHA_Jul09_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	01 July 2009	Life Reinsurance Agreement – group life
7.BHA_Jul09_Swiss_IP	FLL	Swiss Re Europe S.A. – UK Branch	01 July 2009	Life Reinsurance Agreement – group life
8.BHA_Jul09_Swiss_CI	FLL	Swiss Re Europe S.A. – UK Branch	01 July 2009	Life Reinsurance Agreement – group life
9.BHA_Jul09_Swiss_Life	FLL	Swiss Re Europe S.A. – UK Branch	01 July 2009	Life Reinsurance Agreement – group life
10.BHA_Jul09_Swiss_IP	FLL	Swiss Re Europe S.A. – UK Branch	01 July 2009	Life Reinsurance Agreement – group life
12.FLL_Nov13_Swiss_GrpProt	FLL	Swiss Re Europe S.A. – UK Branch	04 November 2013	Life Reinsurance Agreement – group life
18.ASL_Oct96_Swiss_ItcBond	FLL	Swiss Re Europe S.A. – UK Branch	01 October 1996	Life Reinsurance Agreement – long term care
19.ASL_Oct96_GenRe_ItcBond	FLL	General Reinsurance Life UK Ltd	01 October 1996	Life Reinsurance Agreement – long term care
20.ASL_Sep94_GenRe_Itc	FLL	General Reinsurance Life UK Ltd	01 September 1994	Life Reinsurance Agreement – long term care
21.ASL_Jan92_Swiss_ItcVarious	FLL	Swiss Re Europe S.A. – UK Branch	01 January 1992	Life Reinsurance Agreement – long term care
1.BHA_Jul97_Munich_ILTC	FLL	Munich Reinsurance Company – UK Life Branch	22 July 1997	Life Reinsurance Agreement – long term care

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
Retro 1 – ASL Irish Life Bonds	SEB Life International	FLC	12 September 1996	Life Reinsurance Agreement – long term care
32.SLAS_Jul10_RGAUK_Longevity	FLL	RGA Reinsurance Company	01 July 2010	Life Reinsurance Agreement – longevity
33.SLAS_Jul10_RGAInt_Longevity	FLL	RGA international Reinsurance Company Ltd	01 July 2010	Life Reinsurance Agreement – longevity
34.SLAS_Jul10_Partner_Longevity	FLL	Partner Re Europe Ltd	01 July 2010	Life Reinsurance Agreement – longevity
17.WLUK_Jan06_CanadaLife_Ann	FLL	Canada Life International Re Ltd	01 January 2006	Life Reinsurance Agreement – longevity
1.AAC_Nov07_Hannover_EA	FLL	Hannover Rückversicherung AG	01 November 2007	Life Reinsurance Agreement – longevity
2.AAC_Jan09_RGA_Longevity	FLL	RGA Global Reinsurance Company Ltd.	01 January 2009	Life Reinsurance Agreement – longevity
3.AAC_Jan09_RBC_Ann	FLL	Royal Bank of Canada Insurance Company Ltd.	01 January 2009	Life Reinsurance Agreement – longevity
25.FP_Jan07_Swiss_Tornado	FLL	Swiss Re Europe S.A. (Zurich)	01 January 2007	Life Reinsurance Agreement – longevity
1.RIBU_Jul12_Swiss_Longevity	FLL	Swiss Re Europe S.A. – UK Branch	04 July 2012	Life Reinsurance Agreement – longevity
FLL_Dec14_Swiss_Fizz	FLL	Friends Life Limited	01 December 2014	Life Reinsurance Agreement – longevity
Retro 37 – Amulet	LCL International	FLC	23 March 1992	Life Reinsurance Agreement – unitised with-profits

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Type of Arrangement
Retro 33 – FLAS – Life Insurance Corporation of India	LICI	FLAS	01 April 1992	Various
Retro 40 – FLAS – AXA IOM Grp Life	AXA IOM	FLAS	01 September 1992	Life Reinsurance Agreement

B. External Fund Access Reassurance Agreements

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Business Type
1. WLUK_Dec11_Aberdeen_EFL	FLL	Aberdeen Asset Management Life&Pensions Limited	07 December 2011	Fund Access Reinsurance Agreement
2. WLUK_Sep13_ScotEq_EFL	FLL	Scottish Equitable plc (2 docs)	01 September 2013	Fund Access Reinsurance Agreement
4. FLC_Sep10_AxaWealth_EFL	FLL	Axa Wealth Limited (3 treaties, with the cedant and the reinsurer exchanging places)	15 September 2010	Fund Access Reinsurance Agreement
5. FPP_Aug03_Baillie_EFL	FLP	Baillie Gifford	29 August 2003	Fund Access Reinsurance Agreement
6. FPP_Dec10_BlackRock_EFL	FLL	BlackRock	02 December 2010	Fund Access Reinsurance Agreement
7. WLUK_Oct08_Invesco_EFL	FLL	Invesco Pensions Limited (4 documents)	01 September 2011	Fund Access Reinsurance Agreement
8. ASL_Apr07_JPM_EFL	FLL/FLP	JP Morgan Life Limited (4 documents, possibly reflecting 1 or 2 treaties)	01 April 2007	Fund Access Reinsurance Agreement

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Business Type
9.WLUK_May11_LGIM_EFL	FLL/FLP	L&G Assurance Pensions Management Ltd (4 documents)	12 May 2011	Fund Access Reinsurance Agreement
10.FLP_Sep06_Schroder_EFL	FLL/FLP	Schroder Pension Management Ltd (4 docs)	01 September 2006	Fund Access Reinsurance Agreement
11. WLUK_Oct11_Threadneedle_EFL	FLL	Threadneedle Pensions Limited (2 docs)	01 October 2011	Fund Access Reinsurance Agreement
12. FPP_Jul07_M&G_EFL	FLL	M&G Investments/Prudential Pensions	12 July 2007	Fund Access Reinsurance Agreement
13. FPLP_Feb05_Invesco_EFL	FLL	Invesco Pensions Limited	21 February 2005	Fund Access Reinsurance Agreement
14. FPP_Oct00_BGI_EFL	FLL	Barclays Global investments	17 October 2000	Fund Access Reinsurance Agreement
15. ASL_Apr07_Blackrock_EFL	FLL	BlackRock	13 April 2007	Fund Access Reinsurance Agreement
16. WLUK_Oct01_MerLynch_EFL	FLL	Merrill Lynch	29 October 2001	Fund Access Reinsurance Agreement
17. ASL_Mar07_BGI_EFL	FLL	Barclays Global investments	06 March 2007	Fund Access Reinsurance Agreement
18. WLUK_Sep11_BGI_EFL	FLL	Barclays Global investments	01 September 2011	Fund Access Reinsurance Agreement
19. FPP_Dec11_BlackRockCI_EFL	FLL	BlackRock Channel Islands	09 December 2011	Fund Access Reinsurance Agreement
20. FPP_Aug07_BGI_EFL	FLL	Barclays Global investments	20 August 2007	Fund Access Reinsurance Agreement
21. FPLP_Jun04_MerLynch_EFL	FLL	BlackRock Channel Islands	08 June 2004	Fund Access Reinsurance Agreement
23. WLUK_Sep04_Baillie_EFL	FLP	Baillie Gifford	22 September 2004	Fund Access Reinsurance Agreement

Ref	Initial Cedant	Initial Reassurer	Date of Agreement	Business Type
24. FLP_2004_HSBC_EFL	FLP	HSBC	01 January 2014	Fund Access Reinsurance Agreement
25. ASL_2007_Baillie_EFL	FLL	Baillie Gifford	12 July 2007	Fund Access Reinsurance Agreement
Retro 32 – WLUK_IrishLife_EFL_Jun01	Irish Life	Winterthur Life Uk Limited	25 June 2001	Fund Access Reinsurance Agreement
Retro 38 – FLAS – ANB	ANB	FLAS	1998	Fund Access Reinsurance Agreement
Retro 39 – FLC – Suffolk Life	Suffolk Life	FLC	Various	Fund Access Reinsurance Agreement

Schedule 7 My Money SIPP references

As described in paragraph 10.11.4 all references to ‘us’, ‘we’ and ‘our’ in the terms and conditions of the Friends Life Corporate Self Invested Personal Pension Plan shall be treated as references to UKPTL in its role as My Money SIPP Scheme Administrator except for those references set out in the table below, which shall be treated as references to UKLAP (and/or references to UKPTL and UKLAP as appropriate). The current terms and conditions shall also be amended as described in the table below to reflect the change of My Money SIPP Scheme Administrator and My Money SIPP Provider.

	Section of T&Cs	Relevant wording	Changes to T&Cs
1.	1 st paragraph, section 1.1 (About this document), page 3	<i>“This document describes the terms and conditions that apply to your plan with <u>us</u>.”</i>	The underlined reference to ‘us’ in this paragraph is to UKPTL and UKLAP.
2.	2 nd paragraph, section 1.1 (About this document), page 3	<i>“This plan is a contract between you and <u>us</u>.”</i>	The underlined reference to ‘us’ in this paragraph is to UKPTL and UKLAP.
3.	7 th paragraph, section 1.1 (About this document), page 3	<i>“The terms and conditions described in this document depend on the scheme rules which <u>we</u> may change.”</i>	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.
4.	2 nd paragraph, section 1.2 (What is meant by ‘you’, ‘your’, ‘us’, ‘we’ and ‘our’), page 3	<i>“Us, we and our <u>Friends Life and Pensions Limited</u>”</i>	The underlined reference to ‘Friends Life and Pensions Limited’ in this paragraph is a reference to UKPTL except where as described in this Schedule references are to UKLAP.
5.	1 st and 2 nd paragraphs, section 1.3 (Other expressions we use in this document)	<i>“Other expressions <u>we</u> use in this document This section explains what <u>we</u> mean by various expressions that <u>we</u> use in this document, your membership confirmation statement and any endorsements.”</i>	The underlined references to ‘we’ in these paragraphs are to UKPTL and UKLAP.

	Section of T&Cs	Relevant wording	Changes to T&Cs
		<i>If <u>we</u> use any of these expressions, <u>we</u> use bold type to remind you that you can look up their meanings here.</i>	
6.	1 st paragraph, definition of “ Fund(s) ”, section 1.3 (Other expressions we use in this document), page 5	<i>“Any one or more of the Select fund range investment funds which we make available to you through an insurance policy issued to the scheme trustee for investment under your plan. They are split into notional units. <u>We</u> describe this in more detail in section 5.4.2. They do not include any other investments in your plan fund. Any other investments that you hold will be in your investment portfolio.”</i>	The underlined reference to ‘we’ in this paragraph is to UKLAP and UKPTL.
7.	Definition of “ Fund supermarket ”, section 1.3 (Other expressions we use in this document), page 5	<i>“Fund supermarket investments offer you a large number of funds that are not directly offered, or governed, by <u>us</u>.”</i>	The underlined reference to ‘us’ in this paragraph is to UKLAP or UKPTL.
8.	Definition of “ Key Features ”, section 1.3 (Other expressions we use in this document), page 5	<i>“The document <u>we</u> made available to you to help decide whether to start your plan. It gives a summary of information about the plan and the changes at the start of the plan. A copy of the Key Features document is available in the Document library on My Money.”</i>	The underlined reference to ‘we’ in this paragraph is deleted.
9.	1 st paragraph, definition of “ Membership confirmation statement ”, section 1.3 (Other expressions we use in this document), page 5	<i>“A document giving you details of how <u>we</u> have set up your plan including, for example, your selected retirement date and contributions into your plan.”</i>	The underlined reference to ‘we’ in this paragraph is deleted.
10.	2 nd paragraph, definition of “ Regular contributions ”, section 1.3 (Other expressions we use in this document), page 6	<i>“When you are enrolled into the scheme your employer or Friends Life, on your employer’s behalf, will let you know if your regular contributions or your employer’s regular contributions will increase automatically.”</i>	The underlined reference to ‘Friends Life’ in this paragraph is to UKPTL.

	Section of T&Cs	Relevant wording	Changes to T&Cs
11.	Definition of “ Retail client ”, section 1.3 (Other expressions we use in this document), page 6	“ <u>We</u> categorise each investment customer as a ‘ retail client ’. This gives you the highest level of protection available under the FCA ’s Conduct of Business Rules.”	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.
12.	Definition of “ Scheme rules ”, section 1.3 (Other expressions we use in this document), page 6	“The rules of the scheme which <u>we</u> may change. Please ask us if you want a copy.”	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.
13.	Definition of “ Select fund range ”, section 1.3 (Other expressions we use in this document), page 6	“A range of funds selected by us and possibly your employer. Your investment is <u>directly</u> with <u>us</u> and <u>we</u> are responsible for the funds.”	The underlined references to ‘us’ and ‘we’ in this paragraph are to UKLAP. The underlined reference to ‘directly’ in this paragraph is deleted.
14.	Section 1.4 (The law which applies to your plan), page 7	“ <u>We</u> and you have a free choice about the law that can apply to a contract. <u>We</u> propose to choose the law of England and Wales and by entering into this contract you agree that the law of England and Wales applies.”	The underlined references to ‘we’ in this paragraph are to UKPTL and UKLAP.
15.	1 st paragraph, section 1.5 (Currency), page 7	“All payments made <u>to and by us</u> under this plan must be in pounds sterling except as set out in sections 2.1 and 2.3.”	The underlined reference to ‘to and by us’ in this paragraph is deleted.
16.	Section 1.6 (Events or circumstances beyond our control), page 7	“Events or circumstances beyond <u>our</u> control Under this plan <u>we</u> shall not be liable to pay you, or any other person, any compensation for loss due to an event or circumstance beyond <u>our</u> control. This includes loss caused by any delay in performing <u>our</u> obligations due to restrictions imposed upon <u>us</u> by law or regulation.”	The underlined references to ‘we’, ‘our’ and ‘us’ in this paragraph are to UKPTL and UKLAP.

	Section of T&Cs	Relevant wording	Changes to T&Cs
17.	1 st and 2 nd paragraphs, section 1.7 (Changes to these terms and conditions), page 7	“ <u>We</u> may change these terms and conditions as described in section 11.3. <u>We</u> will only make changes to the terms of your plan that <u>we</u> reasonably consider to be proportionate to the underlying reason for the change.”	The underlined references to ‘we’ in this paragraph are to UKPTL and UKLAP.
18.	1 st paragraph, section 1.8 (Suitability), page 7	“In providing the plan to you, <u>we</u> shall not provide, and you do not expect, personal financial advice about the suitability of the plan or any transactions that you undertake. <u>We</u> will not assess the suitability for you or appropriateness for you of any transactions carried out for you or services provided to you and you will not benefit from the FCA ’s rules on assessing suitability and appropriateness. If you have any doubt about the suitability of this product, you should seek financial advice.”	The underlined references to ‘we’ in this paragraph are to UKPTL and UKLAP.
19.	Section 1.9 (Liability), page 7	“ <u>We</u> will not accept any liability for losses from poor fund performance or the insolvency of another insurer, a fund or its management company.”	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.
20.	Section 1.11 (Fairness of terms), page 7	“(a) In making decisions and exercising discretions given to <u>us</u> under these terms and conditions, <u>we</u> will act reasonably and with proper regard to the need to treat you and <u>our</u> other customers fairly. (b) These terms and conditions will only apply to your plan provided they are not held by a relevant court or viewed by the FCA or <u>us</u> to be unfair contract terms. If a term is unfair it will, as far as possible, still apply but without any part of it which causes it to be unfair.”	The underlined references to ‘us’, ‘we’ and ‘our’ in this paragraph are to UKPTL and UKLAP.
21.	4 th paragraph, section 2.2 (Reclaimed payments), page 8	“ <u>We</u> will not be liable for any loss that you incur as the result of the reclamation of a contribution , including (but not limited to) any loss of investment gain and/or the failure of a contribution to be applied to your plan when you intended that it was to have been made.”	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.

	Section of T&Cs	Relevant wording	Changes to T&Cs
22.	3 rd paragraph, section 2.4 (How much can be paid or transferred into your plan), page 9	“You are responsible for ensuring that all contributions into your plan are within the overall limits for receiving tax relief. <u>We</u> are not responsible for any penalties or interest levied by HMRC on any refunds of overpaid tax relief. Any such penalties or interest will be regarded as a charge, and deducted in accordance with section 4.2.2 if you have an investment portfolio or, if you do not, by deduction of units . Where units are encashed for this purpose, the most recently purchased will be sold first.”	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.
23.	Section 4.2.5, (What we will deduct from your cash account), page 11	“We are entitled to deduct from your cash account : <ul style="list-style-type: none"> • any pension or death benefits <u>we</u> describe in section 7; and • any transfer value <u>we</u> describe in section 9; • any refund <u>we</u> describe in sections 10.1 and 11.4; and • any charges described in the Fees and charges brochure, other than those which are taken by deduction of units from funds; and • the amount of taxes and levies (other charges we have to pay by law) we reasonably decide are appropriate; and • fees or remuneration due to your adviser; and • any annual allowance charge that we are required to pay following a valid election made by you; and • any pension debit that we are required to pay.” 	The underlined references to ‘we’ in this paragraph are to UKPTL and UKLAP.
24.	1 st paragraph, section 4.7 (Selling your investments and how we value your investment portfolio), page 12	“You must arrange for the sale of enough of your investments if there are not already sufficient cleared funds in your cash account when <ul style="list-style-type: none"> • a charge payable from your cash account is due; or • you want to take tax-free cash; to • you want to buy an annuity from <u>us</u> or another insurance company; or	The underlined reference to ‘us’ in this paragraph is to UKLAP.

	Section of T&Cs	Relevant wording	Changes to T&Cs
		<ul style="list-style-type: none"> • you want to transfer the value of your plan to another scheme; or • you want to buy other investments and there is not sufficient money available in your cash account; or • we receive an order to pay a pension debit.” 	
25.	3 rd paragraph, section 4.7 (Selling your investments and how we value your investment portfolio), page 12	<p>“The money in your cash account must be cleared funds before <u>we</u> can:</p> <ul style="list-style-type: none"> • purchase investments; or • pay tax-free cash; or • set up an annuity for you, your husband, wife, civil partner or dependant; or • pay the value of your plan to another provider to set up an annuity for you, your husband, wife, civil partner or dependant; • or pay death benefits; • transfer the value of your plan to another scheme; or • switch the value of investments into funds.” 	The underlined reference to ‘we’ in this paragraph is a reference to UKLAP in respect of the 3 rd bullet point only.
26.	Section 4.9 (We may sell assets to recover your outstanding charges without you telling us to), page 13	“ <u>We</u> describe this in section 4.2.2.”	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.
27.	3 rd paragraph, section 4.10 (Switching out of your investment portfolio), page 13	“ <u>We</u> describe this in section 4.7.”	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.
28.	5 th paragraph, section 5.1 (How we purchase units in your plan), page 14	“At any time, <u>we</u> may decide not to accept contributions, pension credits or transfer values into a particular fund . <u>We</u> describe this in section 5.7.”	The first underlined reference to ‘we’ in this paragraph is to either UKPTL or UKLAP.

	Section of T&Cs	Relevant wording	Changes to T&Cs
			The second underlined reference to 'we' in this paragraph is to UKPTL and UKLAP.
29.	3 rd paragraph, section 5.4.1 (What the funds are), page 14	<i>"<u>We</u> may restrict the number of funds in which you can invest or close funds in accordance with these terms and conditions. <u>We</u> describe this in section 5.7."</i>	The first underlined reference to 'we' in this paragraph is a reference to UKLAP in respect of the closure of funds only. The second underlined reference to 'we' in this paragraph is a reference to UKPTL and UKLAP.
30.	Section 5.4.2 (Purpose of each fund), page 14	<i>"<u>We</u> have only set up each fund so we can work out the benefits <u>we will pay</u> under your plan and other plans. You do not own any of the assets in any fund. Nothing contained in these terms and conditions will:</i> <ul style="list-style-type: none"> <i>• mean that you or any other person has a legal right to or beneficial interest in any of the assets in any fund; or</i> <i>• restrict in any other way how <u>we</u> or the managers own the assets in each fund.</i> <i>In managing the funds, <u>we</u> may increase or reduce the number of units in a fund. Such unit movements are matched with a corresponding cash value in a way that limits the effect on the unit price. The units in your plan are notional units. They are notional because we only use them to work out <u>how much we will pay</u> under your plan."</i>	The underlined references to 'we' in these paragraphs are to UKLAP. The underlined reference to 'we will pay' in the first paragraph of this section is deleted. The underlined reference to 'how much we will pay' in the final paragraph of this section is deleted and replaced with 'the benefits'.
31.	1 st paragraph of section 5.4.3 (Fund charges), page 14/15	<i>"These may be taken from each fund:</i> <ul style="list-style-type: none"> <i>• all costs and expenses to buy, sell maintain or value any assets;</i> 	The underlined references to 'we' in this paragraph are to UKLAP.

	Section of T&Cs	Relevant wording	Changes to T&Cs
		<ul style="list-style-type: none"> the amount of taxes and levies (other charges <u>we</u> have to pay by law) <u>we</u> reasonably decide are appropriate to the fund; the amount of money <u>we</u> reasonably believe <u>we</u> should set aside to pay any anticipated future taxes, fees or levies; trustee fees and fees payable to the FCA from funds invested with an external manager.” 	
32.	3rd paragraph of section 5.4.3 (Fund charges), page 15	“ <u>We</u> reserve the right to increase the fund charges or introduce a fee in the circumstances described in sections 11.1 and 11.2.”	The underlined reference to ‘we’ in this paragraph is to UKLAP.
33.	Section 5.5.1 (Setting the value of each fund), page 15	<p>“Acting reasonably, <u>we</u> take the value of the fund’s assets as follows:</p> <ul style="list-style-type: none"> in the case of freehold or leasehold property, <u>we</u> use a valuation certified by an independent valuer appointed by <u>us</u> and <u>we</u> may adjust it to take into account any variation since the valuation; in the case of unit trusts and OEICs, <u>we</u> use the latest available price, generally quoted daily by the manager/authorised corporate director; in the case of quoted securities, <u>we</u> base the value on the latest available price quoted on a relevant stock exchange chosen by <u>us</u>; in the case of other assets, <u>we</u> use relevant factors <u>we</u> consider appropriate and fair to investors, based on available sources of information on prices of those assets. <p>If <u>we</u> are generally increasing the number of units in a fund, <u>we</u> will base its value on the amount <u>we</u> would have to pay to acquire the assets, including any taxes, duties, expenses and other charges that would be payable.</p> <p>If <u>we</u> are generally reducing the number of units in a fund, <u>we</u> will base its value on the amount <u>we</u> would obtain by selling the assets, reduced by any taxes, duties, expenses and other charges that would be payable.</p>	The underlined references to ‘we’ and ‘us’ in this section are to UKLAP.

	Section of T&Cs	Relevant wording	Changes to T&Cs
		<p><i>If the number of units in a fund is generally neither increasing nor reducing, <u>we</u> may base its value on mid-market prices and without any allowance for the costs of acquiring or selling assets.</i></p> <p><i>If the dealing in assets of a fund is temporarily suspended, not available for investment or a current price is not available, the most recently available price may be used in calculating the unit price for that fund, as described in section 5.5.2. Therefore, <u>we</u> may arrange an additional purchase or sale of fund assets at a higher or lower value than allowed for in our pricing. Any risk of a difference in price is borne by you."</i></p>	
34.	2 nd and 3 rd paragraphs, section 5.5.2 (Working out the price of the units), page 15	<p><i>"<u>We</u> work out the unit price by:</i></p> <ul style="list-style-type: none"> <i>• taking the value of the fund as described in section 5.5.1; and</i> <i>• taking off the charges <u>we</u> describe in section 5.4.3; and</i> <i>• dividing this resulting value by the total number of units; and</i> <i>• rounding the result to the nearest 0.0001p.</i> <p><i><u>We</u> will keep any gains or suffer any losses due to rounding unit prices."</i></p>	<p>The first and third underlined references to 'we' in these paragraphs are to UKLAP.</p> <p>The second underlined reference to 'we' in these paragraphs is to UKPTL and UKLAP.</p>
35.	1 st and 2 nd paragraphs of section 5.7 (Closure or withdrawal of a fund or a significant change to a fund), page 16	<p><i>"<u>We</u> reserve the right at any time to close or withdraw any fund(s) provided <u>we</u> believe it is reasonable to do so and it is for one of the following reasons:</i></p> <ul style="list-style-type: none"> <i>• the fund becomes too small or too large to be managed effectively;</i> <i>• assets to match the fund's aims or strategy are not available (including but not limited to where the fund is linked to an external fund the closure of that external fund);</i> <i>• the costs of managing the fund become prohibitively expensive (including but not limited to the charges imposed by an external fund manager);</i> <i>• there are significant changes outside of <u>our</u> control (for example in financial markets or the economy) or there are legislative or regulatory</i> 	<p>The underlined references to 'we' and 'our' in these paragraphs are to UKLAP.</p>

	Section of T&Cs	Relevant wording	Changes to T&Cs
		<p>changes which mean that the fund is no longer able to operate in accordance with its stated aims;</p> <ul style="list-style-type: none"> • the fund has underperformed over a significant time period; • where the fund is linked to an external fund <u>we</u> have reasonable doubts as to the governance of that external fund (including Treating Customers Fairly considerations); • an aspect of the fund changes outside of <u>our</u> control which means it no longer meets legislative or regulatory requirements; • there is a change of ownership or corporate structure to the fund manager where this has a material adverse affect; • the fund manager makes a change that does not meet <u>our</u> internal governance requirements. <p><u>We</u> may close or withdraw a fund at any time. If this happens, you can switch the value of your units from that fund as described in section 5.6.3, without charge.”</p>	
36.	4 th and 5 th paragraphs of section 5.7 (Closure or withdrawal of a fund or a significant change to a fund), page 16/17	<p>“<u>We</u> may stop accepting future contributions or transfer values into a fund at any time for any of the reasons set out in this section. If this happens, you can choose another available fund without charge. If you do not tell us which other fund you prefer, we will choose another fund for you, which we reasonably believe most closely matches the fund <u>we</u> stopped accepting contributions or transfer values into.</p> <p>We will give you 30 days’ written notice before <u>we</u> withdraw or close a fund, or as much as it is practicable to give if we are unable to give that much notice. This is unless we reasonably consider that it is in your best interest to move out of the fund in a shorter time or because <u>we</u> are given insufficient notice by the fund manager.”</p>	The underlined references to ‘we’ in these paragraphs are to UKLAP.

	Section of T&Cs	Relevant wording	Changes to T&Cs
37.	Section 5.8 (Reinsured funds), page 17	<p><i>“Included within the range of funds available to your plan are certain funds operated by other life insurance companies. <u>We</u> invest in these funds through a reinsurance policy with the other insurance company. The value of a fund where it is operated by another insurance company will depend on the value of the assets held by the insurance company in respect of that fund. In the unlikely event that the other insurance company failed to meet its obligations in relation to the fund, the value of your plan would be reduced to reflect that failure.”</i></p>	The underlined reference to ‘we’ in this section is to UKLAP.
38.	10 th paragraph, section 5.9 (Investment programmes), page 18	<p><i>“We reserve the right to make such changes to investment programmes as are reasonably required, in order to reflect:</i></p> <ul style="list-style-type: none"> <i>• changes in applicable pensions law, tax law or other law, legislation, regulation or industry codes of practice which affect your investment programme;</i> <i>• changes in how the London Stock Exchange or other relevant investment or regulated markets may work which may impact on the operation of your investment programme;</i> <i>• changes in investment/share dealing administration or other infrastructure facilities, systems or means of communication which impact on the provision and operation of your investment programme;</i> <i>• changes to services relating to your plan supplied to us by third parties which are outside of our control or which require additional expenditure by us;</i> <i>• changes in circumstances or the happening of any event which means that the investment programme operates in a way which is unfair to you or our other <u>policyholders</u>;</i> 	The underlined references to ‘policyholders’ in this paragraph are changed to ‘planholders’.

	Section of T&Cs	Relevant wording	Changes to T&Cs
		<ul style="list-style-type: none"> • <i>changes resulting from the introduction of new systems, services, and changes in technology;</i> • <i>changes in circumstances or the happening of any event which makes it impossible, impracticable or economically unviable for us not to make a change to the investment programme, provided that any such change is not unfair to you or our other <u>policyholders</u>;</i> • <i>changes required to remedy obvious errors;</i> • <i>changes required for appropriate governance reasons to implement legislation or regulatory changes or best practice.”</i> 	
39.	6 th paragraph, section 6.1 (When you can take your pension benefits), page 18	<p><i>“HMRC rules do not impose any upper limit on the age at which you can begin to take your retirement benefits. Under your plan, however, the upper limit is 99. By your 99th birthday, you must:</i></p> <ul style="list-style-type: none"> • <i>Buy a lifetime annuity with <u>us</u>; or</i> • <i>Use the open market option to buy a lifetime annuity with another provider, as described in section 6.4; or</i> • <i>Transfer the value of your plan to another scheme, as described in section 9.”</i> 	The underlined reference to ‘us’ in this paragraph is to UKLAP.
40.	2 nd paragraph, section 6.2 (What pension benefits are payable?), page 19	<p><i>“You must arrange for the sale of sufficient of your investments before <u>we</u> can set up your annuity and pay any associated tax-free cash.”</i></p>	The underlined reference to ‘we’ in this paragraph is to UKLAP in respect of setting up a planholder’s annuity.
41.	3 rd paragraph, section 6.2 (What pension benefits are payable?), page 19	<p><i>“You can buy your annuity from <u>us</u> or another insurance company as described in sections 6.3 and 6.4.”</i></p>	The underlined reference to ‘us’ in this paragraph is to UKLAP.

	Section of T&Cs	Relevant wording	Changes to T&Cs
42.	Section 6.3 (Buying your lifetime annuity from us), page 19	<p><i>“Buying your lifetime annuity from <u>us</u></i> <i>Your amount of annuity depends on:</i></p> <ul style="list-style-type: none"> <i>• the value of your plan;</i> <i>• the type of annuity you choose; and</i> <i>• <u>our</u> annuity rates at the time.”</i> 	The underlined references to ‘us’ and ‘our’ in this section are to UKLAP.
43.	Section 6.6 (How we value your investment portfolio), page 19	<p><i>“<u>We</u> describe this in section 4.7.”</i></p>	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.
44.	2 nd paragraph, section 6.7 (What we need to support your claim for pension benefits), page 20	<p><i>“If your date of birth was wrong on your membership confirmation statement, <u>we</u> may change the amount of benefits <u>we</u> pay to reflect your actual date of birth. It may also affect when your benefits are paid.”</i></p>	The underlined references to ‘we’ in this paragraph are to UKLAP.
45.	1 st paragraph, section 7.1 (What we pay if you die after you have started your annuity), page 20	<p><i>“What <u>we</u> pay if you die after you have started your annuity</i> <i>If you die after you have started your annuity and have bought that annuity from <u>us</u>, what <u>we</u> pay depends on the type of annuity you have chosen.</i> <i>When you started your annuity, you will have decided what benefits (if any) are to be paid on your death, and <u>we</u> will pay the agreed benefits. The Schedule of Pension issued to you when you started your annuity will show what is payable after your death.”</i></p>	The underlined references to ‘we’ and ‘us’ in this paragraph are to UKLAP.
46.	3 rd paragraph, section 7.2 (What we pay from any part of your plan from which you have not taken any pension), page 21	<p><i>“If you have not declared a trust over the plan death benefit, <u>we</u> will pay:</i></p> <ul style="list-style-type: none"> <i>• a cash sum to or for the benefit of any one or more of the following, in whatever proportions we reasonably decide to:</i> <ul style="list-style-type: none"> <i>- any person, charity, association, club, society or other body (including the trustees of any trust) whose names you have notified to us in writing prior to your death;</i> 	The underlined reference to ‘we’ in this paragraph is to UKLAP in respect of payment of annuity to the planholder’s husband, wife, civil partner or dependant.

	Section of T&Cs	Relevant wording	Changes to T&Cs
		<ul style="list-style-type: none"> - <i>your surviving spouse or registered civil partner;</i> - <i>your parents and grandparents and those of your spouse or civil partner, and any children and remoter issue of them;</i> - <i>your dependants;</i> - <i>any person, charity, association, club, society or other body entitled under your will to any interest in your estate; or</i> - <i>your legal personal representatives; or</i> • <i>an annuity for your husband, wife, civil partner or dependant.</i>” 	
47.	5 th paragraph, section 7.2 (What we pay from any part of your plan from which you have not taken any pension), page 21	“Unless <u>we</u> agree, <u>we</u> will only pay an annuity to one person.”	The underlined references to ‘we’ in this paragraph are to UKLAP.
48.	1 st and 2 nd paragraphs of section 7.3 (If your husband, wife, civil partner or dependant buys an annuity), page 21	<p>“Your husband, wife, civil partner or dependant can buy their annuity from <u>us</u> or another insurance company.</p> <p>If your husband, wife, civil partner or dependant buys the annuity from <u>us</u>, the amount of the annuity depends on:</p> <ul style="list-style-type: none"> • <i>the value of the plan;</i> • <i>the type of annuity; and</i> • <i><u>our</u> annuity rates at that time.”</i> 	The underlined references to ‘us’ and ‘our’ in this paragraph are to UKLAP.
49.	Section 7.6 (How we value your investment portfolio), page 21	“ <u>We</u> describe this in section 4.7.”	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.

	Section of T&Cs	Relevant wording	Changes to T&Cs
50.	2 nd paragraph of section 7.7 (What we need to support a claim for death benefits), page 22	<i>“If your date of birth was wrong on your membership confirmation statement, <u>we</u> may need to change the amount of benefits <u>we</u> pay to reflect your actual date of birth.”</i>	The underlined references to ‘we’ in this paragraph are to UKLAP.
51.	Section 9.3 (How we value your investment portfolio), page 22	<i>“<u>We</u> describe this in section 4.7.”</i>	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.
52.	3 rd paragraph, section 10.1 (When we may need to make a refund), page 23	<i>“There may be a delay in making the refund. <u>We</u> describe this in 11.5.”</i>	The underlined reference to ‘we’ in this paragraph is to UKPTL and UKLAP.
53.	2 nd paragraph of section 11.1 (Change of investments), page 23	<i>“We may then invest the proceeds of this sale in the <u>Friends Life</u> house default investment solution and may close the fund as set out in section 5.7.”</i>	The underlined reference to ‘Friends Life’ in this paragraph is to UKPTL.
54.	1 st paragraph of section 11.3 (When we may make changes to the plan), pages 24/25	<i>“We reserve the right from time to time to make such changes or additions to these terms and conditions as are reasonably required to reflect:</i> <ul style="list-style-type: none"> <i>• changes in applicable pensions, tax or other law, legislation, regulation or industry codes of practice which affect your plan;</i> <i>• changes in how the London Stock Exchange or other relevant investment or regulated markets may work which may impact on the operation of your plan;</i> <i>• changes in investment/share dealing administration or other infrastructure facilities, systems or means of communication which impact on the provision and operation of your plan and which are outside of our control;</i> 	The underlined references to ‘policyholders’ in this section are changed to ‘planholders’.

	Section of T&Cs	Relevant wording	Changes to T&Cs
		<ul style="list-style-type: none"> • <i>changes to services relating to your plan supplied to us by third parties which are outside of our control or which require additional expenditure by us;</i> • <i>changes in circumstances or the happening of any event which is outside of our control which means that the plan's terms and conditions operate in a way which is unfair to you or our other <u>policyholders</u>;</i> • <i>changes resulting from the introduction of new systems, services, and changes in technology outside of our control;</i> • <i>changes in circumstances or the happening of any event which is outside of our control and which makes it impossible, impracticable or economically unviable for us not to make a change to the terms and conditions, provided that any such change is not unfair to you or our other <u>policyholders</u>;</i> • <i>changes required to remedy obvious errors."</i> 	
55.	2 nd paragraph, section 11.6.1 (From your funds), page 25	<p><i>"We may decide it is appropriate to take this action <u>if UKLAP takes this action in relation to the fund(s) concerned. UKLAP may decide to take this action:</u></i></p> <ul style="list-style-type: none"> • <i>in adverse market conditions, where there is a significant fall in the market value of the fund's assets;</i> • <i>for funds where assets are invested in property, there may be a delay because of the time needed to sell the properties; and</i> • <i>for funds where assets are invested overseas, there may be a delay if overseas governments stop money being transferred out of their country."</i> 	The underlined wording is added to this paragraph.
56.	5 th paragraph, section 11.6.1 (From your funds), page 25	<p><i>"We <u>may extend these periods where UKLAP does so in relation to the fund(s) concerned. UKLAP</u> may extend these periods:</i></p>	The underlined wording is added to this paragraph.

	Section of T&Cs	Relevant wording	Changes to T&Cs
		<ul style="list-style-type: none"> • <i>to match any period of delay, postponement or suspension imposed by the managers of any OEIC or unit trust entity in which the fund has holdings; or</i> • <i>for as long as any such scheme or entity is in the process of being wound up; or</i> • <i>where due to exceptional circumstances we reasonably consider that it is in the interests of planholders whose plans are invested in the fund to do so.”</i> 	
57.	1 st paragraph, section 19 (Financial Crime and Prevention of Fraud), page 27	<p><i>“To verify your identity and prevent financial crime <u>we</u> may use and share your information with any company within <u>Friends Life</u>, with companies who work for <u>us</u> and with appropriate organisations. <u>We</u> may also search, send your details to, and use information from third party verification service providers and financial crime and credit reference agencies (Third Parties). This involves checking your details against databases these Third Parties use. <u>Friends Life</u> and these Third Parties may keep a record of the search, the results of the search, any suspicions of financial crime and the details may be used to assist other companies for verification and identification purposes. The search is not a credit check and your credit rating should be unaffected.”</i></p>	<p>The underlined references to ‘we’ and ‘us’ are to UKPTL and UKLAP.</p> <p>The underlined references to ‘Friends Life’ in this paragraph are changed to ‘the Aviva Group’.</p>