

Appleby (Guernsey) LLP
R A Field
11 November 2022

IN THE ROYAL COURT OF GUERNSEY
ORDINARY DIVISION

**IN THE MATTER OF UTMOST LIMITED and UTMOST INTERNATIONAL ISLE OF MAN
LIMITED (FORMERLY QUILTER INTERNATIONAL ISLE OF MAN LIMITED)**

Applicants

AND

**IN THE MATTER of SECTION 44 OF THE INSURANCE BUSINESS (BAILIWICK OF
GUERNSEY) LAW, 2002, AS AMENDED (the Insurance Law)**

ORDER

UPON considering the application dated 21 September 2022 for sanction of a scheme (a copy of which is annexed to this Order) (the **Scheme**) pursuant to section 44 of the Insurance Law together with such further orders as may be necessary for the implementation of the Scheme

AND UPON reading the First Affidavit of Mr Joly Hemuss dated 8 November 2022 and the Applicants' Skeleton Argument dated 8 November 2022 **AND UPON** hearing from Advocate R A Field for the Applicants **IT IS ORDERED** that:

1. The Scheme, a copy of which appears at the Schedule to this Order, shall and is hereby sanctioned in accordance with Section 44 of the Insurance Law.
2. Pursuant to section 44 of the Insurance Law:
 - 2.1 at the Effective Time, each Transferring Policy and each Transferring Asset and, in each case, all the rights, interests, obligations, benefits and powers of Utmost in it shall, by this Order and without any further act or instrument, be transferred to and be vested in Utmost

International in accordance with the provisions of and using the definitions set out in the Scheme;

- 2.2 on and with effect from each Subsequent Transfer Date, each Residual Asset and each Residual Policy to which such Subsequent Transfer Date applies and, in each case, all the rights, interests, obligations, benefits and powers of Utmost in it shall, by the Order, be transferred to and be vested in Utmost International in accordance with the provisions of the Scheme;
- 2.3 at the Effective Time, each Transferring Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of Utmost International in accordance with the Scheme and shall cease to be a liability of Utmost;
- 2.4 on and with effect from each Subsequent Transfer Date, each Residual Liability to which such Subsequent Transfer Date applies shall, by the Order, be transferred to and become a liability of Utmost International in accordance with the Scheme and shall cease to be a liability of Utmost;
- 2.5 at and with effect from the Relevant Date and without prejudice to any other provision of the Scheme, all references to Utmost in any contract between Utmost and any other party, or in any document or instrument, to the extent evidencing title to or the benefit or burden of a Transferring Policy, a Transferring Asset or a Transferring Liability shall, in so far as the relevant policy, asset or liability is transferred to Utmost International, be read and construed as if the same were references to Utmost International so that such contract, document or instrument shall operate as if such references had always been to Utmost International rather than Utmost;
- 2.6 neither the transfer of the Transferring Business nor this Scheme shall, in relation to the Transferring Business or any Transferring Policy, Transferring Asset, Transferring Liability, Residual Policy, Residual Asset, Residual Liability or any other asset, property, liability or business of Utmost which is subject to the jurisdiction of the Court, whether before or after the Effective Time:
 - (a) invalidate, discharge or result in the termination of any policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title; or
 - (b) 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 policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title; or

- (c) require any registration, re-registration or filing or any amendment to any existing registration or filing in respect of any policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title; or
 - (d) require any person to perform any new or additional obligation or to take any new or additional step or action (other than, in each case, as required under the Scheme), including the giving of any notice, the obtaining of any consent, approval or determination, the accession to any agreement, the payment of any fee, cost, expense, interest or other amount, the granting of any new or additional Encumbrance or the transfer of any asset or property; or
 - (e) entitle or require any person to exercise any right or remedy, to reduce, suspend, delay, alter or discharge its rights or obligations, to accelerate, terminate, suspend, delay, alter or discharge the performance of any rights or obligations or otherwise to vary, amend, disclaim, repudiate or terminate any policy, agreement, instrument, trust deed, indenture or Encumbrance; or
 - (f) affect the enforceability, priority or ranking of any Encumbrance;
- 2.7 Residual Policies, Residual Assets and Residual Liabilities may be transferred to Utmost International pursuant to the Scheme, to the extent that the Scheme is lawfully capable of doing so, or by any other process or procedure. The parties will use their respective reasonable endeavours to obtain the consent of any third party needed to achieve such transfer, under the Scheme or under another process or procedure;
- 2.8 Utmost and Utmost International agree to do such further acts and enter into such further deeds or documents as may be necessary to transfer the Transferring Business to Utmost International;
- 2.9 Utmost International shall take over the administration of the Transferring Policies from Utmost at and with effect from the Relevant Date;
- 2.10 on and with effect from the Relevant Date, any proceedings which are pending or current immediately before the Relevant Date to the extent issued or served in connection with the Transferring Business, in respect of which Utmost is plaintiff, claimant, applicant, defendant, respondent or otherwise a party to the proceedings shall be continued by or against Utmost International, and Utmost International shall be entitled to all claims, counterclaims, defences, defences to counterclaims, settlements, rights of set-off and any other rights that were or would have been available to Utmost in relation to those proceedings. Any proceedings which relate to any Residual Policy, Residual Asset or

Residual Liability shall be continued by or against Utmost until the relevant Subsequent Transfer Date;

- 2.11 all premiums and other amounts payable in accordance with the terms of the Transferring Policies on and after the Relevant Date, shall be payable to Utmost International, and Utmost International shall be entitled to any and all defences, claims, counter-claims and rights of set-off against or under the Transferring Policies which would have been available to Utmost if the Scheme had not taken place;
- 2.12 any direct debit mandate, standing order or other instruction or authority in force at the Relevant Date (including any instructions given to a bank by its customer in the form of direct debit or standing order) and providing for the payment by a bank or other intermediary of premiums or other amounts payable to Utmost under any Transferring Policy or Transferring Asset shall thereafter take effect as if it had provided for and authorised such payment to Utmost International;
- 2.13 any mandate or other instruction or authority in force at the Relevant Date as to the manner of payment by Utmost of any sum payable under any Transferring Policy shall continue in force as an effective mandate, instruction or authority to Utmost International;
- 2.14 on the Relevant Date, Utmost International shall become entitled to all the rights, interests, benefits and powers of Utmost subsisting on the Relevant Date under or by virtue of the Transferring Policies, save for rights, interests, benefits and powers constituting Excluded Assets;
- 2.15 a Policyholder shall, on and with effect from the Relevant Date, become entitled, in succession to, and to the exclusion of, any rights which that person may have had against Utmost under such Transferring Policy, to the same rights against Utmost International as were available to that person against Utmost under such Transferring Policy and (as regards a Transferring Policy under which premiums or other sums attributable or referable thereto continue to be payable by that person) shall on and with effect from the Relevant Date account to Utmost International for any further or additional premiums or other sums attributable or referred thereto, if any, as and when the same become due and payable;
- 2.16 all references in any Transferring Policy (or any ancillary document relating to such policy) to Utmost, the Utmost Board, the Utmost Actuary or such other officers, employees or agents of Utmost shall, with effect on and from the Relevant Date, be read as references to Utmost International, the Utmost International Board, the Utmost International Actuary or any other officers, employees or agents of Utmost International respectively. In particular, but without limitation, and subject to the other provisions of the Scheme, all rights exercisable by, and all duties or responsibilities to be performed by, Utmost, the Utmost Board, the Utmost Actuary or any other officers, employees or agents of Utmost in

relation to any of the Transferring Policies or related agreements or documents shall, with effect on and from the Relevant Date, be exercisable or required to be performed by Utmost International, the Utmost International Board, the Utmost International Actuary or such other officers, employees or agents of Utmost International respectively;

2.17 without prejudice to the generality of paragraph 2.14, where the benefits of any Transferring Policy are held under the terms of a trust, such terms together with the terms of any rules applicable to any pension scheme under which benefits are calculated by reference to a Transferring Policy, shall operate and be construed, with effect on and from the Relevant Date, on a basis which is consistent with the transfer of such Transferring Policy in accordance with the provisions of the Scheme. For the avoidance of doubt:

(a) where the consent of Utmost is required under any such terms, the consent of Utmost International shall, with effect on and from the Relevant Date, instead be treated as required; and

(b) where a power to appoint trustees under such terms is conferred on Utmost, that power shall, with effect on and from the Relevant Date, instead be treated as conferred on Utmost International;

2.18 the transfer of any rights, interests, benefits, powers, liabilities and obligations under or in connection with any Transferring Policy, Transferring Asset, Transferring Liability, Residual Policy, Residual Asset or Residual Liability pursuant to the 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 be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified;

2.19 Utmost shall, from the Effective Time, hold all Residual Assets, together with any proceeds of sale or income or other right accrued or return arising in respect thereof, as trustee for Utmost International. In the event that Utmost cannot hold any Residual Asset as trustee for Utmost International, Utmost will use commercially reasonable endeavours to sell the relevant Residual Asset for a fair market value and will then hold the proceeds of sale as trustee for Utmost International;

2.20 Paragraph 2.19 shall not apply to the extent that:

(a) giving effect to such a trust would require a consent or waiver which has not been obtained;

(b) such a trust would not be recognised by any applicable law; or

- (c) Utmost and Utmost International agree in writing not to give effect to such a trust for any reason;
- 2.21 Utmost shall be subject to the directions of Utmost International in respect of the Residual Assets, from the Effective Time until they are transferred to or otherwise vested in Utmost International, and Utmost International shall have authority to act as Utmost's attorney in respect of such assets for all such purposes (and Utmost will, at its own cost, execute a power of attorney to that effect in Utmost International's favour should Utmost International so require);
- 2.22 in the event of any payment being made to, property being received by, or right being conferred upon Utmost after the Effective Time in respect of any Transferring Policy, any Transferring Asset, any Residual Policy or any Residual Asset, Utmost shall hold such payment, property or right as trustee for Utmost International and, as soon as is reasonably practicable after its receipt, shall pay over the full amount of such payment or (to the extent it is able to do so) transfer such property or right to, or in accordance with the directions of, Utmost International;
- 2.23 on and from the Effective Time, Utmost International shall discharge on Utmost's behalf or, failing that, shall indemnify Utmost against:
 - (a) charges, costs and claims arising in respect of all Transferring Liabilities and Residual Liabilities that are not, or are not capable of being, transferred by the Scheme until the relevant liability is transferred to or becomes a liability of Utmost International; and
 - (b) any amount paid by Utmost in respect of any Transferring Liabilities and Residual Liabilities that are, whether wholly or in part, the subject of a policy of indemnity insurance or a claim or right of recovery against a third party, but only to the extent that Utmost, having made a claim under such a policy or against such third party, shall have failed to recover any such amount pursuant to rights it may have under such policy, claim or right of recovery;
- 2.24 Utmost International shall indemnify Utmost against any reasonable costs and/or expenses, which it may incur in pursuing any claim under any such policy of indemnity insurance or against any such third party as is referred to in paragraph 0. Subject thereto, Utmost shall take such steps as Utmost International may reasonably require in order to pursue the rights it may have under any such policy of indemnity insurance or against any such third party. Utmost International shall be entitled, upon notice to Utmost, to have conduct of all litigation or other proceedings in respect of any such claim. In that

connection, Utmost shall give all such assistance as Utmost International may reasonably require in conducting any such proceedings;

- 2.25 on and with effect from the Effective Time, Utmost International shall discharge on behalf of Utmost or, failing that, shall indemnify Utmost against any charges, costs and claims arising in respect of all Transferring Liabilities which have been transferred to or otherwise become a liability of Utmost International and in respect of which a third party brings a claim against Utmost;
- 2.26 on and with effect from the Relevant Date, Utmost International shall establish records corresponding to all of the records maintained by Utmost, on an individual policy by policy basis, in respect of the externally managed funds that are designated in favour of each Transferring Policy;
- 2.27 on and with effect from the Relevant Date, Utmost International shall record which externally managed funds are designated in favour of each Transferring Policy and shall ensure that such designations are identical to those that were held in the records of Utmost immediately prior to the Relevant Date. For the avoidance of doubt, there will be no change to the underlying assets, the investment strategy or policy charges as a result of the transfer of the Transferring Business;
- 2.28 Utmost International shall not, by reason only of the operation of the Scheme, increase the amount of any charges in respect of the Transferring Policies. For the avoidance of doubt, this paragraph shall not prevent Utmost International from increasing such charges in accordance with the terms of the Transferring Policies in response to normal commercial circumstances in the same way in which Utmost currently has the power to do;
- 2.29 on and with effect from the Relevant Date:
- (a) Utmost International shall succeed to all rights, liabilities and obligations of Utmost in respect of any Personal Data in the Records;
 - (b) Utmost International shall owe to any person the same duties under the Data Protection Legislation, as well as of confidentiality and privacy, as those which Utmost owed in relation to the Transferring Business immediately prior to the Effective Time;
 - (c) Utmost International shall become the Data Controller of any Personal Data in the Records in place of Utmost; and
- 2.30 any consent or notice given or request made to Utmost in connection with the Transferring Business by any person, whether pursuant to Data Protection Legislation or otherwise, including any consent with respect to marketing to that person, shall be deemed to apply

to Utmost International, and in any such consent, notice or request as is mentioned in this paragraph 2 (cc), any reference to Utmost shall be deemed to include a reference to Utmost International.

3. The Scheme may be amended in accordance with its provisions after sanction of the Scheme subject to the Court's consent. The Scheme may also be amended in accordance with its provisions after the Court's sanction and without application to the Court for further consent in relation to minor and/or technical amendments to the terms of the Scheme (including amendments to correct manifest errors and/or to reflect changes required by law or regulation, including changes in generally accepted actuarial practice and/or minor or technical amendments) that are agreed by Utmost and Utmost International, provided that the Commission has been notified of the same and has indicated that it does not object thereto.
4. The production of a copy of this Order and the Scheme (as may be amended from time to time) shall, for all purposes, be conclusive evidence of the transfer to, and vesting in, Utmost International of the Transferring Policies, the Transferring Assets and the Transferring Liabilities on and with effect from the Effective Date and of the transfer of the Residual Assets, the Residual Policies and the Residual Liabilities on and with effect from the Subsequent Transfer Date, as applicable thereto.
5. In accordance with section of the Insurance Law, Utmost International shall within 10 days from the date of the Order, or such longer period as the Commission shall allow, deposit two certified copies of the Order with the Commission.
6. Notice of the making of the Order and of any other order giving effect to the transfer set out in the Scheme, the execution of any instrument giving effect to such transfer and the period during which any Guernsey Policyholder may exercise the right to cancel their policy shall be published by the Applicants in La Gazette Officielle.
7. There shall be liberty for the Applicants to apply for such incidental or consequential and supplemental Orders as may be expedient or necessary to enable the Scheme to be fully and effectively carried out.


Bailiff/Deputy Bailiff/Lieutenant Bailiff/Judge of the Royal Court

Dated this 11th day of November 2022



SCHEDULE

IN THE ROYAL COURT OF GUERNSEY

ORDINARY DIVISION

UTMOST LIMITED

- and -

**UTMOST INTERNATIONAL ISLE OF MAN LIMITED (FORMERLY KNOWN AS QUILTER
INTERNATIONAL ISLE OF MAN LIMITED)**

SCHEME DOCUMENT

(pursuant to the Insurance Business (Bailiwick of Guernsey) Law, 2002)

1. DEFINITIONS AND INTERPRETATION

- 1.1** In this Scheme Document, the following capitalised expressions bear the meanings specified opposite them:

Isle of Man Authority: the Isle of Man Financial Services Authority or such successor governmental department, regulatory authority or other official body from time to time exercising supervisory powers in relation to insurance companies in the Isle of Man;

Business: the long-term business carried on by Utmost at the Effective Time comprising the Transferring Policies and the Transferring Assets, subject to the Transferring Liabilities and the Residual Policies and the Residual Assets, subject to the Residual Liabilities;

Commission: the Guernsey Financial Services Commission;

Court: the Royal Court of Guernsey;

Data Controller: has the meaning given to it in the Data Protection Legislation;

Data Protection Legislation: all applicable laws and regulatory requirements in relation to data protection and privacy including the Isle of Man Data Protection Act 2018 and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on

the free movement of such data, as applied to the Isle of Man by the Data Protection (Application of GDPR) Order 2018;

Effective Time: the close of business on the Transfer Date;

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

Excluded Assets: cash amounting to £52.856m as held in the current account in the name of Utmost with The Royal Bank of Scotland International Limited;

Guernsey Policy: a Relevant Policy which was issued to a person resident in Guernsey;

Independent Actuary: Mr Philip Simpson, a Principal of Milliman LLP of 11 Old Jewry, London, EC2R 8DU, a Fellow of the Institute and Faculty of Actuaries, an independent actuary appointed pursuant to paragraph 2(a) of Schedule 2 to the Isle of Man Insurance Act;

Insurance Business Law: the Insurance Business (Bailiwick of Guernsey) Law, 2002;

Isle of Man Court: the High Court of Justice of the Isle of Man;

Isle of Man Effective Date: in relation to any Isle of Man Policy, the date upon which the transfer of such Isle of Man Policy becomes effective under the Isle of Man Scheme;

Isle of Man Insurance Act: the Isle of Man Insurance Act 2008;

Isle of Man Insurance Regulations: the Isle of Man Insurance Regulations 2021;

Isle of Man Order: the order or orders by which the Isle of Man Court sanctions the Isle of Man Scheme pursuant to section 21(1) of and Schedule 2 to the Isle of Man Insurance Act;

Isle of Man Policy: a Relevant Policy entered into by Utmost in or from within the Isle of Man and which the Isle of Man Court has jurisdiction to transfer pursuant to the Isle of Man Insurance Act;

Isle of Man Scheme: the scheme for the transfer of the Isle of Man Policies from Utmost to Utmost International pursuant to Section 21(1) of and Schedule 2 to, the Isle of Man Insurance Act;

Jersey Court: the Royal Court of Jersey;

Jersey Effective Date: in relation to any Jersey Policy, the date upon which the transfer of such Jersey Policy becomes effective under the Jersey Scheme;

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

Jersey Order: an order of the Jersey Court sanctioning the Jersey Scheme pursuant to Article 27 of and the Second Schedule to the Jersey Insurance Law;

Jersey Policy: a Relevant Policy carried on by Utmost in or from within Jersey (as such expression is interpreted for the purpose of the Jersey Insurance Law);

Jersey Scheme: the scheme for the transfer of the Jersey Policies from Utmost to Utmost International pursuant to Article 27 of and the Second Schedule to the Jersey Insurance Law;

Liabilities: the current liabilities of Utmost on the Transfer Date;

Order: an order of the Court sanctioning the Scheme pursuant to section 44 of the Insurance Business Law;

Personal Data: has the meaning given to it in the Data Protection Legislation;

Policyholder Protection Regulations: the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991;

Policyholder: the holder of a Transferring Policy;

Records: policy documents and any correspondence received from or sent to the policyholder, whether in physical or electronic form, relating to the Transferring Policies which are in the possession of, or under the control of, Utmost as at the Relevant Date;

Relevant Date: the Effective Time except in the case of any Residual Policy, Residual Asset or Residual Liability, in which case it means the applicable Subsequent Transfer Date;

Relevant Policies: every policy written by Utmost under which any liability remains unsatisfied or outstanding at the Effective Time;

Residual Assets:

- (a) all and any rights, benefits and powers of Utmost under any of the Residual Policies and all and any other property of Utmost which would be a Transferring Asset but:
 - (i) which the Court does not have jurisdiction to transfer;
 - (ii) the transfer of which under the Scheme is not recognised by the laws of any jurisdiction in which such property is situated or by which such property is governed;
 - (iii) which Utmost and Utmost International agree in writing prior to the Effective Time not to transfer under the Scheme at the Effective Time; or
 - (iv) which cannot be transferred to or vested in Utmost International under the Scheme at the Effective Time for any other reason; and

- (b) all and any proceeds of sale or income or other accrual or return, whether or not in any case in the form of cash, earned or received from time to time in respect of any property referred to in paragraph (a) of this definition after the Effective Time but prior to the Subsequent Transfer Date for the relevant property;

Residual Liabilities: all and any liabilities of Utmost under any of the Residual Policies and all and any other liability or obligation of Utmost which would be a Transferring Liability but:

- (a) which the Court does not have jurisdiction to transfer;
- (b) the transfer of which under the Scheme is not recognised by the laws of any relevant jurisdiction;
- (c) which Utmost and Utmost International agree in writing prior to the Effective Time not to transfer under the Scheme at the Effective Time;
- (d) which is attributable to or connected with a Residual Asset and arises at any time before the Subsequent Transfer Date applicable to that Residual Asset; or
- (e) which cannot be transferred to or vested in Utmost International under the Scheme at the Effective Time for any other reason;

Residual Policies: the Isle of Man Policies and the Jersey Policies (in each case, to the extent that and for so long as the Isle of Man Scheme and the Jersey Scheme (as applicable) have not yet received the requisite court approval and become effective in accordance with its terms) and any other Guernsey Policy:

- (a) which the Court does not have jurisdiction to transfer;
- (b) the transfer of which under the Scheme is not recognised by the laws of any relevant jurisdiction;
- (c) which Utmost and Utmost International agree in writing prior to the Effective Time not to transfer under the Scheme at the Effective Time; or
- (d) which cannot be transferred to or vested in Utmost International under the Scheme at the Effective Time for any other reason;

Scheme: the Scheme described in this Scheme Document in its original form or with, or subject to any modification, addition or condition which may be approved pursuant to paragraph 15 below;

Subsequent Transfer Date: in relation to a Residual Policy, Residual Asset or Residual Liability, the date after the Effective Time on which such Residual Policy, Residual Asset or Residual Liability is transferred to Utmost International namely:

- (a) in respect of an Isle of Man Policy, the Isle of Man Effective Date and in respect of a Jersey Policy, the Jersey Effective Date;

- (b) in respect of a Residual Policy falling within paragraph (a), (b) or (d) of the definition of Residual Policies, a Residual Asset falling within paragraph (a)(i), (a)(ii) or (a)(iv) of the definition of Residual Assets, and a Residual Liability which is attributable to or connected with any such Residual Policy or Residual Asset or which falls within paragraph (a), (b) or (e) of the definition of Residual Liability, the date on which the impediment to its transfer shall have been removed or overcome;
- (c) in respect of a Residual Policy falling within paragraph (c) of the definition of Residual Policies, a Residual Asset falling within paragraph (a)(iii) of the definition of Residual Assets, and a Residual Liability which is attributable to or connected with any such Residual Policy or Residual Asset or which falls within paragraph (c) of the definition of Residual Liability, the date on which Utmost and Utmost International agree the transfer of that Residual Policy, Residual Asset or Residual Liability, as the case may be, should take effect; and
- (d) in respect of a Residual Asset falling within paragraph (b) of the definition of Residual Assets and a Residual Liability which is attributable to or connected with that Residual Asset or which falls within paragraph (d) of the definition of Residual Liability, the date on which the relevant asset, liability or policy is transferred to Utmost International;

Transfer Date: 30th November 2022 or such other date subsequent to the date of the Order to be determined by Utmost International, such date to be within three months of the date of the Isle of Man Order;

Transferring Assets: all property and assets of Utmost immediately prior to the Effective Time allocated to a Guernsey Policy, whether in whole or in part, but excluding the Excluded Assets and only including the Residual Assets on and from each relevant Subsequent Transfer Date;

Transferring Business:

- (a) the Transferring Policies;
- (b) the Transferring Assets; and
- (c) the Transferring Liabilities;

Transferring Liabilities: all current and potential debts, liabilities and obligations of Utmost arising in respect of or otherwise associated with the Transferring Assets and the Transferring Policies immediately prior to the Effective Time, but only including the Residual Liabilities on and from each relevant Subsequent Transfer Date;

Transferring Policies: the Guernsey Policies but only including the Residual Policies on and from each relevant Subsequent Transfer Date;

Utmost: Utmost Limited, a company incorporated in the Isle of Man with company number 056473C whose registered office is at Royalty House, Walpole Avenue, Douglas, Isle of Man, IM1 2SL;

Utmost Actuary: the person appointed as actuary by Utmost International from time to time in compliance with section 18 of the Isle of Man Insurance Act;

Utmost Board: the board of directors of Utmost from time to time.

Utmost Holdings: Utmost Holdings Isle of Man Limited, a company incorporated in the Isle of Man with company number 013432V whose registered office is at Royalty House, Walpole Avenue, Douglas, Isle of Man, IM1 2SL;

Utmost International: Utmost International Isle of Man Limited formerly known as Quilter International Isle of Man Limited, a company incorporated in the Isle of Man with company number 024916C whose registered office is at King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU;

Utmost International Actuary: the person appointed as actuary by Utmost International from time to time in compliance with section 18 of the Isle of Man Insurance Act; and

Utmost International Board: the board of directors from time to time of Utmost International.

1.2 In this Scheme, unless the context otherwise requires:

- (a) the singular includes the plural and vice versa;
- (b) reference to any gender includes reference to any other gender;
- (c) references to an enactment or statutory provision shall be deemed to include that enactment or statutory provision as amended, varied or re-enacted from time to time and shall include any subordinate legislation, regulations or orders made from time to time under that enactment or statutory provision;
- (d) the headings are for reference only and shall not be used for the purpose of interpretation;
- (e) the phrases "long-term business" and "linked long-term" shall have the meaning given to them in the Isle of Man Insurance Regulations; and
- (f) the words "include" and "including" are not words of limitation and shall be deemed to be followed by the words "without limitation".

2. INTRODUCTION

2.1 The Business consists of linked long-term business. All Relevant Policies, including the Guernsey Policies, are governed by Isle of Man law.

- 2.2 It is proposed that the Business shall be transferred to Utmost International in accordance with the Scheme and that the Order be made accordingly, for the sanction of the Scheme, pursuant to section 44 of the Insurance Business Law.
- 2.3 It is further proposed that:
- (a) the transfer of the Isle of Man Policies to Utmost International shall only take place after the Isle of Man Scheme has been approved by the Isle of Man Court and has become effective; and
 - (b) the transfer of the Jersey Policies to Utmost International shall only take place after the Jersey Scheme has been approved by the Jersey Court and has become effective.
- 2.4 Both parties have agreed to appear by counsel on the hearing of the application to sanction the Scheme and have undertaken to be bound by the Scheme and to take all steps (including the execution of documents) which may be reasonably necessary or expedient to give effect to the Scheme.

3. UTMOST

- 3.1 Utmost was incorporated on 25 November 1991 in the Isle of Man as a private company limited by shares with the name Sun Life Operations Limited. It subsequently changed its name to Sun Life International (IOM) Limited on 17 July 1992, to AXA Isle of Man Limited on 24 September 2001 before changing its name to Utmost Limited on 21 October 2016.
- 3.2 Utmost is authorised by the Isle of Man Authority under section 8 of the Isle of Man Insurance Act to carry on class 1 (linked long-term) and class 2 (long-term) insurance business in or from the Isle of Man.
- 3.3 Utmost also holds a category A permit to conduct long term insurance business in Jersey.

4. UTMOST INTERNATIONAL

- 4.1 Utmost International was incorporated on 18 September 1984 in the Isle of Man as a private company limited by shares with the name Nel Britannia International Assurance Limited. It subsequently changed its name to Royal Skandia Life Assurance Limited on 4 January 1989, to Old Mutual International Isle of Man Limited on 12 December 2014 before changing its name to Quilter International Isle of Man Limited on 14 February 2020 and to Utmost International Isle of Man Limited on 21 October 2022.
- 4.2 Utmost International is authorised by the Isle of Man Authority under section 8 of the Isle of Man Insurance Act to carry on class 1 (linked long-term), class 2 (long-term) and class 10 (reinsurance of contracts within classes 1 and 2) insurance business in or from the Isle of Man.
- 4.3 Utmost International also holds a category A permit to conduct long term insurance business in Jersey.

5. TRANSFER OF THE BUSINESS

5.1 At the Effective Time, each:

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

and, in each case, all the rights, interests, obligations, benefits and powers of Utmost in it shall, by the Order and without any further act or instrument, be transferred to and be vested in Utmost International in accordance with the provisions of the Scheme.

5.2 On and with effect from each Subsequent Transfer Date, each Residual Asset and each Residual Policy to which such Subsequent Transfer Date applies and, in each case, all the rights, interests, obligations, benefits and powers of Utmost in it shall, by the Order, be transferred to and be vested in Utmost International in accordance with the provisions of the Scheme.

5.3 At the Effective Time, each Transferring Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of Utmost International in accordance with the Scheme and shall cease to be a liability of Utmost.

5.4 On and with effect from each Subsequent Transfer Date, each Residual Liability to which such Subsequent Transfer Date applies shall, by the Order, be transferred to and become a liability of Utmost International in accordance with the Scheme and shall cease to be a liability of Utmost.

5.5 At and with effect from the Relevant Date and without prejudice to any other provision of the Scheme, all references to Utmost in any contract between Utmost and any other party, or in any document or instrument, to the extent evidencing title to or the benefit or burden of a Transferring Policy, a Transferring Asset or a Transferring Liability shall, in so far as the relevant policy, asset or liability is transferred to Utmost International, be read and construed as if the same were references to Utmost International so that such contract, document or instrument shall operate as if such references had always been to Utmost International rather than Utmost.

5.6 Neither the transfer of the Transferring Business nor this Scheme shall, in relation to the Transferring Business or any Transferring Policy, Transferring Asset, Transferring Liability, Residual Policy, Residual Asset, Residual Liability or any other asset, property, liability or business of Utmost which is subject to the jurisdiction of the Court, whether before or after the Effective Time:

- (a) invalidate, discharge or result in the termination of any policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title; or
- (b) 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 policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title; or

- (c) require any registration, re-registration or filing or any amendment to any existing registration or filing in respect of any policy, agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title; or
- (d) require any person to perform any new or additional obligation or to take any new or additional step or action (other than, in each case, as required under the Scheme), including the giving of any notice, the obtaining of any consent, approval or determination, the accession to any agreement, the payment of any fee, cost, expense, interest or other amount, the granting of any new or additional Encumbrance or the transfer of any asset or property; or
- (e) entitle or require any person to exercise any right or remedy, to reduce, suspend, delay, alter or discharge its rights or obligations, to accelerate, terminate, suspend, delay, alter or discharge the performance of any rights or obligations or otherwise to vary, amend, disclaim, repudiate or terminate any policy, agreement, instrument, trust deed, indenture or Encumbrance; or
- (f) affect the enforceability, priority or ranking of any Encumbrance.

5.7 Residual Policies, Residual Assets and Residual Liabilities may be transferred to Utmost International pursuant to the Scheme, to the extent that the Scheme is lawfully capable of doing so, or by any other process or procedure. The parties will use their respective reasonable endeavours to obtain the consent of any third party needed to achieve such transfer, under the Scheme or under another process or procedure.

5.8 Utmost and Utmost International agree to do such further acts and enter into such further deeds or documents as may be necessary to transfer the Transferring Business to Utmost International.

5.9 Utmost International shall take over the administration of the Transferring Policies from Utmost at and with effect from the Relevant Date.

6. CONTINUITY OF PROCEEDINGS

On and with effect from the Relevant Date, any proceedings which are pending or current immediately before the Relevant Date to the extent issued or served in connection with the Transferring Business, in respect of which Utmost is plaintiff, claimant, applicant, defendant, respondent or otherwise a party to the proceedings shall be continued by or against Utmost International, and Utmost International shall be entitled to all claims, counterclaims, defences, defences to counterclaims, settlements, rights of set-off and any other rights that were or would have been available to Utmost in relation to those proceedings. Any proceedings which relate to any Residual Policy, Residual Asset or

Residual Liability shall be continued by or against Utmost until the relevant Subsequent Transfer Date.

7. PREMIUMS AND MANDATES

- 7.1 All premiums and other amounts payable in accordance with the terms of the Transferring Policies on and after the Relevant Date, shall be payable to Utmost International, and Utmost International shall be entitled to any and all defences, claims, counter-claims and rights of set-off against or under the Transferring Policies which would have been available to Utmost if the Scheme had not taken place.
- 7.2 Any direct debit mandate, standing order or other instruction or authority in force at the Relevant Date (including any instructions given to a bank by its customer in the form of direct debit or standing order) and providing for the payment by a bank or other intermediary of premiums or other amounts payable to Utmost under any Transferring Policy or Transferring Asset shall thereafter take effect as if it had provided for and authorised such payment to Utmost International.
- 7.3 Any mandate or other instruction or authority in force at the Relevant Date as to the manner of payment by Utmost of any sum payable under any Transferring Policy shall continue in force as an effective mandate, instruction or authority to Utmost International.

8. RIGHTS AND OBLIGATIONS UNDER THE TRANSFERRING POLICIES

- 8.1 On the Relevant Date, Utmost International shall become entitled to all the rights, interests, benefits and powers of Utmost subsisting on the Relevant Date under or by virtue of the Transferring Policies, save for rights, interests, benefits and powers constituting Excluded Assets.
- 8.2 A Policyholder shall, on and with effect from the Relevant Date, become entitled, in succession to, and to the exclusion of, any rights which that person may have had against Utmost under such Transferring Policy, to the same rights against Utmost International as were available to that person against Utmost under such Transferring Policy and (as regards a Transferring Policy under which premiums or other sums attributable or referable thereto continue to be payable by that person) shall on and with effect from the Relevant Date account to Utmost International for any further or additional premiums or other sums attributable or referred thereto, if any, as and when the same become due and payable.
- 8.3 All references in any Transferring Policy (or any ancillary document relating to such policy) to Utmost, the Utmost Board, the Utmost Actuary or such other officers, employees or agents of Utmost shall, with effect on and from the Relevant Date, be read as references to Utmost International, the Utmost International Board, the Utmost International Actuary or any other officers, employees or agents of Utmost International respectively. In particular, but without limitation, and subject to the other provisions of the Scheme, all rights exercisable by, and all duties or responsibilities to be performed by, Utmost, the Utmost Board, the Utmost Actuary or any other officers, employees or agents of Utmost in relation to any of the Transferring Policies or related agreements or documents shall, with

effect on and from the Relevant Date, be exercisable or required to be performed by Utmost International, the Utmost International Board, the Utmost International Actuary or such other officers, employees or agents of Utmost International respectively.

8.4 Without prejudice to the generality of paragraph 0, where the benefits of any Transferring Policy are held under the terms of a trust, such terms together with the terms of any rules applicable to any pension scheme under which benefits are calculated by reference to a Transferring Policy, shall operate and be construed, with effect on and from the Relevant Date, on a basis which is consistent with the transfer of such Transferring Policy in accordance with the provisions of the Scheme. For the avoidance of doubt:

- (a) where the consent of Utmost is required under any such terms, the consent of Utmost International shall, with effect on and from the Relevant Date, instead be treated as required; and
- (b) where a power to appoint trustees under such terms is conferred on Utmost, that power shall, with effect on and from the Relevant Date, instead be treated as conferred on Utmost International.

8.5 The transfer of any rights, interests, benefits, powers, liabilities and obligations under or in connection with any Transferring Policy, Transferring Asset, Transferring Liability, Residual Policy, Residual Asset or Residual Liability pursuant to the 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 be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified.

9. DECLARATION OF TRUST BY UTMOST

9.1 Utmost shall, from the Effective Time, hold all Residual Assets, together with any proceeds of sale or income or other right accrued or return arising in respect thereof, as trustee for Utmost International. In the event that Utmost cannot hold any Residual Asset as trustee for Utmost International, Utmost will use commercially reasonable endeavours to sell the relevant Residual Asset for a fair market value and will then hold the proceeds of sale as trustee for Utmost International.

9.2 Paragraph 9.1 shall not apply to the extent that:

- (a) giving effect to such a trust would require a consent or waiver which has not been obtained;
- (b) such a trust would not be recognised by any applicable law; or
- (c) Utmost and Utmost International agree in writing not to give effect to such a trust for any reason.

- 9.3 Utmost shall be subject to the directions of Utmost International in respect of the Residual Assets, from the Effective Time until they are transferred to or otherwise vested in Utmost International, and Utmost International shall have authority to act as Utmost's attorney in respect of such assets for all such purposes (and Utmost will, at its own cost, execute a power of attorney to that effect in Utmost International's favour should Utmost International so require).
- 9.4 In the event of any payment being made to, property being received by, or right being conferred upon Utmost after the Effective Time in respect of any Transferring Policy, any Transferring Asset, any Residual Policy or any Residual Asset, Utmost shall hold such payment, property or right as trustee for Utmost International and, as soon as is reasonably practicable after its receipt, shall pay over the full amount of such payment or (to the extent it is able to do so) transfer such property or right to, or in accordance with the directions of, Utmost International.

10. INDEMNITY

- 10.1 On and from the Effective Time, Utmost International shall discharge on Utmost's behalf or, failing that, shall indemnify Utmost against:
- (a) charges, costs and claims arising in respect of all Transferring Liabilities and Residual Liabilities that are not, or are not capable of being, transferred by the Scheme until the relevant liability is transferred to or becomes a liability of Utmost International; and
 - (b) any amount paid by Utmost in respect of any Transferring Liabilities and Residual Liabilities that are, whether wholly or in part, the subject of a policy of indemnity insurance or a claim or right of recovery against a third party, but only to the extent that Utmost, having made a claim under such a policy or against such third party, shall have failed to recover any such amount pursuant to rights it may have under such policy, claim or right of recovery.
- 10.2 Utmost International shall indemnify Utmost against any reasonable costs and/or expenses, which it may incur in pursuing any claim under any such policy of indemnity insurance or against any such third party as is referred to in paragraph 0. Subject thereto, Utmost shall take such steps as Utmost International may reasonably require in order to pursue the rights it may have under any such policy of indemnity insurance or against any such third party. Utmost International shall be entitled, upon notice to Utmost, to have conduct of all litigation or other proceedings in respect of any such claim. In that connection, Utmost shall give all such assistance as Utmost International may reasonably require in conducting any such proceedings.
- 10.3 On and with effect from the Effective Time, Utmost International shall discharge on behalf of Utmost or, failing that, shall indemnify Utmost against any charges, costs and claims arising in respect of all Transferring Liabilities which have been transferred to or otherwise become a liability of Utmost International and in respect of which a third party brings a claim against Utmost.

11. MANAGEMENT OF FUNDS

11.1 Establishing, Closing and Amalgamating Unit Linked Funds

Nothing in this Scheme shall prevent Utmost International, at any time and from time to time, (i) establishing new linked funds; (ii) closing existing linked funds; (iii) amalgamating any linked fund or any part or parts thereof with any other linked fund or part or parts thereof; (iv) changing the name or designation of any linked fund or dividing any linked funds into one or more linked funds; (v) changing the approach to unit pricing or (vi) effecting any combination of the above, on such terms as Utmost International may consider appropriate and as permitted by applicable law or regulation.

11.2 Unit Linked Funds placed with External Managers and Custodians

- (a) On and with effect from the Relevant Date, Utmost International shall establish records corresponding to all of the records maintained by Utmost, on an individual policy by policy basis, in respect of the externally managed funds that are designated in favour of each Transferring Policy.
- (b) On and with effect from the Relevant Date, Utmost International shall record which externally managed funds are designated in favour of each Transferring Policy and shall ensure that such designations are identical to those that were held in the records of Utmost immediately prior to the Relevant Date. For the avoidance of doubt, there will be no change to the underlying assets, the investment strategy or policy charges as a result of the transfer of the Transferring Business.

12. CHARGES

Utmost International shall not, by reason only of the operation of the Scheme, increase the amount of any charges in respect of the Transferring Policies. For the avoidance of doubt, this paragraph shall not prevent Utmost International from increasing such charges in accordance with the terms of the Transferring Policies in response to normal commercial circumstances in the same way in which Utmost currently has the power to do.

13. DATA PROTECTION

On and with effect from the Relevant Date:

- 13.1 Utmost International shall succeed to all rights, liabilities and obligations of Utmost in respect of any Personal Data in the Records;
- 13.2 Utmost International shall owe to any person the same duties under the Data Protection Legislation, as well as of confidentiality and privacy, as those which Utmost owed in relation to the Transferring Business immediately prior to the Effective Time;
- 13.3 Utmost International shall become the Data Controller of any Personal Data in the Records in place of Utmost; and

- 13.4 any consent or notice given or request made to Utmost in connection with the Transferring Business by any person, whether pursuant to Data Protection Legislation or otherwise, including any consent with respect to marketing to that person, shall be deemed to apply to Utmost International, and in any such consent, notice or request as is mentioned in this paragraph 13, any reference to Utmost shall be deemed to include a reference to Utmost International.

14. COSTS AND EXPENSES

The fees and expenses of the Independent Actuary and the costs and expenses incurred in preparing this Scheme, obtaining the sanction of the Court, and carrying into effect the Scheme shall be borne by Utmost International.

15. MODIFICATIONS OR ALTERATIONS

- 15.1 Utmost and Utmost International may, as required, consent for and on behalf of themselves and all other persons concerned to:

- (a) any modification of or addition to the Scheme; or
- (b) any further condition or provision affecting the same,

which, prior to its sanction of the Scheme, the Court may approve or impose.

- 15.2 Subject to paragraph 15.3, at any time after the sanction of the Scheme, Utmost and Utmost International may apply to the Court for consent to amend the terms of the Scheme. If such consent is granted by the Court, Utmost International may amend the terms of the Scheme in accordance with such consent.

- 15.3 Utmost International may amend the terms of the Scheme and the consent of the Court shall not be required in relation to minor and/or technical amendments to the terms of the Scheme (including amendments to correct manifest errors and/or to reflect changes required by law or regulation, including changes in generally accepted actuarial practice and/or minor or technical amendments) that are agreed by Utmost and Utmost International, provided that the Commission has been notified of the same and has indicated that it does not object thereto.

16. POLICYHOLDER PROTECTION

The parties acknowledge that, after the Relevant Date, the Policyholders will continue to be covered by the Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 under which, should Utmost International become insolvent and be unable or likely to be unable to satisfy claims under the Transferring Policies, Policyholders may be entitled to a payment of up to 90% of Utmost International's liability under the relevant policy.

17. SUCCESSORS AND ASSIGNS

This Scheme will bind and enure to the benefit of the successors and assigns of Utmost and Utmost International.

18. THIRD PARTY RIGHTS

A person who is not a party to this Scheme may not enforce any term of this Scheme pursuant to any third-party rights which may be available at common law or under the rules of equity or otherwise.

19. GOVERNING LAW

This Scheme shall be governed by and construed in accordance with the laws of Guernsey.