

POLICYHOLDER COMMUNICATION ABOUT THE PROPOSED TRANSFER OF LONG TERM INSURANCE BUSINESS OF UTMOST LIMITED TO QUILTER INTERNATIONAL ISLE OF MAN LIMITED

Utmost Limited

Quilter International Isle of Man Limited

Please read this important document carefully. If you are comfortable with our proposals you do not need to take any action, but if you have any queries about the proposals you should consult your independent financial adviser, or contact the companies directly.

The document is arranged in six sections:

SECTION 1 – Introduction

SECTION 2 – Summary of Proposed Transfer

SECTION 3 – Questions and Answers

SECTION 4 – Summary of the Report of the Independent Actuary

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SECTION 1 – Introduction

Introduction

The purpose of this circular is to inform you of the proposed transfer of the long term business of Utmost Limited ("UL") to Quilter International Isle of Man Limited ("QIloM"). This transfer is referred to as the "Isle of Man Scheme" within this document.

Please see Section 2 of this pack for a summary of the proposed transfers.

How are you protected?

The legal process by which life assurance business may transfer from one insurer to another requires court approval of a Scheme of Transfer. The legal process is described in more detail below. This circular is part of the legal process which seeks to ensure that the interests of policyholders are protected and that you are fully informed about the proposed transfer. You do not need to take any action in respect of this circular or the proposed transfer, but you do have a right to object to what is proposed (see Q10 in Section 3) and to have your objections considered as part of the court process.

It is proposed that all policies will transfer from UL to QIloM, hereafter the "Transferring Policies" or "UL Policies". The transfers will be subject to the approval, or sanction, of the High Court of Justice of the Isle of Man, the Royal Court of Guernsey and the Royal Court of Jersey.

When will the transfer happen and how will it affect my policy?

To effect the transfer, we must follow a prescribed process which includes a number of key protections for policyholders. These protections include notification to policyholders, incorporating the opportunity to object; consultation with relevant regulators, including the Isle of Man Financial Services Authority ("FSA"), the Guernsey Financial Services Commission ("GFSC") and the Jersey Financial Services Commission ("JFSC"); a detailed review of the transfer proposals by an Independent Actuary; statutory periods of prior notification to policyholders to provide an opportunity to lodge objections; and ultimately consideration and approval of the terms of the transfer by the relevant Courts.

Subject to the respective regulatory and court processes, it is anticipated that the Schemes (as defined below) will be approved by the Courts on or before, and come into effect on, 30 November 2022, or as soon as possible thereafter.

When your policy is transferred to QIloM you will not experience any significant difference in doing business with your new insurer.

There will be no change to your policy terms and conditions and we will be ensuring that our services will be provided seamlessly during and after the transfer period.

How will I contact my insurer after the transfer takes place?

There will be no change to the way in which you contact us after the transfer takes place. Please see our contact details in Section 6 – Contact Details.

QIloM is proposing to change its name to Utmost International Isle of Man Limited on or around 24 October 2022. From this date, you will only need to refer to one website www.utmostinternational.com. See Section 2 – Branding.

Report of the Independent Actuary

As legally required and to safeguard the interests of policyholders, an Independent Actuary has reviewed the terms of the proposed transfer. This review has been carried out by Philip Simpson (Fellow of the Society of Actuaries in the UK). Philip Simpson is a Principal at Milliman LLP, a firm of Actuarial Consultants. His Summary Report for policyholders on the proposed transfer is set out in Section 4. He has concluded that:

- He has confirmed that he has considered the issues affecting the various categories of policyholders of Utmost and Quilter separately, including the existing policyholders of Quilter and those that transfer to Quilter under the Scheme. He does not consider an assessment of further subdivisions of policyholders (other than those considered in the Report) to be necessary.
- He is satisfied that the implementation of the proposed Scheme would not have a material adverse effect on:
 - The security of the benefits under the Transferring Policies and the Existing Policies;
 - The profile of risks to which the Transferring Policies and Existing Policies are exposed;
 - The protection offered by the regulatory regime that would apply to the Transferring Policies; or
 - The reasonable expectations of the Transferring Policyholders and the Existing Policyholders in respect of their benefits, including the level and standards of administration and service that would apply.
- He is satisfied that the Scheme is equitable to all classes and generations of Utmost and Quilter policyholders.

Capitalised terms used above shall have the meaning given to them in the summary report of the Independent Actuary.

Actuaries' reports to policyholders

Reports on the proposed transfer have also been prepared by the Head of Actuarial Function and Appointed Actuary ("HoAF") of UL, and of QlloM, Thomas Morfett (a Fellow Member of the Institute and Faculty of Actuaries in the UK).

The HoAF of UL has concluded that:

- the Schemes will have no material adverse impact on the security of the benefits of the holders of Transferring Policies;
- the fair treatment and reasonable benefit expectations of the holders of Transferring Policies will not be materially adversely affected by the Schemes; and
- the Schemes will have no material adverse impact on the current and projected solvency position of the combined entity.

The HoAF of QlloM has concluded that:

- the Schemes will have no material adverse impact on the security of the benefits of QlloM policyholders;
- the fair treatment and reasonable benefit expectations of QlloM policyholders will not be materially adversely affected by the Schemes; and
- the Schemes will have no material adverse impact on the current and projected solvency position of the combined entity.

Copies of the reports of the HoAF of UL and QlloM are available on our website:

www.utmostinternational.com/IOM-scheme-transfer

A copy of the full report prepared by the Independent Actuary, which has also been provided to the FSA and to the High Court of Justice of the Isle of Man, the JFSC and the Royal Court of Jersey and the GFSC and the Royal Court of Guernsey, is also available on

our website.

Further information on the proposed transfer

Once you have read this circular, if you have further questions, contact details are available in Section 6 – Contact Details.

A hard copy of this circular is available on request, free of charge. All information regarding the proposed transfer is available on our website.

The following information will also be available for inspection, during normal business hours on any week day (Monday to Friday except public holidays), at the offices of our legal advisers: Appleby (Isle of Man) LLC, 33 - 37 Athol Street, Douglas, Isle of Man IM1 1LB, Appleby (Guernsey) LLP, Hirzel Court, St Peter Port, Guernsey, GY1 3BN and Appleby (Jersey) LLP, 13-14 Esplanade, St Helier, Jersey, JE1 1BD:

- Application to the High Court of Justice of the Isle of Man including the terms of the Isle of Man Scheme
- Application to the Royal Court of Guernsey including the terms of the Guernsey Scheme (as defined below)
- Application to the Royal Court of Jersey including the terms of the Jersey Scheme (as defined below)
- This Policyholder Circular
- The Independent Actuary's report

SECTION 2 - Summary of Proposed Transfer

Introduction

This section sets out a summary of the terms of the proposed transfer of the Transferring Policies from UL into QlloM.

The proposed transfer of the Transferring Policies to QlloM does not require the consent of policyholders, but it must be sanctioned by the High Court of Justice of the Isle of Man, the Royal Court of Guernsey and the Royal Court of Jersey before the transfer can occur.

A petition (or application) for the Isle of Man Scheme was presented by the directors of UL and QlloM to the High Court of Justice of the Isle of Man on 24 August 2022 asking the High Court of Justice of the Isle of Man to sanction the Isle of Man Scheme. We expect this application will be considered by the High Court of Justice of the Isle of Man on 9 November 2022. The High Court of Justice of the Isle of Man will hear from any concerned person whom it considers has an entitlement to be heard (including any policyholder). In parallel, the Royal Court of Guernsey and Royal Court of Jersey will hear from concerned persons whom they consider have entitlement, including any policyholder.

Effective Date of Transfer

If the Isle of Man Scheme is approved by the High Court of Justice of the Isle of Man, and subsequently the Guernsey Scheme and Jersey Scheme are sanctioned by the Royal Court of Guernsey and Royal Court of Jersey, respectively, the Schemes are expected to become effective on the 30 November 2022 (the "Effective Date").

Confirmation of the date of the Isle of Man Scheme sanction hearing in the High Court of Justice of the Isle of Man will be published in two newspapers published and circulating in the Isle of Man and on the dedicated transfer webpage – see Section 5 – Notices advertising the Petition.

Confirmation of the date of the Guernsey Scheme sanction hearing in the Royal Court of Guernsey will be published in the Guernsey La Gazette Officielle on at least two occasions.

Confirmation of the date of the Jersey Scheme sanction hearing in the Royal Court of Jersey will be published in the Jersey Gazette on at least two occasions.

Transferring Policies

The Transferring Policies will transfer to QlloM at the close of business on the Effective Date or such later date as QlloM may determine, which cannot be more than three months after the date of the order of the High Court of Justice of the Isle of Man sanctioning the Isle of Man Scheme.

If any Transferring Policies cannot transfer to QlloM on the Effective Date for legal or other reasons, they will transfer to QlloM on the date on which the impediment to their transfer has been removed or overcome.

Transferring Assets and Liabilities

It is anticipated that the assets and liabilities relating to the Transferring Policies will transfer to QlloM at the Effective Date.

The Schemes provide for UL to retain cash in an amount to be determined by UL and QlloM finance prior to the hearing of the application to sanction the Isle of Man Scheme, which is expected to be in the range £50m to £55m, which is intended to allow UL to meet its minimum capital requirement and its working capital requirements until it is de-authorised, as well as certain other assets that do not relate to the Transferring Policies.

The Schemes also provide for UL to retain certain liabilities, which do not relate to the Transferring Policies.

To the extent that any assets allocated to the Transferring Policies, or any liabilities arising in respect of or otherwise associated with those assets, cannot transfer to QlloM on the Effective Date for legal or other reasons:

- in the case of any asset, UL will hold the relevant asset in trust for QlloM, to the extent that such an arrangement is legally and practically feasible, and UL will be subject to the directions of QlloM in respect of the relevant asset until it is transferred to or otherwise vested in QlloM;
- in the case of any liability, QlloM will undertake to discharge on UL's behalf or, failing that, will indemnify UL against all expenses it may incur in connection with the relevant liability until it is transferred to or becomes a liability of Quilter; and
- the relevant assets and liabilities will transfer to QlloM on the date on which the impediment to their transfer has been removed or overcome.

Future operations of QlloM

Future operations in respect of the existing QlloM policies and Transferring Policies will be unaffected by the transfer.

The terms and conditions applying to all Transferring Policies remain unchanged following the transfer. QlloM will, following the Effective Date, operate the policies in the same manner as UL prior to the Effective Date. If your policy is linked to a financial adviser then this relationship will remain in place.

Administration of the Transferring Policies from the Effective Date

The arrangements in place prior to the transfer for the administration of the transferring business will remain in place following the transfer.

Branding

For the holders of Transferring Policies, **QlloM will become your insurer from the Effective Date.**

Separately to the transfer of business from UL to QlloM, QlloM is proposing to change its name to Utmost International Isle of Man Limited. It is anticipated that this name change will take place on or around 24 October 2022. From the date of the name change, you will see QlloM's new name and logo on its letters, website, and other formal correspondence.

Legacy documents will not be rebranded or re-issued.

On-line Services

Following the transfer and rebranding, the online information and services currently in place for Transferring Policies via www.utmostinternational.com website will remain accessible from the same location as today. Any existing user ids and passwords used to access online services will be valid post transfer. The new customer support area will provide information based on your particular policy; you will also be presented with relevant contact information, literature and links to secure sites, if applicable to your policy's product type.

The intention is not to make new online services available but rather to ensure that any services which you have access to pre-transfer will remain available to you afterwards.

Unit Linked Funds

If your policy permits investment in unit linked funds, your benefits are determined with reference to the performance of unit linked funds which either you or your authorised adviser have selected. The investments allocated to these unit linked funds will be transferred by the Schemes. The unit linked funds will continue to be managed by QlloM in exactly the same way as they were managed by UL prior to the Effective Date. Furthermore, the implementation of the Schemes will have no impact on the investment strategy of the unit linked funds. If your policy currently utilises the services of a discretionary fund manager, platform or custodian, these arrangements will remain in place following the transfer.

Additional Single Premiums, Regular Premiums and Claims

For Transferring Policies which are currently permitted to receive top up premiums, this will continue to be the case following the transfer. Any transactions including regular withdrawals, adviser charges and other claims that are in progress on the date of the transfer will be completed by QlloM following the transfer. This also means that any additional single or regular premiums paid immediately prior to the Effective Date will fall to QlloM following that date if they are not processed by the Effective Date.

Costs of the Schemes

The costs of implementing the Schemes will be borne by QlloM. No costs of the Schemes will be payable by policyholders.

Guernsey Residents

There are a number of Transferring Policies issued by UL which were concluded with policyholders resident in Guernsey. As a result of this, the sanction of the Royal Court of Guernsey will be sought for a separate scheme of transfer (the "Guernsey Scheme"). The Guernsey Scheme will be based upon and incorporate the terms of the Isle of Man Scheme.

The sanction of the Royal Court of Guernsey to the Guernsey Scheme will be sought following the sanction hearing in the High Court of Justice of the Isle of Man in respect of the Isle of Man Scheme.

You can inspect and obtain copies (free of charge) of the documents relating to the Guernsey Scheme, including the Independent Actuary's report, the Policyholder Circular and a copy of the Application to the Royal Court of Guernsey, during normal office hours at the offices of Appleby (Guernsey) LLP, Hirzel Court, St Peter Port, Guernsey, GY1 3BN.

The proposed transfer of the relevant Transferring Policies from UL to QlloM pursuant to the Guernsey Scheme does not require the consent of policyholders, but it must be sanctioned by the Royal Court of Guernsey pursuant to the Insurance Business (Bailiwick of Guernsey) Law, 2002 before the transfer can occur. Any Guernsey resident policyholder who alleges that they might be adversely affected by the carrying out of the Guernsey Scheme is entitled to make representations to the Royal Court of Guernsey (see Question 10 of Section 3 below). The hearing at which the sanction by the Royal Court of Guernsey will be sought is scheduled to take place at 9:30am on Friday, 11 November 2022 at the Royal Court of Guernsey, Royal Court House, St Peter Port, Guernsey, GY1 2PB. Details of any changes to the date of the hearing of the Guernsey Scheme, and copies of any supplemental reports prepared by the Independent Actuary in connection with the transfers will be made available at the website set out below.

The documents relating to the Guernsey Scheme will also be available free of charge on our website: www.utmostinternational.com/IOM-scheme-transfer.

Jersey Residents

Since UL holds a category A permit to conduct long term insurance business in Jersey, the sanction of the Royal Court of Jersey will be sought for a separate scheme of transfer (the "Jersey Scheme" and, together with the Isle of Man Scheme and the Guernsey Scheme, the "Schemes"). The Jersey Scheme will be based upon and incorporate the terms of the Isle of Man Scheme.

The sanction of the Royal Court of Jersey to the Jersey Scheme will be sought following the sanction hearing in the High Court of Justice of the Isle of Man in respect of the Isle of Man Scheme.

You can inspect and obtain copies (free of charge) of the documents relating to the Jersey Scheme, including the Independent Actuary's report, the Policyholder Circular and a copy of the Representation to the Royal Court of Jersey, during normal office hours at the offices of Appleby (Jersey) LLP, 13-14 Esplanade, St Helier, Jersey, JE1 1BD.

The proposed transfer of the relevant Transferring Policies from UL to QlloM pursuant to the Jersey Scheme does not require the consent of policyholders, but it must be sanctioned by the Royal Court of Jersey pursuant to the Insurance Business (Jersey) Law, 1996 before the transfer can occur. Any Jersey resident policyholder who alleges that they might be adversely affected by the carrying out of the Jersey Scheme is entitled to object in writing or to make oral representations (see Question 10 of Section 3 below). The hearing at which the sanction by the Royal Court of Jersey will be sought is scheduled to take place at 2:30pm on Monday, 14 November 2022 at the Royal Court of Jersey, Royal Court House, Jersey. Royal Square, St Helier, Jersey JE1 1BA. Details of any changes to the date of the hearing of the Jersey Scheme, and copies of any supplemental reports prepared by the Independent Actuary in connection with the transfers will be made available at the website set out below.

The documents relating to the Jersey Scheme will also be available free of charge on our website:
www.utmostinternational.com/IOM-scheme-transfer

SECTION 3 – Questions and Answers

Q1 Why are the transfers happening?

A1. For the transfer of the Transferring Policies, both companies involved in the transfer are part of the Utmost International group of companies. The consolidation of the life companies by way of the Schemes to create a single Isle of Man insurer has a number of benefits which include operational and capital efficiencies. The transfer is expected to create a more efficient, robust business, enhancing further its ability to meet policyholder expectations and to treat them fairly.

Q2 What will be the name of my insurance company after the transfer?

A2. Subject to the necessary court approvals being obtained, your policy will be transferred to QlloM on the Effective Date. QlloM will then be your insurer. QlloM is proposing to change its name to Utmost International Isle of Man Limited and it is anticipated that this name change will take place on or around 24 October 2022. From this date, you will see QlloM's new name and logo on its letters, website, and other formal correspondence.

Q3 Do I need to take any action?

A3. If, having read this circular, asked any questions of the companies and sought any advice needed, you are happy with our proposals, you are not required to take any action.

Q4 Who can I contact if I have a query about the proposed transfer?

A4. If you have a query, please call the helpline number given in Section 6 – Contact Details, or contact your independent financial adviser.

Q5 Do I need to vote on the proposals?

A5. No, the proposals are not subject to a vote. They do, however, need to be approved by the relevant court. The sanction of the High Court of Justice of the Isle of Man is required for the Isle of Man Scheme, the sanction of the Royal Court of Guernsey is required for the Guernsey Scheme, and the sanction of the Royal Court of Jersey is required for the Jersey Scheme.

Q6 Will the proposals affect the security of my benefits?

A6. The Independent Actuary has considered the impact of the Schemes on the security of your benefits. He has concluded that there would be no material adverse effect of the Schemes on the security of your benefits.

Q7 Are there any tax implications caused by the transfer of my policy?

A7. Based on current tax laws, the transfer is not expected to have any adverse

effect on the policyholder tax treatment of the Transferring Policies. Policyholders may wish to contact their tax advisor should they have any doubts in relation to their personal tax affairs.

Q8 Have the likely effects of the proposed transfers on my policy been assessed by anyone independent of the insurance companies proposing the transfer?

A8. Yes, in order for insurance business to transfer between insurers there is a legal and regulatory requirement that an Independent Actuary has to consider and report on the proposed transfer. We have included a summary of the Report of the Independent Actuary, in Section 4 of this circular. Philip Simpson, the Independent Actuary concludes that the proposals provide appropriate protection for the interests of transferring policyholders, there is no material adverse impact on the security of benefits for any group of policyholders as a result of the proposed Schemes and no policyholders will suffer any reduction in reasonable benefit expectations as a result of the proposed Schemes.

The Independent Actuary will keep the proposals under review up until the High Court of Justice of the Isle of Man sanction hearing date and the Royal Court of Guernsey and Royal Court of Jersey sanction hearing dates. A further safeguard which protects your interest is that the proposed transfers will take place only after they have been considered and approved by the High Court of Justice of the Isle of Man (and sanctioned by the Royal Court of Guernsey and the Royal Court of Jersey), following notification of and engagement with the FSA, the GFSC and the JFSC and any other regulators with whom the FSA is required to consult.

Q9 Why is the confirmation of the respective courts necessary? ^[1]_{SEP}

A9. The provisions of Isle of Man law (specifically section 21(1) of and Schedule 2 to the Isle of Man Insurance Act 2008) provide that the approval of the High Court of Justice of the Isle of Man is required for the proposed transfer of the Transferring Policies to take place. The proposed transfer will not be confirmed unless the High Court of Justice of the Isle of Man is satisfied that the interests of all policyholders will not be prejudiced by the proposed transfer and the requirements of applicable legislation have been met. Policyholders are entitled to attend the High Court of Justice of the Isle of Man on the date of the hearing, at which the approval of the High Court of Justice of the Isle of Man to the Isle of Man Scheme will be sought, to object in person or through their legal adviser.

As a number of Transferring Policies have been concluded with holders resident in Guernsey, the sanction of the Royal Court of Guernsey of the Guernsey Scheme is required, pursuant to The Insurance Business (Bailiwick of Guernsey) Law, 2002.

Since UL holds a category A permit to conduct long term insurance business in Jersey, the sanction of the Royal Court of Jersey of the Jersey Scheme is required, pursuant to the Insurance Business (Jersey) Law, 1996.

Q10 Can I object to the proposed transfer? ^[1]_{SEP}

A10. **Isle of Man Policyholders** Yes, you are entitled to object to the Isle of Man Scheme in person or in writing or through your legal advisors. Policyholders should first review the details contained in this circular. If you then wish to object to the

proposed transfer, you are entitled to attend the High Court of Justice of the Isle of Man on the day of the hearing at which the sanction of the High Court of Justice of the Isle of Man to the Isle of Man Scheme will be sought (scheduled for 9 November 2022). You can attend in person or send a representative on your behalf.

If you wish to be heard at the hearing of the Petition, please notify our advocates of this intention by writing to Garry Manley at Appleby (Isle of Man) LLC, 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB or by emailing gmanley@applebyglobal.com with reference 451606.0001, as soon as possible, setting out the reasons for your concerns. However, you are still entitled to attend the hearing even if you have not contacted us in advance.

Guernsey Resident Policyholders are entitled to object to the Guernsey Scheme. The approval hearing in the Guernsey Court is scheduled for 11 November 2022 and you are entitled to attend in person or by sending a representative and may be heard by the court if you allege that you would be adversely affected by the carrying out of the Guernsey Scheme. If you wish to object to the Guernsey Scheme, please notify our advocates of this intention by writing to Stuart Tyler, Appleby (Guernsey) LLP, Hirzel Court, St Peter Port, Guernsey, GY1 3BN or by emailing styler@applebyglobal.com with reference 451606.0003, as soon as possible, setting out the reasons for your concerns. Note that your right to attend the court hearing and object is not affected if you have not notified us prior to the hearing.

Jersey Resident Policyholders are entitled to object to the Jersey Scheme in person or in writing or by any Jersey Advocate. If you wish to raise an objection, please write to Gemma Whale at Appleby (Jersey) LLP, 13-14 Esplanade, St Helier, Jersey, JE1 1BD, citing reference 'AW/GW/451606.0002', as soon as possible, setting out the reasons for your concerns. The approval hearing in the Jersey Court is scheduled for 14 November 2022 and you are entitled to attend in person or by sending a representative. Note that your right to attend the court hearing and object in person is not affected if you have not notified us prior to the hearing.

If you wish to object to the transfer you can, as an alternative to attending a Court hearing in person or through your legal adviser, do so by contacting us in writing or by email using the contact details in Section 6 – Contact Details, stating the reasons for your concerns. We will make your views known to the Independent Actuary and to the Courts.

Q11 Will the proposals automatically go ahead?

A11. No. The proposed transfer will only proceed if it is approved by the respective courts, having received a positive report from the Independent Actuary and the non-objection of the relevant regulators. The courts will only approve the proposed transfer if satisfied that the proposals are appropriate and fair to policyholders and meet the relevant legal requirements. To do this, the courts will consider the opinion of the Independent Actuary and note whether there has been any objection from relevant regulators. Objections received from policyholders will also be considered.

Q12 How will I know whether the respective courts have approved the proposed transfer? ^[1]_{SEP}

A12. Following the court hearing we will publicise the fact that the relevant Scheme

has been sanctioned (and as a result can be implemented) through a newspaper notice in Guernsey, to be published in the Guernsey La Gazette Officielle and on the website www.utmostinternational.com/IOM-scheme-transfer. You do not need to take any action as a result of the transfers.

Q13 Will I retain my existing policy after the transfers?

A13. Yes, there is no need for your existing policy documents to be altered or for new policies to be issued.

Q14 Will my policy be the same after the transfers?

A14. Yes. There will be no change to the terms and conditions of your policy other than the change of insurer.

Q15 Will I still be able to make changes to my policy or take advantage of any options available under my policy?

A15. Yes, subject to the existing terms and conditions of your policy, which are not changing as a result of these proposals.

Q16 Will the transfers result in a change to the investments that my policy is invested in?

A16. No, there will be no change to the underlying fund strategy of your policy.

Q17 Will I be able to make top up payments to my policy after the transfers?

A17. If your policy allows top up payments now, then you will be able to make them after the transfer in accordance with the terms and conditions of your policy.

Q18 I've received a letter about the transfer but my policy is cancelled. Do I need to do anything?

A18. If your policy is no longer in force and can't be reinstated, you don't need to take any action and you can ignore this mailing.

Q19 What happens if the courts do not approve the transfer?

A19. If the proposed transfers are not approved by the relevant court then your policy will continue to be with UL.

Q20 Why have I received more than one letter about the transfer?

A20. If you have more than one policy with QlloM or UL you may receive more than one copy of the letter.

Q21 Why have I received a letter about the transfer when I no longer have a policy?

A21. If you no longer have a policy in place, you should not have received a letter and we apologise for any inconvenience this has caused.

Q22 Will the transfer impact my data subject rights under the General Data Protection Regulation (Regulation (EU) 2016/79) (the “GDPR”) or associated Data Protection Regulations?

A22. The GDPR gives individuals (data subjects) a right to be informed about the collection and use of their personal data. Post transfer, QlloM will be the Data Controller in relation to your personal data. QlloM's Data Privacy Notice (“DPN”) provides information about the ways in which QlloM will collect, store and use personal data relating to individuals. The DPN is available on the website - <https://utmostinternational.com/privacy-statements/>. The point of contact for all queries arising from this privacy notice, including requests to exercise data subject rights, is QlloM Data Protection Officer. The Data Protection Officer can be contacted via dpo@utmostwealth.com.

SECTION 4 - Summary of the Report of the Independent Actuary

MILLIMAN CLIENT REPORT

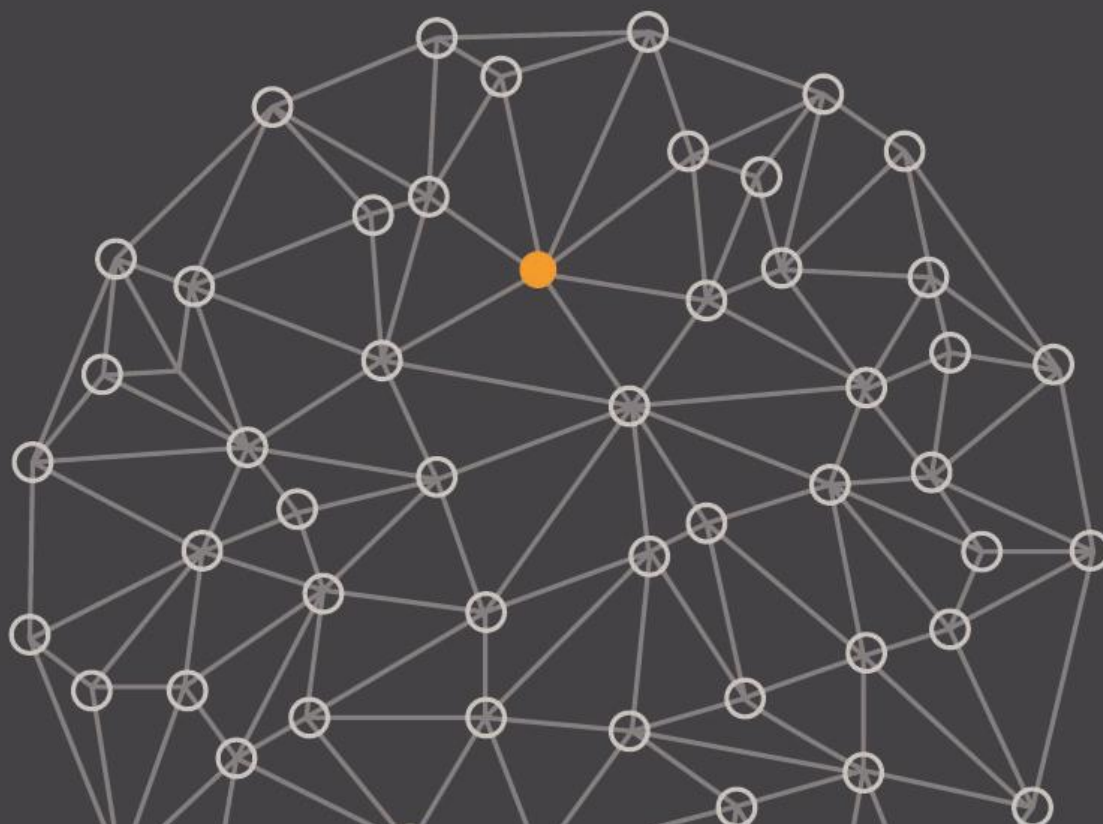
Utmost Limited

Summary Report of the Independent Actuary on the proposed transfer of insurance business from Utmost Limited to Quilter International Isle of Man Limited

Final Version

24 August 2022

Philip Simpson, FIA



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1. INTRODUCTION

INTRODUCTION

- 1.1 Utmost Limited ("Utmost") proposes to transfer its entire business to Quilter International Isle of Man Limited ("Quilter") by an insurance business transfer scheme (the "Scheme"), pursuant to Section 21(1) of and Schedule 2 to the 2008 Insurance Act. Utmost is the "Transferor" and Quilter is the "Transferee". I understand that Quilter intends to change its name to Utmost International Isle of Man Limited, with the rename being launched on 24 October 2022.
- 1.2 Section 21(1) of and Schedule 2 to the Insurance Act 2008 requires that an application to the High Court of Justice of the Isle of Man (Civil Division) (the "Court") for an order sanctioning an insurance business transfer scheme must be accompanied by a report on the terms of the scheme (the "Scheme Report") by an independent actuary (the "Independent Actuary") having the skills necessary to make the report and who is approved by the Isle of Man Financial Services Authority ("FSA"). The Scheme Report is required in order that the Court may properly assess the impact of the proposed transfer, including the effect on the policyholders of the insurance companies in question. In addition, the Scheme Report, or the summary of it, may be used by policyholders to help them assess the likely effects of the Scheme on them.
- 1.3 Utmost has nominated me, Philip Simpson, to act as Independent Actuary to provide the Scheme Report in respect of the Scheme, and the FSA has approved my appointment by letter dated 22 February 2022.
- 1.4 This document (the "Summary Report") sets out a summary of the Scheme together with a summary of my assessment of how the proposed transfer is likely to affect various groups of policyholders. My full assessment of the Scheme is set out in the Independent Actuary's Report (which I refer to as the "Main Report"), which is available on the webpage dedicated to this transfer. Please refer to the Main Report for the scope of my work and my conclusions, and the reliances, limitations and standards applying to my work. The Main Report and this summary do not provide financial or other advice to individual policyholders.
- 1.5 In arriving at conclusions in the Main Report, which are summarised in this Summary Report, I have applied the concept of "materiality", and considered whether I believe any group of policyholders in the round is "materially adversely affected" by the implementation of the Scheme. If a potential effect of the Scheme is very unlikely to happen and does not have a significant impact, or is likely to happen but has a very small impact, then I do not consider it to have a material effect on the policies.
- 1.6 Shortly before the Court hearing at which an order sanctioning the Scheme will be sought, I will prepare a supplementary report (the "Supplementary Report") that will cover any relevant matters that have arisen since the date of this Summary Report and my Main Report.

BACKGROUND OF THE COMPANIES INVOLVED IN THE SCHEME

- 1.7 Utmost Group Plc ("UGPlc") has a number of direct and indirect subsidiaries, including Utmost Limited ("Utmost") and Quilter International Isle of Man Limited ("Quilter"). In this Report, I refer to UGPlc and its direct and indirect subsidiaries collectively as the "Utmost Group".
- 1.8 Both Utmost and Quilter are domiciled, authorised and regulated in the Isle of Man ("IoM").
- 1.9 It is proposed to transfer the entire business of Utmost to Quilter by an insurance business transfer scheme (the "Scheme"), pursuant to Section 21(1) of and Schedule 2 to the 2008 Insurance Act. The implementation of the Scheme will require the approval of the High Court of Justice in the Isle of Man (Civil Division) (the "Court").
- 1.10 The business of Utmost that is to be transferred under the proposed Scheme contains policies which were issued to policyholders resident in Guernsey (the "Guernsey Policies") and policies which are carried on by Utmost in or from Jersey (the "Jersey Policies"). The transfer of the Guernsey Policies will, in addition to the Scheme, be conditional upon the approval of the Royal Court of Guernsey of a parallel Guernsey transfer scheme (the "Guernsey Scheme"). Similarly, the transfer of the Jersey Policies will, in addition to the Scheme, be conditional upon the approval of the Royal Court of Jersey of a parallel Jersey transfer scheme (the "Jersey Scheme").

2. THE PROPOSED SCHEME

MOTIVATION FOR THE SCHEME

- 2.1 The Utmost Group specialises in the acquisition and consolidation of life assurance business. In 2021, Utmost Group acquired the international business segment of the Quilter group, Quilter International Holdings Limited, which included its subsidiary, Quilter.
- 2.2 The proposal to transfer the business of Utmost to Quilter forms part of the Utmost Group's continuing consolidation strategy, and the Utmost Group anticipates that the Scheme will have the following benefits:
- Consolidation is a core competency for the Utmost Group. They acquire life assurance business and then consolidate to simplify the Utmost Group structure;
 - Operational efficiencies as fewer companies means business lines and operational risks are streamlined, leading to a reduction in the overhead costs required to manage and maintain the business;
 - Capital efficiencies from the diversification benefits of combining Utmost and Quilter and capital fungibility e.g. it allows capital to be utilised against losses without the need for complex intra-group capital transactions; and
 - Simplified liquidity management as the company will only need to manage one pool of assets to meet the liquidity needs of the business.
- 2.3 In addition, the Utmost Group anticipates that the proposed Scheme will create a more efficient and robust business, giving greater certainty to the policyholders over its ability to meet expectations.

SUMMARY OF THE SCHEME

- 2.4 The business to be transferred under the Scheme consists of all the long-term business of Utmost (the "Transferring Business"), which is unit-linked business, and includes:
- "With-Profit Fund Linked" business – these policies invest directly into two of Aviva Life and Pensions UK Limited's with-profits funds. No new With-Profit Fund Linked business is written, however top-ups are permitted;
 - "Modified Co-Insurance" business – Utmost has modified co-insurance arrangements in place with AXA China Region Insurance Company (Bermuda) Ltd ("AXA China") and AXA Life Insurance Singapore Private Limited ("AXA Singapore"). Under these arrangements, AXA China and AXA Singapore write the business directly but it is ceded to Utmost; and
 - "Other Unit-Linked" business – this is all the other business of Utmost that is not either With-Profit Fund Linked nor Modified Co-Insurance business.

Whilst the Guernsey Policies and Jersey Policies are subject to parallel transfer processes, they are, for all purposes of the Scheme, part of the Transferring Business.

- 2.5 In respect of the Transferring Business, and in particular the With-Profit Fund Linked business, Utmost has two reinsurance treaties in place with Aviva Life and Pensions UK Limited ("ALAP").
- 2.6 I understand that it may not be possible to transfer under the Scheme contracts which are not governed by IoM law. The Modified Co-Insurance agreement with AXA China and the two reinsurance agreements with ALAP have been identified as not being governed by IoM law. Therefore, alongside the Scheme a separate process will be established to novate these contracts. I understand that other, non-insurance, contracts may also be novated.

- 2.7 The proposed Scheme, if implemented, would transfer all of the liabilities associated with the Transferring Business, with the exception of any Residual Liabilities¹ and Excluded Liabilities², and all the assets of Utmost, with the exception of Residual Assets³ and Excluded Assets⁴, to Quilter on the Effective Date (i.e. the date on and from which the Scheme would become effective), which is expected to be 30 November 2022. The planned effective dates of both the Guernsey Scheme and Jersey Scheme are the same as the Effective Date of the Scheme, i.e. 30 November 2022. The effective dates of the Guernsey Scheme and Jersey Scheme are linked to the Effective Date of the Scheme and would therefore also be deferred if the Effective Date of the Scheme was deferred.
- 2.8 It is anticipated that the novation of the Modified Co-Insurance agreement with AXA China and the two reinsurance agreements with ALAP would take effect on the same date as the Effective Date. I consider the novation of these contracts further in paragraphs 7.5 to 7.8 below.
- 2.9 Figure 2.1 below sets out the number of policies fund values associated with the Transferring Business as at 31 December 2021.

FIGURE 2.1 UTMOST BUSINESS POLICY COUNT AND FUND VALUE AT 31 DECEMBER 2021

Policy Count	With-Profits Fund Linked	Modified Co-Insurance	Other Unit-Linked
Policy Count	1,080	467	27,311
Fund Value (£m)	273.9	408.9	10,961.9

Source: Information provided on request from Wrexall Capital Solutions ("WCS")

- 2.10 The Scheme is expected to be presented to the Court for a Directions Hearing⁵ on 7 September 2022 and for a Sanction Hearing⁶ on 9 November 2022.

3. MY CONSIDERATIONS WITH RESPECT TO THE PROPOSED SCHEME

- 3.1 The key points to consider in respect of each group of policyholders affected by the proposed Scheme are the likely change (if any) to the following as a result of the implementation of the proposed Scheme:
- The security of policyholder benefits. This is derived from the financial strength available to provide security for the benefits under the applicable risk appetite statement, capital management policy, reinsurance arrangements and any support available from the parent company by virtue of being part of a group;
 - It is also derived from any protection conferred by the IoM's Policyholder Compensation Scheme ("PCS") and United Kingdom's Financial Compensation Scheme ("FSCS"), where applicable;
 - The profile of risks to which the policies are exposed;
 - The oversight provided by the regulatory regime that will apply to the policies;
 - The reasonable expectations of policyholders in respect of their benefits; and
 - The services provided to policyholders, including the likely effects of the transfer on the standards of administration, service, management and governance as applied to each group of policies.

¹ The Residual Liabilities are all the liabilities associated with policies that cannot be transferred to or vested in Quilter under the Scheme at the Effective Time for any reason. Utmost will hold assets associated with the Residual Liabilities as trustee for Quilter.

² The Excluded Liabilities are all the liabilities associated with the Constructive Funds which are all the funds held by Utmost as constructive trustee, deriving from three long-term business policies that were unenforceable for illegality and were cashed.

³ The Residual Assets are all the assets associated with policies that cannot be transferred to or vested in Quilter under the Scheme at the Effective Date for any reason. Utmost will hold assets associated with the Residual Liabilities as trustee for Quilter.

⁴ The Excluded Assets are cash of an amount, which is expected to be around £50m, which represents the surplus over and above unit linked and current liabilities, the actual amount will be determined prior to the Sanction Hearing, the UPE Agreement which is a management services agreement for the provision of services between Utmost PanEurope Designated Activity Company and Utmost and the Constructive Funds.

⁵ The Directions Hearing is a short hearing at which the Court makes procedural orders with regard to a proposed scheme, in particular in relation to communications with policyholders.

⁶ The Sanction Hearing is a hearing at which the Court hears the application to sanction a proposed transfer of insurance business.

3.2 I consider the likely impact of the Scheme separately for the following groups of policyholders:

- The impact of the Scheme on policyholders of the Transferring Business; and
- The impact of the Scheme on the policyholders of Quilter ("Existing Policyholders").

UTMOST AND QUILTER BALANCE SHEETS

3.3 Summarised pre-Scheme and pro-forma post-Scheme balance sheets, prepared under the current regulatory solvency framework for insurers and reinsurers authorised in the Isle of Man carrying on long-term insurance business ("Insurance Solvency Regulations") are set out in Figure 3.1 and Figure 3.2 below. The pro-forma post-Scheme balance sheets reflect the financial position of Quilter assuming the Scheme had taken effect as at 31 December 2021. As the proposed Scheme transfers all the policyholders of Utmost (the Transferring Business), and their associated liabilities to Quilter, it is not expected that there will be any policyholder liabilities in Utmost post-Scheme and therefore we do not show a pro-forma post-Scheme balance sheet for Utmost.

FIGURE 3.1 SUMMARISED PRE-SCHEME INSURANCE SOLVENCY REGULATIONS BALANCE SHEETS AS AT 31 DECEMBER 2021

£M	UTMOST PRE-SCHEME	QUILTER PRE-SCHEME
Own Funds	276.5	666.1
SCR	180.2	345.8
Excess Own Funds	96.3	320.3
SCR ratio	153%	193%

Source: Information provided by Wraxall Capital Solutions Ltd, Quilter Appointed Actuary Report on the Scheme and Utmost Appointed Actuary Report on the Scheme.

FIGURE 3.2 SUMMARISED PRO-FORMA POST-SCHEME INSURANCE SOLVENCY REGULATIONS BALANCE SHEETS AS AT 31 DECEMBER 2021

£M	QUILTER POST-SCHEME
Own Funds	930.0
SCR	498.1
Excess Own Funds	431.9
SCR ratio	187%

Source: Information provided by Wraxall Capital Solutions Ltd, Quilter Appointed Actuary Report on the Scheme and Utmost Appointed Actuary Report on the Scheme.

3.4 Please note that the pro-forma post-Scheme balance sheets include the impact of the alignment of the assumptions and models used by Utmost and Quilter.

3.5 I have been provided with information which enables me to estimate the impact of the alignment of assumptions on the results shown in Figure 3.2 and I am satisfied that had the assumptions not been aligned Quilter would still have had sufficient Own Funds to meet its Capital Management Policy.

4. THE IMPACT OF THE SCHEME ON TRANSFERRING POLICYHOLDERS

4.1 The policies within the Transferring Business are collectively referred to as the "Transferring Policies", and the policyholders holding these policies are collectively referred to as the "Transferring Policyholders". In this section I consider the likely effects on the Transferring Policyholders of the implementation of the proposed Scheme.

THE EFFECT OF THE SCHEME ON THE SECURITY OF THE TRANSFERRING POLICYHOLDERS' BENEFITS

- 4.2 I have considered the effect of the proposed Scheme on the security of benefits under the Transferring Policies.
- 4.3 In summary, I have concluded that if the proposed Scheme were to be implemented:
- Both Utmost and Quilter have capital management policies that are aligned to the Utmost Group risk appetite and so the minimum capital ratio they must maintain immediately after the payment of a dividend is the same;
 - The management responses required following a breach of the minimum capital buffer are materially the same for Utmost and Quilter;
 - The governance arrangements in respect of any changes to the respective capital management policies are materially the same for Utmost and Quilter;
 - Reliance on the financial strength of Quilter rather than Utmost will not lead to a material adverse effect on the security of benefits of the Transferring Policies;
 - There would be no changes to the existing reinsurance arrangements used in respect of the Transferring Business, other than that the arrangements would either be transferred under the Scheme or novated to Quilter; and
 - Both Utmost and Quilter are members of the Utmost Group, with UGPlc being the ultimate regulated insurance holding company of both. It is therefore unlikely that the proposed Scheme would change UGPlc's willingness or ability to support the Transferring Business.
- 4.4 The Transferring Business sold under permissions held by Utmost in the United Kingdom (the "UK Transferring Business") currently benefits from the protection conferred by the FSCS, the United Kingdom's statutory 'fund of last resort', in respect of any civil liabilities relating to the sales, distribution and facilitation activities carried out in the United Kingdom ("UK"). If the Scheme were to be implemented, the protection conferred by the FSCS would be lost. However, I note that:
- The policyholders of the UK Transferring Business will continue to benefit from the protection conferred by the PCS, which is the Isle of Man's statutory 'fund of last resort';
 - I understand that the current protection conferred by the FSCS only relates to a limited set of circumstances, in that it is only in respect of civil liabilities relating to the sales, distribution and facilitation activities carried out in the UK, whereas the remit of the PCS is wider than this;
 - I have been informed that Utmost and its associated service provider companies have not incurred any civil liability in respect of sales, distribution and facilitation activities carried out in the UK in the last 25 years; and
 - At the Effective Date Quilter will be adequately capitalised and will be required to comply with the Insurance Solvency Regulations; therefore I consider the likelihood of default or insolvency of Quilter to be low.
- 4.5 The non-UK Transferring Business is not eligible for the FSCS. The proposed Scheme would not result in any change to the protection conferred by the PCS.
- 4.6 Overall, I am satisfied that if the proposed Scheme were to be implemented, there would be no material adverse effect on the security of benefits under the Transferring Policies.

THE EFFECT OF THE SCHEME ON THE PROFILE OF RISKS TO WHICH THE TRANSFERRING POLICIES ARE EXPOSED

- 4.7 Currently the Transferring Policyholders are exposed to the risk profile of Utmost, if the proposed Scheme were to be implemented the Transferring Policyholders would instead be exposed to the risk profile of Quilter.
- 4.8 The risk profiles of Utmost and Quilter are broadly equivalent, both are primarily exposed to life underwriting risk, driven by lapse risk, and market risk, driven by equity and currency risk. These risks are typical of insurance companies primarily writing unit-linked life assurance business.

- 4.9 Overall, I am satisfied that the Transferring Business will not be materially adversely affected by the change in profile of risks to which it is exposed as a result of the implementation of the proposed Scheme.

THE EFFECT ON THE TRANSFERRING POLICYHOLDERS OF THE APPLICABLE REGULATORY AND LEGAL REGIME

- 4.10 Utmost holds certain permissions in the UK, which I understand means it is also subject to conduct of business rules issued by the conduct regulator in the UK, the Financial Conduct Authority ("FCA") in respect of business sold in the UK. The proposed Scheme transfers the Transferring Policies to Quilter, which does not hold any permissions in the UK and therefore is not subject to conduct of business rules issued by the FCA. As a result, there are some changes to:
- The authorities responsible for the conduct of business supervision;
 - The independent complaints service to which the UK Transferring Policyholders have access; and
 - The funds of last resort from which the UK Transferring Policyholders benefit.

Conduct of business regulation

- 4.11 Following the Scheme, conduct of business supervision will be solely provided by the conduct regulator in the IoM, the Financial Services Authority ("FSA"). This represents a change for all UK Transferring Business, as for this business conduct of business supervision is currently provided by both the FSA and FCA. However, both the FSA and FCA have each issued conduct principles which aim to ensure the fair treatment of customers.

Access to the services of an independent complaints service

- 4.12 Currently, Transferring Policyholders have access to the Financial Services Ombudsman Scheme ("FSOS") in the IoM. I understand that the policyholders of the UK Transferring Business also currently have access to the Financial Ombudsman Scheme ("FOS"), the independent complaints service in the UK, in respect of regulated activities undertaken by Utmost in the UK.
- 4.13 After the proposed Scheme, the policyholders of UK Transferring Business will lose access to the FOS in respect of acts and omissions which occur after the Effective Date. The access of the Transferring Business to the FSOS will be unchanged by the proposed Scheme.
- 4.14 I consider the services provided by the FOS and FSOS to be broadly similar, in that:
- They are both independent bodies which aim to resolve complaints from individuals against financial service providers;
 - Where required, they set a level of compensation to remediate individuals and can make legally binding rulings; and
 - The complaints procedures are similar.
- 4.15 Utmost has confirmed that in the last 25 years no complaints have been referred to the FOS in respect of the business of Utmost, and there are also no pending cases with the FOS. Therefore, the fact that post-Scheme policyholders of the UK Transferring Business will be required to raise complaints with the FSOS rather than the FOS, does not represent a material change to the current approach taken by Transferring Policyholders.
- 4.16 Overall, given the similarities in the services provided by the FOS and FSOS and the continued access to the FSOS, and despite the differences in maximum award, I am satisfied that the implementation of the proposed Scheme would not have a material adverse effect on the rights of Transferring Policyholders in relation to their access to the services of an independent complaints service.

Access to a compensation scheme in the event of insurer default or insolvency

- 4.17 The Transferring Business sold under permissions held by Utmost in the United Kingdom (the "UK Transferring Business") currently benefits from the protection conferred by the FSCS, the United Kingdom's statutory 'fund of last resort', in respect of any civil liabilities relating to the sales, distribution and facilitation activities carried out in the United Kingdom ("UK"). If the Scheme were to be implemented, the protection conferred by the FSCS would be lost. However, I note that:
- The policyholders of the UK Transferring Business will continue to benefit from the protection conferred by the PCS, which is the Isle of Man's statutory 'fund of last resort';

- I understand from Utmost that the current protection conferred by the FSCS only relates to a limited set of circumstances, in that it is only in respect of civil liabilities relating to the sales, distribution and facilitation activities carried out in the UK, whereas the remit of the PCS is wider than this;
- I have been informed that Utmost and its associated service provider companies have not incurred any civil liability in respect of sales, distribution and facilitation activities carried out in the UK in the last 25 years; and
- At the Effective Date Quilter will be adequately capitalised and will be required to comply with the Insurance Solvency Regulations; therefore I consider the likelihood of default or insolvency of Quilter to be low.

4.18 The non-UK Transferring Business is not eligible for the FSCS. The proposed Scheme would not result in any change to the protection conferred by the PCS.

Conclusion

4.19 Overall, I am satisfied that the change in the applicable regulatory and legal regime would not have a material adverse effect on the Transferring Policies.

THE EFFECT OF THE SCHEME ON THE REASONABLE EXPECTATIONS OF THE TRANSFERRING POLICYHOLDERS

- 4.20 If the proposed Scheme were to be implemented there would be no changes to the terms and conditions of the Transferring Policies (aside from becoming policies of Quilter).
- 4.21 The implementation of the Scheme would not have a material adverse effect on the benefit expectations of the Transferring Policies because:
- The Transferring Policies will still have access to the same range of funds as they do currently, and there will be no change to the management of these funds or to the number, value or type of units held;
 - Where the charges on the Transferring Business are contractual, these would be unchanged by the Scheme;
 - As a result of the programme to integrate Quilter into the Utmost Group, Quilter's approach to the application of discretion is aligned to that of Utmost, therefore there will be no change to the approach to discretion as a result of the proposed Scheme; and
 - Based on the information provided to me by Utmost Group's internal tax team, if the proposed Scheme were to be implemented, I am satisfied that there would not be any material adverse change to policyholders' tax liabilities.

THE EFFECT OF THE SCHEME ON MANAGEMENT, GOVERNANCE, ADMINISTRATION AND SERVICING OF THE TRANSFERRING POLICYHOLDERS

- 4.22 The Transferring Business is currently subject to the management and governance of Utmost and would, if the Scheme is implemented, be subject to the management and governance of Quilter. The organisational structure of Quilter was aligned to that of Utmost on 1 April 2022. Therefore, in the same way that Utmost does currently, the Quilter Board delegates certain tasks to a small number of committees.
- 4.23 The Transferring Business is currently administered by Utmost Services Limited ("USL"), under the terms set out in [an](#) Master Services Agreement ("MSA") between Utmost and USL. As a result of the proposed Scheme a new agreement is to be put in place between Quilter and Utmost Administration Limited ("UAL"), a different service company in the Utmost Group, which I understand is currently being drafted.
- 4.24 Although as a result of the Scheme the administration of the Transferring Business would be under the terms of a new MSA and the administration services will be provided by UAL rather than USL, I understand from Utmost that these changes do not result in any changes to the individuals performing the administration of the Transferring Business nor the platform on which it is administered. In addition, the Utmost Board will continue to be provided with information for it to assess the level of service being provided to the Transferring Business. Once the MSA is drafted, I will review this and provide an update in my Supplementary Report.
- 4.25 Overall, I am therefore satisfied that the implementation of the Scheme would not have a material adverse effect on the levels and standards of management, governance, administration and service that would apply to the Transferring Business.

5. THE IMPACT OF THE SCHEME ON THE EXISTING POLICYHOLDERS

5.1 In this section I consider the likely effects on the Existing Policyholders of the implementation of the proposed Scheme.

THE EFFECT OF THE SCHEME ON THE SECURITY OF THE EXISTING POLICYHOLDERS' BENEFITS

5.2 I have considered the effect of the proposed Scheme on the security of benefits under the policies held by the Existing Policyholders (the "Existing Policies").

5.3 In summary, I have concluded that if the Scheme were to be implemented:

- There would be no change to Quilter's capital management policy;
- There would be no material adverse effect on the financial strength of Quilter;
- There would be no changes to the reinsurance arrangements used by Quilter; and
- There would be no change to the parental support from UGPIc to Quilter.

5.4 Therefore, I am satisfied that, if the proposed Scheme were to be implemented, there would be no material adverse effect on the security of the benefits under the Existing Policies.

THE EFFECT OF THE SCHEME ON THE PROFILE OF RISKS TO WHICH THE EXISTING POLICYHOLDERS ARE EXPOSED

5.5 If the proposed Scheme were to be implemented, the risk profile of Quilter would not be materially altered. The most material risks would continue to be life underwriting and market risk. Therefore, I am satisfied that the proposed Scheme does not have a material adverse effect on the profile of risk to which the Existing Policies are exposed.

THE EFFECT OF THE SCHEME ON THE REASONABLE EXPECTATIONS OF THE EXISTING POLICYHOLDERS IN RESPECT OF THEIR BENEFITS AND SERVICE STANDARDS

5.6 If the proposed Scheme were to be implemented there would be no change to:

- The terms and conditions of the Existing Policies;
- The governance and management of the Existing Policies; or
- The administration of the Existing Policies, therefore there is no reason why the quality of administration or the level of service provided to the Existing Policyholders would deteriorate as a result of the Scheme.

5.7 In addition to there being no changes to the terms and conditions of Existing Policies, there will be no changes to the Linked Funds of Quilter as a result of the proposed Scheme.

6. MY CONSIDERATIONS IN RESPECT OF THE FAIR TREATMENT OF CUSTOMERS IN RELATION TO THE SCHEME

PROPOSED WAIVER APPLICATION

Existing Policyholders

6.1 Quilter intends to seek a waiver from the regulatory requirement to send written notice to the Existing Policyholders. This is on the basis that although the volume of Transferring Business is material, the product types transferring are similar to those already sold by Quilter.

6.2 In addition, I have concluded that the implementation of the proposed Scheme would have no material adverse effect on the Existing Policyholders. I am therefore satisfied that the application for a waiver from the regulatory requirements to send a written notice to the Existing Policyholders is reasonable.

Written statement setting out the terms of the Scheme and containing this Summary Report

- 6.3 Utmost is seeking a waiver to the requirement that a statement is sent to each Transferring Policyholders which includes a summary of the terms of the Scheme and this Summary Report. Instead, Utmost intends to send a short letter to the Transferring Policyholders (for whom it holds a valid name and address and are alive at the time of the mailing) informing them of the Scheme and referring them to a dedicated webpage.
- 6.4 I understand the waiver is sought on proportionate and practical grounds as it avoids bulk printing and mailing which I understand from Utmost would be a considerable cost, including an environmental cost. Based on this and given that policyholders will be directed to a dedicated webpage containing all the necessary information, I am satisfied that this application for a waiver is reasonable. In addition, the Website Referral Letter sets out that Transferring Policyholders may request paper copies of the Policyholder Circular, and details the ways in which such a request can be made.

Gone-away and deceased policyholders

- 6.5 Utmost are seeking a waiver to the requirements to write to Transferring Policyholders who are gone-away (i.e. for which Utmost does not hold a valid address) and deceased Transferring Policyholders for which no personal representative has been appointed.
- 6.6 Given that only 0.1% of Transferring Policyholders are gone-away, and on the basis that Utmost will attempt to identify a personal representative where possible, I am satisfied that it is reasonable to request a waiver to the requirements to write to Transferring Policyholders who are gone-away or deceased with no personal representative appointed.

Information on dedicated webpage

- 6.7 As detailed in paragraph 6.3, Utmost intends to send to the Transferring Policyholders, excluding those for which it is applying for a waiver, a letter informing them of the Scheme and referring them to a dedicated webpage (the "Website Referral Letter"). A copy of the Website Referral Letter and a "Policyholder Circular", together the "Policyholder Pack", will be accessible via the dedicated webpage. The Policyholder Circular will contain:
- A statement summarising the terms of the Scheme;
 - A summary, produced by me, of this Report;
 - A Questions & Answers section providing answers to the most common questions that a policyholder may have about the Scheme;
 - A copy of the legal notice of the Scheme; and
 - Details of how the policyholder can contact Utmost should they have any questions on the Scheme or should they wish to object to the Scheme.
- 6.8 I understand that should any customers request communications in a different format, for example in larger font, then Utmost would follow its standard procedure for such requests and provide a Policyholder Pack in the requested format.
- 6.9 Paper copies of the full Scheme document(s) and this Report will be available on request and without charge.
- 6.10 I have reviewed the draft Policyholder Pack and I am satisfied that the content highlights to the Transferring Policyholders the key elements of the Scheme of which they should be aware.

Communications with counterparties to inwards reinsurance

- 6.11 Utmost has two inwards reinsurance contracts in place with AXA China and AXA Singapore, under which the Modified Co-Insurance business written by AXA China and AXA Singapore is reinsured to Utmost. Quilter do not propose to send the Policyholder Pack to AXA China and AXA Singapore, but are instead in direct discussion with both AXA China and AXA Singapore in relation to the proposed Scheme.
- 6.12 For the avoidance of doubt, the Policyholder Pack will not be sent to the underlying policyholders of the Modified Co-Insurance Agreements, as these are direct policyholders of AXA China or AXA Singapore and not of Utmost.

Communications with counterparties to outwards reinsurance

- 6.13 Utmost has an outwards reinsurance contract in place with ALAP under which it reinsures the With-Profit Fund Linked Business to ALAP. Quilter do not propose to send the Policyholder Pack to ALAP, but are instead in direct discussion with ALAP in relation to the proposed Scheme.
- 6.14 As policyholders of the With-Profit Fund Linked Business are direct policyholders of Utmost they will be sent the Policyholder Pack.

Conclusion

- 6.15 I have reviewed the proposed communications strategy and draft Policyholder Pack. Overall, I am satisfied that the proposed approach to communication with policyholders, including the application of waivers, is fair and reasonable, and that it adequately describes the proposals to policyholders.
- 6.16 The costs of the Scheme will be met by Quilter. I am satisfied with this allocation of costs of the Scheme is reasonable.

7. OTHER CONSIDERATIONS IN RELATION TO THE SCHEME

THE FUTURE OPERATION OF THE SCHEME

- 7.1 If the proposed Scheme is approved by the Court (and subject to any subsequent amendment of the Scheme, as considered below), Utmost and Quilter are committed to implementing the Scheme as set out in the Scheme document (and reflected in this Report). In giving effect to those obligations, the Directors of Utmost and Quilter must act in accordance with their fiduciary responsibilities under Isle of Man company law.
- 7.2 After the proposed Scheme has been sanctioned, any non-minor or non-technical amendments to the Scheme will require the consent of the Court to amend the terms of the Scheme. If such consent is granted then Quilter may amend the terms in accordance with the consent granted by the Court.
- 7.3 In my opinion there are reasonable safeguards in place to ensure that, if approved by the Court, the Scheme will be operated as presented to the Court.

THE NOVATION OF CONTRACTS NOT GOVERNED BY IOM LAW

- 7.4 As detailed in paragraph 2.6, I understand that it may not be possible to transfer under the Scheme contracts which are not governed by IoM law. Therefore, as the Modified Co-Insurance agreement with AXA China, the two reinsurance agreements with ALAP covering the With-Profit Fund Linked business and the associated floating charge are not governed by IoM law they will be novated to Quilter rather than transferred under the Scheme.
- 7.5 It is expected that these novations will take effect on the same date as the Effective Date.
- 7.6 I am not aware of any reasons that would cause the novation of the reinsurance agreements with ALAP, the associated floating charge and the Modified Co-Insurance agreement with AXA China to be delayed, or to not occur, however I acknowledge that as they are not being transferred under the Scheme that these novations could follow a different timescale. I will therefore provide an update on the expected timing of these novations in my Supplementary Report.
- 7.7 Although I have no reason to believe that these novations would not occur as intended, as these contracts are to be transferred via a process other than the Scheme, I have considered the impact should they not be novated to Quilter:
- Modified Co-Insurance agreement with AXA China: if this were not to be novated, this contract would remain with Utmost and would be a Residual Liability.
 - Two reinsurance agreements with ALAP: if these were not to be novated then these contracts would be Residual Assets, and would be treated as such under the terms of the Scheme. I understand that this would mean that any monies received would be held on trust by Utmost and passed to Quilter as soon as is reasonably practicable.
- 7.8 I am satisfied that these impacts do not result in a material change to any of my conclusions detailed elsewhere in this Report. I will provide an update on the progress of these novations in my Supplementary Report.

THE IMPACT OF THE SCHEME UPON REINSURERS OF THE TRANSFERRED BUSINESS

- 7.9 If the proposed Scheme were to be implemented, the two reinsurance treaties that Utmost has in place with ALAP in respect of the With-Profit Fund Linked business would be transferred to Quilter. No other changes to the terms and conditions of these treaties are anticipated. Since these reinsurance arrangements will continue to cover the same policies after the transfer, I am satisfied that the change of ceding company is unlikely to have a material impact on the affected reinsurer.

THE IMPACT OF RELEVANT EXTERNAL EVENTS ON THE SCHEME

The COVID-19 pandemic

- 7.10 In March 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organisation, and the outbreak has continued to spread globally during the intervening period. In response, governments around the world have enforced restrictions to varying degrees and at varying times since the declaration of the pandemic.
- 7.11 Currently, COVID-19 is not having a material impact on global markets, and there are relatively few governments enforcing restrictions. I will continue to monitor the evolving COVID-19 situation and I will provide an update in my Supplementary Report.

Conflict between Russia and Ukraine

- 7.12 I understand from Utmost that none of the Transferring Business is directly impacted by the sanctions imposed as a result of the Russian invasion of Ukraine and that some assets within the unit-linked funds are subject to sanctions. However, the Scheme would not require any of these assets to be sold, and therefore I understand that they can be transferred to Quilter under the Scheme. I do not believe that the Scheme alters the impact of the sanctions imposed on these assets.

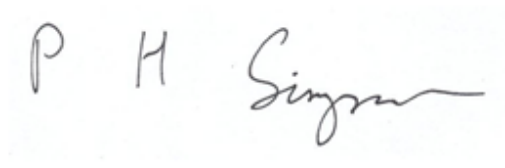
Impact of inflation and expectations of inflation

- 7.13 I will consider further the impact of inflation in my Supplementary Report when the financial information as at 30 June 2022 is available for both Utmost and Quilter.

8. CONCLUSIONS ON THE SCHEME

- 8.1 I confirm that I have considered the issues affecting the various categories of policyholders of Utmost and Quilter separately, including the existing policyholders of Quilter and those that transfer to Quilter under the Scheme. I do not consider an assessment of further subdivisions of policyholders (other than those considered in this Report) to be necessary.
- 8.2 I am satisfied that the implementation of the proposed Scheme would not have a material adverse effect on:
- The security of the benefits under the Transferring Policies and the Existing Policies;
 - The profile of risks to which the Transferring Policies and Existing Policies are exposed;
 - The protection offered by the regulatory regime that would apply to the Transferring Policies; or
 - The reasonable expectations of the Transferring Policyholders and the Existing Policyholders in respect of their benefits, including the level and standards of administration and service that would apply.

8.3 I am satisfied that the Scheme is equitable to all classes and generations of Utmost and Quilter policyholders.

A handwritten signature in black ink, consisting of the letters 'P', 'H', and 'Simpson' written in a cursive style.

Philip Simpson

24 August 2022

Principal of Milliman LLP

Fellow of the Institute and Faculty of Actuaries

SECTION 5 – Legal Notices

INSURANCE ACT 2008

and

UTMOST LIMITED

and

QUILTER INTERNATIONAL ISLE OF MAN LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to Section 21 of, and Schedule 2 to, the Insurance Act 2008, an application, by way of Claim Form, was made on 24 August 2022 by Utmost Limited, a company incorporated in the Isle of Man and having its registered office at Royalty House, Walpole Avenue, Douglas, Isle of Man, IM1 2SL (**Utmost**) and Quilter International Isle of Man Limited, a company incorporated in the Isle of Man and having its registered office at King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU (**Quilter**) for an order of the High Court of Justice in the Isle of Man (the **Court**) sanctioning a scheme (the **Scheme**) for the transfer to Quilter of the long term business of Utmost and for the making of ancillary provisions in connection with the implementation of the Scheme.

Copies of, *inter alia*, the Claim Form and the Report of the Independent Actuary on the terms of the Scheme are available for inspection at the offices of Appleby (Isle of Man) LLC, at the address set out below, during normal business hours, from the date of this notice until the date of the final hearing of the Claim.

These documents are also available from Utmost and Quilter online at www.utmostinternational.com/IOM-scheme-transfer.

The Claim will be heard by the Court on **9 November 2022 at 2:30pm**. At this hearing Utmost and Quilter will ask for an order sanctioning the Scheme.

Any person (including, without limitation, any employee of Utmost or Quilter) who alleges that he would be adversely affected by the carrying out of the Scheme shall be entitled to be heard by the Court at that hearing.

Appleby (Isle of Man) LLC
33-37 Athol Street
Douglas
Isle of Man
IM1 1LB

**The Insurance Business (Bailiwick of Guernsey) Law, 2002
(the “Insurance Business Law”)**

**Utmost Limited (“Utmost”)
Quilter International Isle of Man Limited (“Quilter”)**

Utmost and Quilter intend to apply to the Royal Court of Guernsey (the **Royal Court**) on 11 November 2022 at 9:30am for the sanction of the Royal Court pursuant to section 44 of the Insurance Business Law and for ancillary orders pursuant to section 48 of the Insurance Business Law in respect of a scheme for the transfer by Utmost to Quilter of its long-term insurance business consisting of policies issued to persons resident in Guernsey and which the Royal Court has jurisdiction to transfer pursuant to the Insurance Business Law.

Copies of the application to the Royal Court and the report on the terms of the scheme by the independent actuary are available for inspection at all reasonable times at the offices of Appleby (Guernsey) LLP at the address set out below.

Copies of the report of the independent actuary are also available for collection at the same address. Copies of the application and the said report are available from Utmost and Quilter online at www.utmostinternational.com/IOM-scheme-transfer.

Any person (including, without limitation, any employee of Utmost or Quilter) alleging that he would be adversely affected by the carrying out of the scheme is entitled to oppose the application to the Royal Court at that time.

Appleby (Guernsey) LLP, Advocates

Hirzel Court
Hirzel Street
St Peter Port
Guernsey
GY1 3BN

Court File No:

**IN THE ROYAL COURT OF JERSEY
(Samedi Division)**

IN THE MATTER OF THE REPRESENTATION OF

**UTMOST LIMITED
AND**

QULTER INTERNATIONAL ISLE OF MAN LIMITED

**First
Representor**

**Second
Representor**

NOTICE OF TRANSFER OF INSURANCE BUSINESS

This Notice is given pursuant to paragraph 4(a) of Schedule 2 to the Insurance Business (Jersey) Law 1996 that:

1. On [] 2022 the Representors issued a Representation seeking an Order of the Royal Court of Jersey sanctioning a scheme (**Scheme**) under which the whole of the long-term insurance business carried on in or from within Jersey by Utmost Limited (**Transferor**) is to be transferred to Quilter International Isle of Man Limited (**Transferee**).
2. The Representors have made copies of:
 - (a) the said Representation (including the Scheme); and
 - (b) the report of an independent actuary (**Report**)

available for inspection (or for collection free of charge) at all reasonable times at the offices of Appleby (Jersey) LLP at the address given below up to and including the date on which the Royal Court sanctions the Scheme.

In addition, copies of the Report, the Scheme and other related documents can be obtained free of charge from the Representors online at www.utmostinternational.com/IOM-scheme-transfer. This website will be updated for any key changes to the proposed transfer.

Any questions or concerns relating to the proposed Scheme should be referred by e-mail to iom.business@utmostwealth.com, by telephone at +44 (0) 1624 643530, or in writing to King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU. If you have a policy with the Transferor and/or the

Transferee, please quote your policy number in any correspondence. This can be found on your policy documentation or related correspondence.

3. **The application to sanction the Scheme is listed to be heard by the Royal Court at the Royal Court House, Royal Square, St Helier, Jersey on 14 November 2022 at 2:30pm.**
4. Any person who considers that they would be adversely affected by the carrying out of the Scheme is entitled to be heard by the Royal Court of Jersey in person or by a Jersey Advocate. If you intend to appear at the hearing before the Royal Court of Jersey, you are requested to give five clear days' notice of your intention to do so to Appleby (Jersey) LLP at the address given below.

Dated this [] day of [] 2022

Appleby (Jersey) LLP
13/14 Esplanade
St Helier
JE1 1BD
Advocates for the First Representor
(Appleby ref: 451606.0002)

SECTION 6 - Contact Details

UL

Registered Office address: Royalty House, Walpole Avenue, Douglas, Isle of Man IM1 2SL.

Postal address for queries / enquiries by post: King Edward Bay House, King Edward Road, Onchan, Isle of Man IM99 1NU

Telephone number: +44(0) 1624 643530

Email address: iom.businessstr@utmostwealth.com

QIloM

Registered Office address: King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU

Postal address for queries / enquiries by post: King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU

Telephone number: +44(0) 1624 655711

Email address: iom.businessstr@utmostinternational.com

Physical copies of the transfer documents can be inspected at our legal advisers' offices:

Appleby (Isle of Man) LLC: 33 - 37 Athol Street, Douglas, Isle of Man IM1 1LB.

Appleby (Guernsey) LLP: Hirzel Court, St Peter Port, Guernsey, GY1 3BN

Appleby (Jersey) LLP: 13-14 Esplanade, St Helier, Jersey JE1 1BD

The transfer documents will also be available free of charge on our website:
www.utmostinternational.com/IOM-scheme-transfer

Contact Details post transfer

Post transfer the postal, email and phone contact details for UL and QIloM remain the same as prior to the transfer.

The dedicated transfer email addresses and phone numbers will be closed and transfer documents will no longer be available for physical inspection after the sanction hearing dates.

End of circular

Utmost Wealth Solutions is the brand name used by a number of Utmost companies. The following Isle of Man registered companies are,

A WEALTH *of* DIFFERENCE

where regulated, licensed by the Isle of Man Financial Services Authority. Regulated: Utmost Limited (No 056473C), Utmost Administration Limited (No 109218C) and Utmost Trustee Solutions Limited (No 106739C). Non-Isle of Man regulated: Utmost Services Limited (No 059248C). Each has its registered office at: Royalty House, Walpole Avenue, Douglas, Isle of Man, IM1 2SL, British Isles. Telephone calls may be recorded.

T +44 (0) 1624 643 345

E customersupport@utmostwealth.com

W www.utmostinternational.com