COMMUNICATION ABOUT PROPOSED TRANSFER OF LIFE ASSURANCE BUSINESS

Athora Ireland plc *

Monument Life Insurance DAC**

Please read this important document carefully. You do not need to take any action, but if you have any queries about the proposals, you should consult your financial adviser.

*Athora Ireland plc is authorised by the Central Bank of Ireland. Registered office: 2nd Floor IFSC House, Custom House Quay, Dublin 1, D01 R2P9, Ireland. Registered in Ireland (No.346275).

** Monument Life Insurance DAC is authorised by the Central Bank of Ireland. Registered Office: Two Park Place, Hatch Street Upper, Dublin 2, D02 NP94, Ireland. Registered in Ireland (No 325795).

Contents of this circular 'Communications Pack'

This circular document has been sent to all policyholders whose insurance policies are proposed to be transferred from Athora Ireland plc (formerly known as Aegon Ireland plc) to Monument Life Insurance DAC. Its purpose is to notify policyholders of the proposed transfer, explain its key aspects and provide answers to commonly asked questions. This document also includes a summary of the Independent Actuary's report, and contact details, should further information be needed.

For ease of use, the document is arranged in six sections, which are:

SECTION 1

Dear Policyholder,

Introduction

The purpose of this ‘Communication Pack’ is to inform you, on behalf of Athora Ireland plc (“AI”), formerly known as Aegon Ireland plc, that we are proposing to transfer the unit-linked business with guarantees policies of AI (the "Transferring Insurance Policies") to Monument Life Insurance DAC ("Monument").

Please see SECTION 2 of this pack for a summary of the proposed transfer and details of the specific AI policy types that are impacted.

The commercial background to the proposed transfer

AI was formerly a subsidiary of the Aegon Group. In April 2018, Aegon Group sold AI to Athora Holdings Limited.

In February 2021, Monument entered into an agreement with AI to acquire the Transferring Insurance Policies. This consists of the unit linked guarantee business to be transferred via a court approved Scheme under section 13 of the Assurance Companies Act 1909 (of Ireland). The legal process by which insurance business may transfer from one insurer to another requires court approval in Ireland. The legal process is described in more detail below.

This Communications Pack 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 Communications Pack or the proposed transfer, but you do have a right to object to what is proposed (see Q11 in **Section 3 Questions and Answers**) and to have your objections considered as part of the court process.

Which AI policies will transfer?

It is proposed that the Transferring Insurance Policies will transfer from AI to Monument, subject to approval of the Irish scheme (the "Scheme") by the High Court of Ireland (the "Irish High Court").

The policy types transferring are:

United Kingdom

- 5 for Life
- Secure Lifetime Income
- Secure Income
- Secure Capital
- Trustee Secure Lifetime Income
- Trustee Secure Income
- Trustee Secure Capital

Germany

- Secure DepotRente
- Secure Kapital

The Netherlands

- Variabele Lijfrente

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

Subject to receipt of all necessary regulatory and court approvals, it is anticipated that the proposed transfer under the Scheme will take effect on 31st December 2021, or as soon as possible thereafter (the "Effective Date").

To complete the transfer, we must follow a prescribed process which includes a number of key protections for policyholders. These protections include: notification to policyholders; including giving them an opportunity to object; consultation with relevant insurance regulators, including the Central Bank of Ireland (the "CBI"); a detailed review of the transfer by an Independent Actuary; and consideration for approval by the Irish High Court.

When your policy is transferred to Monument you will not experience any noticeable difference in doing business with your new insurer. There will be no change to your policy's terms and conditions. The contact details for your insurer will change as outlined in the table below.

For further details, please see **Section 2, Summary of proposed transfer**.

You will see the name Monument Life Insurance DAC appearing in communications with you after completion of the proposed transfer. There may be an interval period before you see these changes in communications. The planned changes in branding will be communicated by Monument by way of a Welcome letter. The Welcome letter will be issued in the weeks following the portfolio transfer.

How will you contact your insurer after the transfer takes place?

Contact Details for use following the Effective Date **Monument Life Insurance DAC** Two Park Place, Hatch Street Upper, Dublin 2, D02 NP94, Ireland. **Helpline** 08456 000 173 **Website** www.monumentregroup.com/about-monument-re/about-ie/monument-life-insurance-dac-va/

Independent Actuary's report to policyholders

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 Mr Michael Culligan, who is a Principal and Consulting Actuary with Milliman Limited, a firm of actuarial consultants, and a Fellow of the Society of Actuaries in Ireland. His Summary Report for policyholders on the proposed transfer is set out in Section 4. Mr Culligan is satisfied that the implementation of the Scheme would not have a material adverse effect on (i) the security or benefits of any group of policyholders; (ii) the reasonable expectations of any group of policyholders with respect to their benefits and (iii) the standards of administration, service, management, and governance that will apply to any group of policyholders. The Independent Actuary has, in reaching his conclusions, taken into account the effect of the Scheme.

A copy of the full report prepared by the Independent Actuary, which has also been provided to the CBI and to the Irish High Court, is also available on our website: www.athora.com/ie/Sale-of-guarantees-portfolio-to-Monument-Life.

Implementing the proposed transfer

The proposed transfer does not require the consent of policyholders, but it must be approved by the Irish High Court before the transfer can occur. A petition (or application) was presented by the directors of AI to the Irish High Court on 19 July 2021, asking the Irish High Court to approve the Scheme. This application is expected to be considered by the Irish High Court on 26 November 2021. The Irish High Court will hear from any concerned person whom it considers has an entitlement to be heard (including any policyholder) and approve the Scheme if it is satisfied that no sufficient objection has been established.

If the Scheme is approved by the Irish High Court, it will become effective on the Effective Date. Confirmation of the date of the sanction hearing in the Irish High Court will be published in the legal notices sections of at least two daily Irish and UK newspapers and on the websites of AI and Monument respectively – see **Section 5 – Notice advertising the Petition**.

Further Information on the proposed transfer

Once you have read this communication pack, if you have further questions, the contact details for AI and Monument are available in **Section 6 – Contact Details**.

Further copies of this Communications Pack are available on our website or on request from AI and Monument, free of charge.

All information regarding the proposed transfer is available on both AI and Monument websites.

The following information will also be available for inspection, during normal business hours on any weekday (Monday to Friday except public holidays) until 26 November 2021 at the registered offices of AI, and Monument which are listed in **Section 6 – Contact Details.** In light of the current situation with the pandemic, please contact AI (client.relations.ai@athora.com) or Monument (MonumentOps@monumentinsurance.com) to arrange an appointment to attend the office to inspect the documents. Upon request the documents are also available for inspection from the solicitors acting for AI: Pinsent Masons with reference '684579.07004/NH23', in Ireland at 1 Windmill Lane, Dublin 2, D02 F206 and in the United Kingdom at 30 Crown Place, Earl Street, London, EC2A 4ES. Please contact Naoise Harnett of Pinsent Masons (naoise.harnett@pinsentmasons.com) to make an appointment to attend the offices of Pinsent Masons to inspect the documents.

- Petition to the Irish High Court including the terms of the Scheme
- This Communications Pack
- The Independent Actuary's Report

Conclusion

We hope that you find the contents of this Communications Pack clear and helpful.

You do not need to do anything as a result of either this Communications Pack or the proposed transfer, but if you have any concerns, you should contact AI in the manner described in this pack, or refer to your Financial Adviser.

Yours faithfully

Tadhg Clandillon

Chief Executive Officer

Athora Ireland plc

SECTION 2 - Summary of proposed transfer

Introduction

This section sets out a summary of the terms of the proposed transfer of the variable annuity policies of AI to Monument.

The transfer will be made in accordance with the requirements of applicable Irish law. Subject to receipt of the required sanction of the Irish High Court, the transfer will become effective on the Effective Date, which we expect to be 31st December 2021, or as soon as possible thereafter.

Transferring Insurance Policies

The policy types which are transferring are under the Scheme are as follows:

United Kingdom

- 5 for Life
- Secure Lifetime Income
- Secure Income
- Secure Capital
- Trustee Secure Lifetime Income
- Trustee Secure Income
- Trustee Secure Capital

Germany

- Secure DepotRente
- Secure Kapital

The Netherlands

- Variabele Lijfrente

Transferring Assets and Liabilities

It is anticipated that all of the assets and liabilities relating to the Transferring Insurance Policies will transfer from AI to Monument on the Effective Date.

To the extent that any assets or liabilities forming part of the Transferring Insurance Policies are not transferred on the Effective Date, AI will hold these assets or liabilities in trust on behalf of

Monument until such time as the transfer can be made. Both parties will take every action to ensure that the transfer of assets and liabilities can take place in full by the Effective Date.

Future operations of Monument

The terms and conditions applying to all Transferring Insurance Policies remain unchanged following the transfer. Monument will, following the Effective Date, operate the policies in the same manner as AI 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 Insurance Policies from the Effective Date

In order for Monument to administer the Transferring Insurance Policies, all policy and client information will be migrated to Monument's policy administration system.

The intention is for Monument to administer the policies in the same manner as AI. Monument is committed to providing the same level of service that AI's policyholders have come to expect.

The proposed transfer also involves the transfer of a number of AI employees to Monument which will help to ensure a smooth transition and support the integration of the Transferring Insurance Policies into Monument.

All product literature, forms, and documentation for the Transferring Insurance Policies will be rebranded to reflect the Monument brand after completion of the proposed transfer. There may be an interval period before you see these changes in communications. Historical documents will not be rebranded or re-issued.

Online Services

Monument plans to provide similar or equivalent services to the existing online services currently offered by AI, ensuring that the information and services are retained by the transferring policyholders and their advisers.

Unit Linked Funds

Your policy permits investment in unit linked funds. AI determines policyholder benefits with reference to the performance of unit linked funds as selected by the policyholders (or their authorised representatives). The investments allocated to these unit linked funds will be transferred by the Scheme. The unit linked funds will continue to be managed by Monument in exactly the same way as they were managed by AI prior to the Effective Date. Furthermore, the implementation of the Scheme will have no impact on the investment strategy of the unit linked funds. If your policy currently utilises the services of a platform or custodian, these services will continue to be provided following the transfer.

Some of the Transferring Insurance Policies are invested in funds including CreateRange. Some or all of these investment funds will be branded as Monument funds following completion of the proposed transfer. There may be an interval period before you see these naming changes. However, the investment strategy and type of investments held by these funds will not be affected by the implementation of the Scheme.

Regular Withdrawals

If you are receiving regular income payments (withdrawals), these arrangements will remain in place.

Claims

Claims that are in the process of being paid but not yet paid by AI at the Effective Date will be paid by Monument after the transfer date.

Costs of the Scheme

AI and Monument will each bear their own share of the costs of implementing the Scheme according to the terms of their commercial agreement. Policyholders are not bearing the costs of the Scheme.

SECTION 3 – Questions and Answers

Q1 Why is the transfer happening?

A1 The primary commercial purpose of the Scheme is for Monument to acquire the Transferring Insurance Policies from AI as and from the Effective Date and in accordance with the terms and conditions set out in the Scheme. Furthermore, the transfer enables AI to concentrate on its future strategy under its Athora ownership.

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

A2 Subject to the necessary court approval being obtained, your policy will be transferred to Monument Life Insurance DAC (Designated Activity Company), on the Effective Date.

Q3. Who is Monument?

A3 Monument is a life assurance company incorporated and authorised in Ireland. It is an indirect wholly-owned subsidiary of Monument Re Limited ("Monument Re"). Monument Re is a Bermuda incorporated reinsurer. More information about Monument and the group of companies it is a member of can be found on the following website: www.monumentregroup.com. The group is backed by shareholders, including Hannover Re, the world's third largest reinsurer; NYSE listed Enstar, a leading Property and Casualty (P&C) run-off consolidator; and E-L Financial, the parent company of Canadian life insurer Empire Life.

Q4 Do I need to take any action?

A4 No.

Q5 Who can I contact if I have a query about the proposed transfer?

A5 If you have a query, please call the AI telephone helpline on 08456 000 173 (from the UK) and 00 353 1 673 8840 (from outside the UK) or contact your Financial Adviser.

Q6 Do I need to vote on the proposal?

A6 No, the proposal is not subject to a vote. It does, however, need to be approved by the Irish High Court. The approval of the Irish High Court is required to implement the Scheme.

Q7 Will the proposals affect the security of my benefits?

A7 The Independent Actuary, Mr Michael Culligan, who is a Principal and Consulting Actuary with Milliman Limited, a firm of actuarial consultants, and a Fellow of the Society of Actuaries in Ireland, has considered the impact of the Scheme on the security of your benefits. He has concluded that the implementation of the Scheme would not have a material adverse effect on the security of your benefits.

Q8 Are there any tax implications caused by the transfer of my policy?

A8 Based on current tax laws, the transfer should not have any adverse effect on the policyholder tax treatment of the Transferring Insurance Policies. Policyholders may wish to contact their tax advisor should they have any doubts in relation to their personal tax affairs.

Q9 Have the likely effects of the proposed transfer on my policy been assessed by anyone independent of AI and Monument?

A9 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 Communications Pack. Mr Michael Culligan, the Independent Actuary, is satisfied that the implementation of the Scheme would not have a material adverse effect on (i) the security or benefits of any group of policyholders; (ii) the reasonable expectations of any group of policyholders with respect to their benefits and (iii) the standards of administration, service, management and governance that will apply to any group of policyholders. The Independent Actuary will keep the proposals under review up until the Irish High Court sanction hearing date.

A further safeguard which protects your interest is that the proposed transfer will take place only after it has been considered and approved by the Irish High Court following notification of and engagement with the CBI, and any other regulators with whom the CBI is required to consult.

Q10 Why is the confirmation of the Irish High Court necessary?

A10 The provisions of Irish law (specifically section 13 of the Assurance Companies Act 1909 and section 36 of the Insurance Act 1989) provide that the approval of the Irish High Court is required for the proposed transfer to take place. The proposed transfer will not be approved unless the Irish High Court 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 Irish High Court on the date of the sanction hearing, at which the approval of the Irish High Court to the Scheme will be sought, to object in person or through their legal adviser.

Q11 Can I object to the proposed transfer?

A11 Yes, you should first review the details contained in this Communications Pack. If you then wish to object to the proposed transfer, you are entitled to attend the Irish High Court on the day of the hearing at which the approval of the Irish High Court to the Scheme will be sought (scheduled for 26 November 2021) to object in person, or through your legal adviser.

If you wish to be heard on the hearing of the Petition, you should send a notice of your intention to appear, in writing with reference ‘684579.07004/NH23’, to Pinsent Masons, 1 Windmill Lane, Dublin 2, D02 F206, Ireland, no later than 5.00 p.m. on 19 November 2021 and you should indicate whether you support or oppose the Petition to be made to the Irish High Court seeking the sanction of the Scheme.

If you wish to submit particular information to the Irish High Court at this hearing, you should file an affidavit setting out those submissions with the Irish High Court and serve a copy of that affidavit on Pinsent Masons, 1 Windmill Lane, Dublin 2, D02 F206, Ireland, no later than 5.00 p.m. on 19 November 2021. 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.

Q12 Will the proposed transfer automatically go ahead?

A12 No. The proposed transfer will only proceed if it is approved by the Irish High Court. The Irish High Court will only approve the transfer if satisfied that it is appropriate, fair to policyholders and meets the relevant legal requirements. To do this, the Irish High Court 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 by the Irish High Court.

Q13 How will I know whether the Irish High Court has approved the proposed transfer?

A13 Following the hearing before the Irish High Court, we will publicise the fact that the Scheme has been approved (and as a result has been implemented) through newspaper notices and on AI’s and Monument's websites. You do not need to take any action as a result of the transfer.

Q14 Will I retain my existing policy after the transfer?

A14 Yes, there is no need for your existing policy documents to be altered or for new policies to be issued.

Q15 Will my policy be the same after the transfer?

A15 Yes. There will be no change to the terms and conditions of your policy.

Q16 Will I still be able to make changes to my policy or take advantage of any options available under my policy?

A16 Yes, subject to the existing terms and conditions of your policy, which are not changing as a result of these proposals.

Q17 Will the transfer result in a change to the investments that my policy is invested in?

A17: The investment type remains unchanged per policyholder Terms & Conditions.

Q18 I've received this information pack, 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 Irish High Court does not approve the transfer?

A19 If the proposed transfer is not approved by the Irish High Court, then your policy will continue to be with AI.

Q20 Why have I received more than one Communications Pack?

A20 If you have more than one policy with AI, you will receive more than one copy of this Communications Pack.

Q21 Has this already happened?

A21 No. As described above, the transfer of your policy from AI to Monument is subject to court approval.

Q22 What will happen to my customer data?

A22 Following the approval of the transfer to Monument by the Irish High Court, your data will transfer to Monument from the transfer date. Your data will continue to be used for the same purposes as it was originally collected for in the administration of your policy, once it has transferred to Monument. Monument is required (in the same way as AI) by data protection law to take appropriate security measures to protect your information.

The AI privacy statement is available at **www.athora.com/ie/privacy**

Please refer to the Monument privacy statement available at:
www.monumentregroup.com/about-monument-re/about-ie/monument-life-insurance-dac/

SECTION 4 - Summary of the Report of the Independent Actuary

Milliman Client Report

The Summary Report of the Independent Actuary

Summary Report of the Independent Actuary on the proposed Scheme to transfer certain insurance business of Athora Ireland plc to Monument Life Insurance dac

Prepared by:
Mr Michael Culligan, FSAI

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1 INTRODUCTION

Background

Athora Ireland plc ("**Athora Ireland**") and Monument Life Insurance DAC ("**MLIDAC**") – which are collectively referred to as "**the Companies**" – have agreed to transfer a portfolio of unit-linked business with guarantees ("**ULG business**") from Athora Ireland to MLIDAC.

The reason for the proposed transfer is that Athora Ireland wishes to concentrate on a strategy of developing its reinsurance business and has therefore decided to sell its portfolio of ULG business which is no longer central to that strategy. MLIDAC specialises in acquiring run-off portfolios and the acquisition of Athora Ireland's ULG business is in line with it its stated strategy.

The proposed portfolio transfer requires Court approval and Athora Ireland is applying to the Court to seek such approval. The terms of the proposed transfer are set out in a Scheme, and the application is set out in a Petition, both of which will be submitted to the Court.

The Independent Actuary

Under Irish law, the Court must also be provided with a report from an independent actuary setting out his or her views on the impact of the proposed transfer from the perspective of the various categories of policyholders of the Companies.

I have been appointed by the Companies to act as the Independent Actuary for the proposed portfolio transfer. I am a Principal of Milliman, Consultants & Actuaries and am a consulting actuary based in the firm's Irish insurance practice. I have more than 30 years' experience in the insurance industry and have been a Fellow of the Society of Actuaries in Ireland since 1996.

My terms of reference are set out in my full report and my assessment has been undertaken in the context of those terms. Both of my reports should be read in the context of the proposed Scheme and not used for any other purpose.

About this report

This report summarises my conclusions, as Independent Actuary, on the potential impact of the transfer on policyholders and explains the reasons why I reached those conclusions. It is intended to be a summary of my full Independent Actuary's report ("**my full report**"). My full report provides more detail on the businesses of Athora Ireland and MLIDAC, the terms and conditions of the proposed Scheme and my assessment of the likely impact of the proposed Scheme on policyholders. The purpose of my full report is to provide an independent assessment of the impact of the proposed Scheme on policyholders and other interested parties, to assist the Court in deciding whether to allow the proposed Scheme to go ahead.

Both my full report and the proposed Scheme are available on the Companies' websites at www.athora.com/ie/Sale-of-guarantees-portfolio-to-Monument-Life and https://www.monumentregroup.com/about-monument-re/about-ie/monument-life-insurance-dac-va/.

Terminology

My full report contains various technical terms which I need to use in assessing the proposed Scheme. Those terms are written in bold font the first time they are used and are also listed in the glossary in Appendix B of my full report.

I have tried as much as possible to avoid technical terms in this report. However, any such terms which are not specifically defined in this report are as defined in my full report and are also listed in the glossary to this report.

Other information

I will prepare a Supplementary Report before the final Court hearing. This will provide an update for the Court, taking into account any significant events that may have occurred in the interim.

This report is subject to the same reliances and limitations as set out in my full report.

2 ABOUT THE COMPANIES

Background to Athora Ireland

Athora Ireland is a life assurance company based in Ireland and authorised and regulated by the Central Bank. It was incorporated in Ireland in 2001 and was originally named Scottish Equitable International (Dublin) plc before becoming Aegon Ireland plc in 2009. Following the sale of Aegon Ireland plc to Athora Holding Ltd in April 2018, it was renamed Athora Ireland.

Athora Ireland's ultimate parent company is Athora Holding Ltd. Athora Group is a specialised insurance and reinsurance group based in Bermuda focused on the European market with a strategy to grow primarily through acquisitions, portfolio transfers and reinsurance. It has subsidiaries in Bermuda, Belgium, Germany and the Netherlands in addition to its Irish subsidiary.

Athora Ireland has a portfolio of ULG business dating from its days in Aegon ownership. The portfolio is closed to new business and in run-off. The portfolio includes policies written directly with policyholders as well as business accepted by way of inwards reinsurance. All of this business will transfer to MLIDAC under the proposed Scheme.

The following table shows the estimated impact on the solvency position of Athora Ireland of the proposed transfer of business to MLIDAC had the transfer occurred at 31 December 2020.

	Pre-Transfer (€ millions)	Post-Transfer (€ millions)
Own Funds	169	139
Solvency Capital Requirement (SCR)	109	86
SCR coverage ratio	155%	162%
Excess of own funds over SCR	60	53

The table shows that the transfer is expected to reduce the eligible own funds and to reduce the Solvency Capital Requirement ("**SCR**"). Overall the solvency coverage ratio of Athora Ireland is expected to improve as a result of the transfer.

Following the agreement to transfer the ULG business to MLIDAC, Athora Ireland's strategy is to act as a reinsurer, accepting reinsurance of risks written by other insurers (from both within the Athora Group and elsewhere). At 31 December 2020 it had entered into one reinsurance agreement in respect of a portfolio of group life assurance written by Athora Belgium. For this transaction Athora Ireland in turn reinsured the majority of its risk to its parent Athora Life Re in Bermuda. Athora Ireland's strategy is to grow this line of business.

Following the United Kingdom's departure from the EU, Athora Ireland has entered into the Financial Services Contracts Regime ("**FSCR**"). The FSCR allows EEA firms that previously passported into the UK and that did not enter the Temporary Permissions Regime ("**TPR**") to wind down their UK business in an orderly fashion for a limited period of time (a maximum of 15 years for insurance business).

All UK policyholders of Athora Ireland are covered under the Financial Services Compensation Scheme ("**FSCS**") in the UK until the expiry of the 15-year FSCR period. Athora Ireland's German and Dutch policyholders are not covered by any compensation schemes.

Further detail on Athora Ireland is provided in section 4 of my full report.

Background to MLIDAC

MLIDAC is an insurance company based in Ireland and authorised and regulated by the Central Bank. It was incorporated in 2000 and went through several ownership and name changes before becoming Monument Life Insurance DAC in April 2020.

It is a wholly owned subsidiary of Monument Re, which is a company incorporated in Bermuda. Monument Re is a reinsurance company based in Bermuda. Its principal activity is the acquisition of asset-intensive European insurers, normally in run-off.

MLIDAC is Monument Re's vehicle for acquiring Irish portfolios. Since 2017 it has acquired a number of portfolios from various insurers including Barclays, MetLife and Zurich. A complete list of all acquisitions to date is shown in my full report. All portfolios are closed to new business and are in run-off.

On 26 February 2021, the Monument Group reached agreement with Athora Ireland, that MLIDAC would acquire the portfolio of ULG business that is the subject of this report.

The following table shows the estimated impact on the solvency position of MLIDAC of the proposed transfer of business from Athora Ireland had the transfer occurred at 31 December 2020.

	Pre-Transfer (€ millions)	Post-Transfer (€ millions)
Own Funds	29	37
Solvency Capital Requirement (SCR)	15	20
SCR coverage ratio	190%	187%
Excess of own funds over SCR	14	17

The table shows that the transfer is expected to have a minor impact on MLIDAC's solvency position.

Following the United Kingdom's departure from the EU, MLIDAC entered into the TPR at the end of the transition period on 31 December 2020. However, I understand that the MLIDAC Board will be asked at its June meeting to approve a plan to exit the TPR. This would mean that MLIDAC would then fall under the FSCR, which permits firms with pre-existing UK business to continue to service that business for a limited time (up to a maximum of 15 years for insurance contracts).

All UK policyholders of MLIDAC are covered under the FSCS in the UK until the expiry of the 15-year post-Brexit term under the FSCR. No other compensation schemes apply to MLIDAC policyholders.

Further detail on MLIDAC is provided in section 3 of my full report.

3 ABOUT THE PROPOSED TRANSFER

Introduction

It was announced on 3 March 2021 that MLIDAC was to acquire the ULG business of Athora Ireland. In order to complete the transfer of that business, the approval of the Court is required.

The Transferring Policies

The policies that are proposed to be transferred to MLIDAC (the "**Transferring Policies**") comprise the entire portfolio of ULG business (both directly written ULG business and inwards reinsurance ULG business). The following table summarises the number of policies in question, and Athora Ireland's liabilities in respect of those policies as at 31 December 2020.

	No. of policies	Best Estimate Liability including unit-linked liability € millions
Five for Life	506	31
Five for Life Phase 2	2617	198
Aegon Secure Lifetime Income	1603	109
Aegon Secure Lifetime Income Phase 2	4491	376
Aegon Secure Capital and Trustee Capital	975	105
Aegon Secure Income and Trustee Income	880	96
Aegon Secure Trustee Investment	625	84
Investment Control Guaranteed Benefit	1	12
Income for Life Guaranteed Benefit	1	3
Aegon Secure Income Option	1	1
Secure Retirement Income	1	12
Terre d'Avenir	1	31
AEGON Secure DepotRente	575	62
Aegon Secure Kapital	396	32
AEGON Variabele Lijfrente	13	1
Total	**12690**	**1151**

The guarantees on the Transferring Policies are currently fully reinsured to New Re. The Companies have agreed that this will continue to be the case after the proposed transfer has taken place.

All products within the Transferring Policies are closed to new business and no further premiums are payable. None of the Transferring Policies participates in profits and none of the Transferring Policies has been subject to any previous schemes of transfer.

As the Transferring Policies are a closed block in run-off, the number of in-force policies is steadily reducing due to claims. My Supplementary Report will include updated figures for the Transferring Policies.

Summary of the proposed Scheme

It is proposed that the ULG business of Athora Ireland will transfer to MLIDAC.

The Transferring Policies are scheduled to transfer on 31 December 2021 (the "**Effective Date**") to MLIDAC, which will become the insurer of those contracts from the Effective Date.

All rights, powers, obligations and liabilities of Athora Ireland under, or by virtue of, the Transferring Policies will transfer to MLIDAC. All property and assets held by Athora Ireland in respect of the Transferring Policies will also be transferred to MLIDAC.

Athora Ireland maintains a number of notional funds for its unit-linked business ("**internal linked funds**"). After the Effective Date, those internal linked funds will be replaced by equivalent funds in MLIDAC. The assets and liabilities of each Athora Ireland internal linked fund immediately prior to the Effective Date will be allocated on the Effective Date to an equivalent internal linked fund within MLIDAC.

The proposed Scheme provides that MLIDAC may:

- exercise any available discretions in relation to the Transferring Policies provided it does so in accordance with the applicable principles, and with appropriate regard to the approach to such business in MLIDAC; and
- modify the terms and conditions applicable to any policy or internal linked fund, in accordance with the principles, and with appropriate regard to the approach to such business in MLIDAC,

subject to the provisions of the applicable policy conditions and the rules of the internal linked funds and, where relevant, to the opinion of MLIDAC's Head of Actuarial Function.

Policyholder communications

In relation to policyholder communications, the law requires that, unless the Court directs otherwise, all policyholders (of both Companies) must be provided with a Circular which includes a summary of the main provisions of the Scheme and a copy of the Independent Actuary's report. I understand that Athora Ireland intends to ask the Court to modify or waive some of the requirements, as follows:

- To provide this summary report, rather than my full report, in the Circular.
- To send the Circular only to the Transferring Policyholders, rather than to all policyholders in both Companies.

Further information on the proposed Scheme is provided in the Scheme itself as well as in section 6 of my full report.

4 MY APPROACH TO ASSESSING THE PROPOSED TRANSFER

Context of assessment

My role as Independent Actuary is to review the proposed Scheme, and only the proposed Scheme, and to consider its likely effects on policyholders. It is not within my remit to consider possible alternative schemes or to form a view as to whether this is the best possible scheme.

My assessment is ultimately a matter of expert judgement regarding the likelihood and impact of future possible events. As the outcome of such future events is uncertain, it is not possible to be certain of the effect on the policies. In order to acknowledge this inherent uncertainty, I have framed my conclusions using a materiality threshold: if the potential impact under consideration 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.

Principles of assessment

In order to form my opinions on the proposed Scheme, I have considered two main issues:

- whether or not the security of policyholders' benefits will not be materially adversely affected; and
- whether the proposed Scheme treats policyholders fairly and will not materially adversely affect their reasonable benefit expectations.

I have considered those issues for the following different groups of policyholders:

- the Transferring Policyholders; and,
- MLIDAC's existing policyholders.

I note that I do not consider it necessary to consider the position of any reinsurance cedants who will continue to be reinsured by Athora Ireland after the Effective Date.

My approach to assessing the proposed Scheme

In my view, the main factors to be considered when assessing the security of policyholders' benefits in the context of the proposed Scheme are:

- the two Companies' respective solvency positions;
- their respective risk profiles and approaches to risk management;
- their capital management policies;
- the sustainability of their respective business models;
- the options available to the two Companies in recovery and resolution situations; and,
- the extent of parental support available to the two Companies.

The main factors I consider relevant to an assessment of fair treatment and policyholders' reasonable benefit expectations in the context of the proposed Scheme are its implications for:

- policyholders' contractual obligations;
- the tax treatment of policyholders' premiums and/or benefits;
- areas where the Companies may exercise discretion in relation to the fulfilment of their contracts with their policyholders;
- levels of customer service to policyholders.

Further details on my approach to assessing the proposed Scheme are provided in section 7 of my full report.

5 MY ASSESSMENT OF THE PROPOSED TRANSFER

Introduction

At a high level, the two Companies share many similarities, which makes the assessment of the implications for the Transferring Policyholders more straightforward than would otherwise be the case and also helps to focus on the areas of difference (which are of particular importance to the Transferring Policyholders). Those points of similarity include:

- Both are based in Ireland and subject to the same regulations and the same supervisory regime.
- Both are subsidiaries of larger privately-owned groups, headquartered in Bermuda and focused on insurance business consolidation and/or reinsurance transactions.
- Both currently have a mixture of unit-linked and non-linked business.
- Both have reasonably similar overall risk profiles.
- Both have similar capital management policies.
- Both employ similar risk management tools. In particular, both have a significant reliance on reinsurance as a risk mitigant, and both reinsure substantial amounts to other companies in their groups.
- Both have similar new business acquisition models – 'business to business' rather than 'business to consumer' – which lead to large deals from time to time rather than a steady flow of new business.
- Both use intra-group service companies.

There are also some differences, however, including (but not limited to):

- MLIDAC uses external third-party administration service providers (in addition to its sister service company).
- MLIDAC has more complexity in terms of in-force business (more portfolios and some non-life business).
- The two Companies have different strategic plans.
- The two Companies have different parents (i.e. are part of different groups in different ownership)

In the following tables I set out a high-level summary of my assessment of the proposed Scheme, first in relation to the security of policyholders' benefits and then from the point of view of the fair treatment and reasonable expectations of policyholders.

Table 1: High-level summary of my assessment of the proposed Scheme – benefit security

	Transferring Policyholders	MLIDAC's existing policyholders
Current/recent solvency position	The solvency coverage ratio in MLIDAC post-transfer is calculated as being higher than Athora Ireland's coverage ratio at 31 December 2020 (187% versus 155%). However, one should exercise caution when comparing solvency ratios at a single point in time and should not rely unduly on that single metric.	The transfer of the ULG business is calculated as having a minor impact on MLIDAC's solvency position (with the ratio on a pro forma basis at 31 December 2020 decreasing from 190% to 187%).
Projected solvency position	The development of the future solvency position of both of the Companies over the coming years (on the assumption that the transfer takes place) is projected to be healthy, both in terms of their respective central planning scenarios as well as various adverse scenarios.	The transfer of the ULG business is calculated as having a minor impact on MLIDAC's projected solvency position (compared to the equivalent projection assuming the transfer does not take place).

Table 1 (continued)

	Transferring Policyholders	MLIDAC's existing policyholders
Risk profile	The Transferring Policyholders will be moving from a company whose main risks are currently financial market risk, counterparty (reinsurer) default risk and longevity risk, to one with broadly similar exposures to those risks but with the addition of exposure to a relatively small amount of non-life insurance risk. If Athora Ireland did not transfer the ULG business, it is expected that its risk profile would shift over time (as the new reinsurance business volumes grew), with an increase in financial market risks.	The transfer will substantially increase MLIDAC's exposure to longevity risk as well as increasing its exposure to financial market risks and the risk of counterparty (i.e. reinsurer) default. It is envisaged that these increased risk exposures will be substantially mitigated by reinsurance arrangements with New Re and Monument Re.
Risk management	MLIDAC has similar risk management policies, frameworks, oversight and governance.	MLIDAC does not intend to change its risk management framework as a result of the proposed transfer.
Capital management policy	MLIDAC's capital management policy is broadly similar to Athora Ireland's.	MLIDAC does not intend to change its capital management policy as a result of the proposed transfer.
Business model sustainability	MLIDAC's business model is broadly similar to Athora Ireland's.	The transfer in of the ULG business is in line with MLIDAC's stated business strategy and does not change its business model.
Recovery and resolution options	MLIDAC has a well-developed pre-emptive recovery plan which sets out the actions to be taken in the event of an unacceptable deterioration in the company's solvency position. This plan will be updated to take account of the ULG business. The options available in a resolution situation are similar for both companies.	MLIDAC will update its pre-emptive recovery plan to take account of the ULG business. The transfer in of the ULG business will not change the options available in a resolution situation.
Parental support	The proposed transfer will not result in any material adverse change to the nature or character of parental support provided to the Transferring Policyholders.	The proposed transfer will not result in any material adverse change to the nature or character of parental support provided to MLIDAC's existing policyholders.

On the basis of the information provided to me and having considered the alternative scenario of the transfer not taking place, I am satisfied that the proposed Scheme will not result in a material adverse impact on the security of policyholders' benefits in the case of the Transferring Policyholders or MLIDAC's existing policyholders.

Further details are provided in section 8 of my full report.

Table 2: High-level summary of my assessment of the proposed Scheme – fair treatment

	Transferring Policyholders	MLIDAC's existing policyholders
Policy terms and conditions	The proposed Scheme provides that there will be no change to existing policy terms and conditions.	The proposed Scheme provides that there will be no change to existing policy terms and conditions.
Discretion and PRE	I have no reason to believe that there will be any materially adverse impact from the way in which MLIDAC may exercise its discretion, compared to how Athora Ireland can currently exercise its discretion, in relation to certain contractual terms and conditions.	No change.
Service standards	The back-office administration arrangements will change from the current model to one where the policy administration services are outsourced to a specialist TPA service provider with experience and expertise in administering ULG business.	No change.
Tax	External tax experts retained by Athora Ireland have examined the terms of the proposed Scheme and concluded that it will have no adverse consequences for the tax treatment of these policyholders.	I have been advised by MLIDAC that the proposed Scheme will have no adverse consequences of these policyholders.
Other	I have not identified any other issues where the implementation of the proposed Scheme would materially adversely affect these policyholders.	I have not identified any other issues where the implementation of the proposed Scheme would materially adversely affect these policyholders.

In my opinion, for the reasons set out above, I am satisfied that the fair treatment and reasonable benefit expectations of both groups of policyholders will not be materially adversely affected by the proposed Scheme.

Further details are provided in section 9 of my full report.

Assessment of approach to policyholder communication

In addition to the factors outlined in Table 2, I have also considered the proposed approach to policyholder communication and am satisfied that it is fair and reasonable in the circumstances.

In forming this view I note that, although the size of the proposed transfer (ca. €1.3 billion in assets transferring) is material relative to MLIDAC's pre-transfer size (total assets of €2.2 billion at 31 December 2020), the impacts on MLIDAC's solvency position and risk profile are far less material. I also note that the proposed approach will see additional advertising, in excess of what is required by law or custom in the countries in question, aimed at making MLIDAC's existing policyholders aware of the proposed Scheme.

6 CONCLUSIONS ON THE PROPOSED SCHEME

I confirm that I have considered the effects of the proposed Scheme on the following groups of policyholders:

- Policyholders transferring to MLIDAC from Athora Ireland; and,
- MLIDAC's existing policyholders.

I further confirm that I do not consider further subdivisions to be necessary.

In summary, I am satisfied that the implementation of the proposed Scheme would not have a material adverse effect on

- the security of benefits of either group of policyholders;
- the reasonable expectations of either group of policyholders with respect to their benefits; and
- the standards of administration, service, management and governance that will apply to both groups of policyholders.

Michael Culligan
Fellow of the Society of Actuaries in Ireland

8 June 2021

7 APPENDIX: GLOSSARY OF TERMS

A glossary of terms and abbreviations used throughout the report is provided below.

Term	Definition
Athora Ireland	Athora Ireland plc
Brexit	The term used to describe the UK's exit from the EU
Central Bank	The Central Bank of Ireland, which is the supervisory authority with responsibility for the prudential supervision of the Companies
Circular	The Circular is a document to be provided to the Transferring Policyholders which includes a summary of the main terms of the proposed Scheme and this summary of the Independent Actuary's Report
Companies	Athora Ireland and MLIDAC, collectively
Court	The High Court of Ireland
DAC	Designated Activity Company
Directly-written ULG business	That part of the overall ULG business (see) which Athora Ireland wrote directly with policyholders.
EEA	The European Economic Area. The EEA comprises the EU plus Iceland, Liechtenstein and Norway
Effective Date	23:59 hours on 31 December 2021, or such other date as may be specified by the Court
Eligible own funds	The amount of an insurer's own funds (see) following the application of the eligibility criteria specified under the Solvency II rules. Eligible own funds are available to cover the SCR (see).
EU	The European Union
FSAI	Fellow of the Society of Actuaries in Ireland
FSCR	The Financial Services Contracts Regime enables EEA firms that previously passported into the UK and that did not enter the TPR (or have exited the TPR without securing authorisation for a UK branch) to wind down their UK business in an orderly fashion.
FSCS	The Financial Services Compensation Scheme in the UK
Full report, my	The report of the Independent Actuary for the Court on the proposed Scheme.
Head of Actuarial Function	The person, as nominated by the company's board of directors and approved by the Central Bank, with overall responsibility for the tasks called out for the actuarial function under Solvency II and the additional responsibilities introduced by the Central Bank
Independent Actuary	Mr Michael Culligan, a Fellow of the Society of Actuaries in Ireland and a Principal with Milliman, a firm of actuaries and consultants.
Independent Actuary's report	The report of the Independent Actuary for the Court on the proposed Scheme.
Internal linked funds	A number of notional funds maintained by Athora Ireland in respect of the transferring business
MADAC	Monument Assurance DAC
MetLife	MetLife Europe DAC
Milliman	Milliman Ltd., Consultants & Actuaries, 7 Grand Canal Street Lower, Dublin 2
MLIDAC	Monument Life Insurance dac
MLIDAC Board	The board of MLIDAC
MLIDAC's existing policyholders	The existing (pre-Effective Date) policyholders of MLIDAC
Monument Group	The group of companies of which Monument Re is the parent
Monument Re	Monument Re Limited (a reinsurer incorporated in Bermuda)
New Re	New Reinsurance Company Limited, a reinsurance company within the Munich Re Group, one of the world's largest reinsurance groups.
Non-linked business	Life assurance business which is not unit-linked business
Own funds	Broadly speaking, the excess of an insurer's assets over its liabilities on a Solvency II basis
Petition	The application by one, or both, of the parties for which the Court will consider the proposed Scheme. The Petition must be accompanied by a report on the terms of the scheme by an independent actuary

PLC	Public limited company
PPI	Payment protection insurance
PRE	Policyholders' reasonable expectations
proposed Scheme	The legal scheme of transfer by which it is proposed that the Transferring Policies and their associated assets and liabilities be transferred from Athora to MLIDAC. Under the relevant provisions of the 1909 Act (see above), the proposed scheme requires the approval of the Court
Run-off	A line of insurance business, or an insurance company, that no longer accepts new business but continues to provide coverage for claims arising on policies still in-force and that makes payments for claims that have occurred on policies that have expired
SAI	The Society of Actuaries in Ireland
SCR	Solvency Capital Requirement. One of the regulatory capital requirements under Solvency II. Intended to represent the amount required to ensure that an insurer's assets continue to exceed its liabilities over a one-year time frame with a probability of 99.5%
Solvency II	The regulatory regime for insurers which came into force on 1 January 2016 aimed at harmonising insurance regulation across all EEA countries
Supplementary report	A further report to be prepared by the Independent Actuary prior to the final Court hearing. The purpose of the supplementary report is to provide an update for the Court on the Independent Actuary's conclusions in light of any significant events subsequent to the date of the finalisation of this report
TPA	Third-party administration
TPR	The Temporary Permissions Regime – the legal basis by which insurers from the EU carrying on insurance business in the UK could (if they opted in) continue to carry on their business in the UK for three years post-Brexit.
Transferring Policies	The policies that are proposed to be transferred from Athora Ireland to MLIDAC under the proposed Scheme
Transferring Policyholders	The policyholders of the directly-written ULG business being transferred from Athora Ireland to MLIDAC
UK	The United Kingdom of Great Britain and Northern Ireland
Unit-linked business	A type of life assurance business, written under Class III of the Solvency II Regulations, where the benefits payable linked to the performance of investment funds
ULG business	A portfolio of unit-linked business with guarantees which is proposed to be transferred from Athora Ireland to MLIDAC under the proposed Scheme.
ULG reinsurance-accepted business	That part of the overall ULG business (see) which was accepted by Athora Ireland from other insurance companies by way of reinsurance.

SECTION 5 - Notice advertising the Petition

THE HIGH COURT

COMMERCIAL

2021 Record No. 166 COS

IN THE MATTER OF

ATHORA IRELAND PUBLIC LIMITED COMPANY

AND IN THE MATTER OF

MONUMENT LIFE INSURANCE DESIGNATED ACTIVITY COMPANY

AND IN THE MATTER OF THE ASSURANCE COMPANIES ACT 1909

AND IN THE MATTER OF THE INSURANCE ACT 1989

AND IN THE MATTER OF THE EUROPEAN UNION (INSURANCE AND REINSURANCE) REGULATIONS 2015

NOTICE IS HEREBY GIVEN that Athora Ireland Public Limited Company ("**Athora**") having its registered office in Ireland at 2nd Floor, IFSC House, Custom House Quay, Dublin 1, D01 R2P9, applied to the Central Bank of Ireland on 09 June 2021 for its approval, pursuant to the Assurance Companies Act 1909, the Insurance Act 1989 and the European Union (Insurance and Reinsurance) Regulations 2015 (each as amended), to transfer to Monument Life Insurance Designated Activity Company ("**Monument**") the Business which includes the Transferring Policies, Transferring Contracts, Business Assets and Transferring Liabilities of Athora as defined in a Scheme dated 13 July 2021.

AND FURTHER TAKE NOTICE that copies of the Petition and the Schedules included thereto (including the Scheme) and the independent actuary report (the "**Transfer Documents**") are all available for inspection at the offices of Athora at 2nd Floor, IFSC House, Custom House Quay, Dublin 1, D01 R2P9, Ireland and at the offices of Monument at Two Park Place, Upper Hatch Street, Dublin 2, D02 NP94, Ireland and at the offices of Pinsent Masons, 1 Windmill Lane, Dublin 2, D02 F206, Ireland and at 30 Crown Place, Earl Street, London, EC2A 4ES, United Kingdom during the hours of 9:00am to 5:00pm Monday – Friday (except for public holidays) for a period of at least 15 working days from the date of this notice.

Given the current situation with the pandemic, please contact Athora (client.relations.ai@athora.com) or Monument (MonumentOps@monumentinsurance.com) to arrange an appointment to inspect the documents. Copies of the Transfer Documents will be made available free of charge to any policyholder of Athora or Monument or any person having sufficient interest in the transfer requesting such copies and are also available for viewing and / or download online at www.athora.com/ie/Sale-of-guarantees-portfolio-to-Monument-Life and www.monumentregroup.com/about-monument-re/about-ie/monument-life-insurance-dac-va/. The Policyholders (as defined in the Scheme) may also contact the dedicated Athora policyholder telephone line on 08456 000 173 (from the UK) and + 353 1 673 8840 (from outside the UK) from Monday to Friday (public holidays excepted) between the hours of 9:00am and 4.30pm (Dublin time).

Monument policyholders may contact the dedicated Monument policyholder telephone line on +353 1 533 7065 from Monday to Friday (public holidays excepted) between the hours of 9:00am and 5:00pm (Dublin time).

AND FURTHER TAKE NOTICE that the said Petition will be heard by the High Court on day 26 of November 2021 at the Four Courts, Dublin 7, at 11:00am.

If there are, at the time of the hearing, restrictions in Ireland on gatherings and movement of people and any person who would otherwise wish to attend the hearing and express their views (whether in person or by legal representative) is unable to do so as a result, where reasonably practicable and to the extent permitted by the High Court, it is intended that arrangements will be put in place in order to permit such persons to participate in the hearing remotely.

Any person why wishes to be heard on the hearing of the said Petition should notify Athora's solicitors, Pinsent Masons, 1 Windmill Lane, Dublin 2, D02 F206, Ireland quoting reference 684579.07004.NH23 (in writing) no later than the day of 19 November 2021 of their intention to appear on the said Petition and should indicate to the said solicitors whether such person or persons support or oppose the said Petition and further should, by said time and date, file in court and furnish to Athora's solicitors such evidence by way of affidavit as is proposed to be relied upon at the hearing of the Petition by such person.

Pinsent Masons
1 Windmill Lane
Dublin 2
D02 F206
Ireland

SECTION 6 - Contact details

If you have further questions on the proposed transfer, please use the details below for your current provider:

Athora Ireland Public Limited Company

Registered Office: 2nd Floor IFSC House, Custom House Quay, Dublin 1, D01 R2P9, Ireland

Helpline
Phone:
08456 000 173 (from the UK)
+353 1 673 8840 (from outside the UK)

Website
www.athora.com/ie/Sale-of-guarantees-portfolio-to-Monument-Life

E-mail
client.relations.ai@athora.com

Monument Life Insurance Designated Activity Company
Registered Office: Two Park Place, Hatch Street Upper, Dublin 2, D02 NP94, Ireland

Helpline
+353 1 533 7065

Website
www.monumentregroup.com/about-monument-re/about-ie/monument-life-insurance-dac-va/

E-mail
MonumentOps@monumentinsurance.com

End of Communications Pack