

**POLICYHOLDER CIRCULAR
ABOUT THE PROPOSED TRANSFER
OF CERTAIN LONG-TERM
INSURANCE BUSINESS FROM
ISLE OF MAN ASSURANCE LIMITED
TO RL360 LIFE INSURANCE
COMPANY 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.

Please bring this document to the attention of any financial adviser, discretionary fund manager or other servicing agent you may have appointed in respect of your policy.

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SECTION 1 – Introduction

Introduction

The purpose of this circular is to inform you of the proposed transfer (the **Transfer**) of certain long-term insurance business of Isle of Man Assurance Limited (**IOMA**), comprising approximately 1,900 unit-linked single premium life insurance policies (the **Transferring Policies**), to RL360 Life Insurance Company Limited (**RL360 Services**) by way of a court approved scheme of transfer in the Isle of Man (the **Scheme**).

Please see Section 2 of this circular for a summary of the Scheme.

How are you protected?

The legal process by which long-term insurance business may transfer from one insurer to another requires the 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.

The Transfer will be subject to the approval, or sanction, of the High Court of Justice of the Isle of Man (the **Court**).

When will the Transfer happen?

To implement 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 (**IOMFSA**); 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 Scheme by the Court.

Subject to the regulatory and court processes, it is anticipated that the Scheme will be approved by the Court on or before, and the Transfer will come into effect from, the Effective Time (as defined in the Scheme, which is expected to be in or around the fourth quarter of 2024).

What will and will not change on your policy?

Policy Provider - from the Effective Time, RL360 Services will become the insurer for your policy in place of IOMA.

Value of your Policy - the value of your policy will not change as a result of the Transfer. There will be no change to the benefits payable from your policy.

Administration - as a result of the Transfer, there will be certain changes to how your policy is administered to reflect different administration systems used by RL360 Services. These administrative changes are explained at Q6 of Section 3.

Policy Terms and Conditions – there may be changes to the terms and conditions of your policy, depending upon the type of policy you have. For most of the affected Transferring Policies, these amendments are largely minor and administrative in nature and relate, for example, to the way in which interest will be applied, policy charges will be taken and valuations will be made available after the Transfer. These amendments are detailed at Section 6 of this circular and explained at Q6 of Section 3.

Investments – if your policy is linked to any IOMA internal funds, this will change as a result of the Transfer as explained at Q7 of Section 3. For all other policyholders, there will be no change to the investments linked to your policy.

Charges - there will be no increase to the charges for your policy as a result of the Transfer. Charges may be deducted on a different date after the Transfer, as also detailed at Q6 of Section 3.

Policyholder Protection - any policy issued on or after 4th April 1988 will continue to be covered by the Isle of Man Policyholders Compensation Scheme.

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

Following the Transfer, you should contact RL360 Services with any queries or instructions regarding your policy. Details of how to contact RL360 Services are set out at <https://www.rl360services.com/contactus/index.htm> and Section 7 – Contact Details. Once the Transfer has taken place, you will also receive a welcome letter from RL360 Services containing new contact details for RL360 Services and details of how to register for online services.

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 Michael Claffey who is a Fellow of the Society of Actuaries in Ireland and a Principal of Milliman's Irish Insurance Practice (the **Independent Actuary**). Michael Claffey's summary report for policyholders on the proposed Transfer is set out in Section 4 of this circular. In brief summary:

- He has confirmed that he has considered the effects of the proposed Scheme on the various groups of policyholders of IOMA and RL360 Services separately, including the existing policyholders of RL360 Services, those IOMA policyholders that will transfer to RL360 Services under the Scheme, those IOMA long-term policyholders that will remain with IOMA and those IOMA non long-term policyholders that will remain with IOMA. He does not consider an assessment of further subdivisions of policyholders to be necessary.
- He is satisfied that the implementation of the proposed Scheme would not have a material adverse effect for the policies of IOMA and RL360 Services on:

- the security of the relevant policyholders' benefits;
 - the profile of risks to which the relevant policyholders are exposed;
 - the protection offered by the regulatory regime that would apply to the relevant policyholders;
 - the reasonable expectations of the relevant policyholders with respect of their benefits; and
 - the standards of administration, service, management and governance that apply to the relevant policyholders.
- He is satisfied that the arrangement with regard to the costs of the proposed Scheme are fair to all the categories of policyholders in both IOMA and RL360 Services.
 - He is also satisfied with the proposed approach to policyholder communications in respect of the Proposed Scheme.

A copy of the full report prepared by the Independent Actuary, which has also been provided to the IOMFSA and the Court, is available on our website <https://www.iomagroup.co.im/porfoliotransfer.html>.

Further information on the proposed Transfer

Once you have read this circular, if you have further questions, you can contact us using the contact details in Section 7 – 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 <https://www.iomagroup.co.im/porfoliotransfer.html>. RL360 Services will shortly publish a legal notice relating to the Scheme in two newspapers in the Isle of Man. A Copy of this legal notice is provided at Section 5 of this circular. A legal notice will also be published in a UK daily newspaper with international circulation.

The following information will also be available for inspection, during normal business hours on any working day (Monday to Friday except public holidays), at our offices at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP, and at RL360 Services' legal advisers Appleby (Isle of Man) LLC at 33 - 37 Athol Street, Douglas, Isle of Man IM1 1LB:

- the application, by way of claim form, to the Court including the terms of the Scheme;
- this circular; and
- the Independent Actuary's report.

The Isle of Man Court Hearing

The hearing of the Court to sanction the Scheme is scheduled to take place on 25 November 2024 at 10:00 am. The hearing will take place at the Isle of Man Courts of Justice, Deemsters Walk,

Bucks Road, Douglas, Isle of Man IM1 3AR. Any person who believes that they may be adversely affected by the Scheme is entitled to raise an objection.

If you intend to be at the hearing, please notify our advocates of this intention by writing to Scott Leonard-Morgan at Cains Advocates Limited, Fort Anne, Douglas, Isle of Man IM1 5PD or by emailing scott.leonard-morgan@cains.com with reference 19853.0033 as soon as possible, setting out the reasons for your concerns. However, you are still entitled to attend the hearing if you have not contacted us in advance.

How to object as an alternative to attending the Court hearing

If you wish to object to the Transfer you can, as an alternative to attending the Court hearing in person or through your legal adviser, do so by contacting us in writing or by email using the details set out in Section 7 – Contact Details, stating the reasons for your concerns. We will make your views known to the independent actuary and to the Court.

SECTION 2 - Summary of the Scheme

1. INTRODUCTION

- 1.1 This section sets out a summary of the terms of the Scheme. Full details of the Scheme can be found on the websites of IOMA and RL360 Services at <https://www.iomagroup.co.im/portfoliotransfer.html> and www.rl360services.com/transfer.
- 1.2 The Scheme does not require the consent of policyholders, but it must be sanctioned by the Court before the Transfer can occur.
- 1.3 A claim form (or application) for the Scheme was presented by the directors of IOMA and RL360 Services to the Court on 4 October 2024 asking the Court to sanction the Scheme. We expect the Isle of Man sanction hearing at the Court to be held on 25 November 2024. The Court will hear from any concerned person whom it considers has an entitlement to be heard, including any policyholder.

2. BACKGROUND OF IOMA AND RL360 SERVICES

- 2.1 IOMA is a company incorporated in the Isle of Man with company number 003792C, having its registered office at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP. IOMA is authorised by the IOMFSA under section 8 of the Isle of Man Insurance Act 2008 (the **IOM Act**).
- 2.2 RL360 Services is a company incorporated in the Isle of Man with company number 033520C, having its registered office at International House, Cooil Road, Douglas, Isle of Man, IM2 2SP. RL360 Services is authorised by the IOMFSA under section 8 of the IOM Act.

3. PROCESS AND TIMINGS OF THE SCHEME

- 3.1 If approved by the Court, the Scheme will be made pursuant to section 21 of, and Schedule 2 to, the IOM Act.
- 3.2 It is intended that the Scheme will become effective at 00.01am on 6 December 2024 (the **Effective Time**). Any changes to this time or date will be published on the websites of IOMA and RL360 Services at <https://www.iomagroup.co.im/portfoliotransfer.html> and www.rl360services.com/transfer.

4. TRANSFER OF POLICIES

- 4.1 With effect from the Effective Time, the Transferring Policies will be transferred to RL360 Services, along with other assets and liabilities which form part of the transferring business (the **Transferring Business**). This means that RL360 Services will then be the insurer under and responsible for the Transferring Policies.

4.2 If any Transferring Policies cannot transfer to RL360 Services at the Effective Time for legal or other reasons, they will transfer to RL360 Services on the date on which the impediment to their transfer has been removed or overcome.

4.3 The Transferring Policies are all unit linked policies.

5. **AMENDMENTS TO THE TERMS AND CONDITIONS OF CERTAIN OF THE TRANSFERRING POLICIES**

Certain amendments are proposed to the contractual terms of certain of the Transferring Policies. For the majority of affected Transferring Policies, these amendments are largely minor and administrative in nature and relate, for example, to the way in which valuations will be made available, interest will be applied and policy charges will be taken following the Effective Time. **These amendments are detailed in Schedule 3 to the Scheme and summarised at Section 6 and Q6 of Section 3 of this circular. It is important that you take notice of Schedule 3 to the Scheme and of any amendment(s) being made to your policy.**

6. **TRANSFER OF CONTRACTS**

Agreements and contractual arrangements relating exclusively to the Transferring Policies (the **Transferring Contracts**) will also be transferred from IOMA to RL360 Services under the Scheme from the Effective Time. The Transferring Contracts include, amongst other things, terms of business agreements (**TOBAs**) between IOMA and independent financial advisors and discretionary management agreements between IOMA and managers, in each case relating exclusively to the Transferring Policies.

7. **TRANSFER OF ASSETS AND LIABILITIES**

7.1 It is intended that, from the Effective Time, the assets and liabilities relating to the Transferring Policies will transfer to RL360 Services.

7.2 If any assets allocated to the Transferring Policies or any liabilities arising in respect of or otherwise associated with those assets cannot transfer to RL360 Services at the Effective Time for legal or other reasons, they will transfer to RL360 Services on the date on which the impediment to their transfer has been removed or overcome.

8. **CLAIMS UNDER THE TRANSFERRING POLICIES**

From the Effective Time, all the rights and obligations arising from the Transferring Business will automatically transfer to RL360 Services and will no longer rest with IOMA. This means that RL360 Services will be responsible for paying all claims and meeting all other obligations which were previously obligations of IOMA in relation to the Transferring Business.

9. **PREMIUMS AND MANDATES**

9.1 From the Effective Time, all premiums that would previously have been payable to IOMA in respect of the Transferring Policies will be payable to RL360 Services.

- 9.2 From the Effective Time, any mandates or other instructions in respect of the Transferring Policies will take effect as if given to RL360 Services.

10. CONTINUITY IN PROCEEDINGS

- 10.1 From the Effective Time, any proceedings or litigation which have been issued, served, commenced, threatened or contemplated by or against IOMA exclusively in connection with the Transferring Business (or any other claims or complaints which may be brought in the future against IOMA exclusively in respect of the Transferring Business, including those not yet in contemplation) shall be continued by or against RL360 Services, and RL360 Services shall be entitled to all defences, claims, counterclaims and rights of set-off that would have been available to IOMA in relation to such proceedings or litigation.
- 10.2 From the Effective Time, any judgment, settlement, order or award under current or past proceedings obtained by or against IOMA in relation to the Transferring Business shall be enforceable by or against RL360 Services in place of IOMA.

11. DATA PROTECTION

- 11.1 From the Effective Time, RL360 Services will become the data controller in respect of all personal data and corresponding consents relating to the Transferring Business.
- 11.2 From the Effective Time, RL360 Services will owe to any person the same duties of confidentiality and privacy as those which IOMA owed in relation to the Transferring Business.

12. RESIDUAL ASSETS AND LIABILITIES

The Scheme includes provisions dealing with any assets and liabilities that are intended to transfer but, for whatever reason, do not transfer to RL360 Services at the Effective Time (for example, where non-Isle of Man law requirements have not yet been met). The Scheme provides that RL360 Services will assume responsibility for any residual liabilities and that any residual assets will be held on trust by IOMA for RL360 Services until they are transferred to RL360 Services.

13. COSTS AND EXPENSES

None of the costs and expenses relating to the preparation of the Scheme or the processes of the Court will be borne by policyholders.

14. CHANGES TO THE SCHEME

- 14.1 IOMA and RL360 Services can agree to amend the terms of the Scheme before it is approved by the Court. IOMA and RL360 Services can also amend the terms of the Scheme (including amending the Effective Time) after the Court hearing to approve the Scheme provided that the IOMFSA is notified of, and provides no objection to, the proposed amendment, the Court approves it and a certificate has been provided from an independent actuary. In the case of minor or technical amendments, or any amendment

to correct manifest error, the amendment can be made without the approval of the Court provided that the other conditions referred to above are satisfied.

SECTION 3 – Questions and Answers

Q1 Who are RL360 Services?

A1. RL360 Services is part of the International Financial Group Limited group of companies (IFGL). IFGL provides investment, savings and protection solutions to international investors around the world, with 216,000 customers, USD25 billion assets under administration and employs 570 staff (as at 31 December 2023).

RL360 Services is dedicated to looking after the personal portfolio bonds and international life policies of its customers. It provides high quality customer service and policy administration to 12,000 policyholders located all around the world. It is based in the Isle of Man.

You can find out more about RL360 Services at: www.rl360services.com

You can find out more about IFGL at: www.ifg-ltd.com.

Q2 Why is the Transfer happening?

A2. IFGL, the ultimate parent company of RL360 Services, has a longstanding strategy of growth through acquisition, as well as organically. The transfer of the Transferring Policies represents an excellent complementary fit with IFGL's existing business, and IOMA feels that the future of the transferring IOMA policyholders (the **Transferring Policyholders**) will be best served in the hands of a renowned financial group. RL360 Services will provide the Transferring Policyholders with the high standards of service for which IFGL is internationally recognised.

Q3 Do I need to take any action?

A3. Please bring this circular to the attention of any financial adviser, discretionary fund manager or other servicing agent you may have appointed in respect of your policy.

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 transfer helpline number or email the address given in Section 7 – 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 Court.

Q6 Will there be any changes to my policy?

A6. There will be some minor changes to your policy as a result of the Transfer, as detailed below. However, there will be no change to the benefits payable from your policy or the value of your policy and any policy issued on or after 4th April 1988 will continue to be covered by the Isle of Man Policyholders Compensation Scheme.

Policy Provider

From the Effective Time, RL360 Services will become the insurer for your policy in place of IOMA and will operate the systems, processes and employ the team needed to service the policy. Following the Transfer, if you have any queries or instructions regarding your policy you should contact RL360 Services. Details of how to contact RL360 Services are set out at <https://www.rl360services.com/contactus/index.htm> and Section 7 – Contact Details.

No top-ups

Following the Transfer, applications for the payment of additional premiums on Transferring Policies will no longer be accepted.

Administrative Changes

As a result of the Transfer, there will be some changes to how your policy is administered to reflect different administration systems used by RL360 Services. Following the Transfer:

- Transferring Policies will accrue credit or debit interest received or charged (as applicable) on a daily basis, which will then be applied on the last day of every calendar month, to your cash account when it is in credit (or debit, as applicable), at such rates as RL360 Services may fix from time to time, details of which are available by writing to RL360 Services at its Head Office.
- Policy charges will be deducted each calendar quarter on the date in the relevant month on which the policy was commenced.
- RL360 Services will make quarterly valuations available on its Online Servicing Centre at <https://service.rl360.com/scripts/customer.cgi>. If a paper copy of a valuation is required, a charge may be applied by RL360 Services.
- Policy transaction account balances will be maintained by RL360 Services in the currency of asset transactions, rather than in the underlying policy currency.
- When policyholders wish to sell assets in order to purchase other assets, the purchase leg of the transaction will not be executed by RL360 Services until cleared funds from the sale leg of the transaction are received.
- RL360 Services will not accept instructions on policies by fax, instead it will accept them by email or through the RL360 Services customer portal.

- IOMA currently provide policyholders with advance notice of policy maturity three times prior to the maturity date. RL360 Services intends to only provide one advance notice of maturity.
- Certain of the policy numbers assigned to the Transferring Policies will change, either because of duplication with existing RL360 Services policy numbers or because the current policy number is incompatible with RL360 Services' systems. Affected policyholders will receive a letter notifying them of the change to their policy number.

Investments

If your policy is linked to any IOMA internal funds, this will change as a result of the Transfer as explained at Q7. For all other policyholders, there will be no change to the investments linked to your policy.

Changes to Policy Terms and Conditions

Depending upon the type of policy you have, there may be changes to the terms and conditions of your policy to reflect the changes set out above. These changes and the types of policies affected are set out at Section 6 of this circular. For most of the affected Transferring Policies, these amendments are largely minor and administrative in nature and relate, for example, to the way in which interest will be applied, policy charges will be taken and valuations will be made available after the Transfer. If your policy is linked to an IOMA internal fund there may be changes to the policy terms to reflect the closure of IOMA's internal funds, as explained at Q7 below. **These amendments are detailed in Schedule 3 to the Scheme and summarised at Section 6 and Q6 of Section 3 of this circular. It is important that you take notice of Schedule 3 to the Scheme and of any amendment(s) being made to your policy.** All other policy terms and conditions will remain in place and references to IOMA should, following the Effective Date, be read as referring to RL360 Services.

Q7 What if my policy is linked to IOMA internal funds?

A7. Internal funds operated by IOMA (listed below) do not form part of the proposed Transfer. This means that, if your policy is linked to one of IOMA's internal funds, there will be some changes to the investments linked to your policy as a result the Transfer. However, there should be no change to the value of your policy as a result of the Transfer.

Cash Internal Funds

The **Cash Internal Funds** are:

- IOMA GBP Cash Reserves
- IOMA Offshore Cash Fund
- IOMA USD Cash Reserve Fund
- GAP USD Cash Fund
- GAP Premier Low Risk Fund (USD and EUR)

If the Transfer receives the necessary court approvals, the Cash Internal Funds will be closed shortly before the Transfer takes effect, giving rise to cash balances. RL360 Services will establish general transaction accounts in respect of policies linked to the Cash Internal Funds and, at the Effective Time, IOMA will transfer the cash balances to RL360 Services to be credited to the relevant transaction accounts.

Managed Internal Funds

The **Managed Internal Funds** are:

- IOMA Diversified Euro
- IOMA Diversified Fund
- IOMA Emerging Market Growth Fund
- IOMA European Growth Fund
- IOMA F&C Investment Trust Fund
- IOMA Gold Fund
- IOMA S&P 500 Fund
- IOMA Safety First Fund
- IOMA United Kingdom Growth Fund
- IOMA United States Growth Fund
- GAP Select Managed Growth Fund
- GAP Global Equity Fund
- GAP Global Index Tracker (USD)

If the Transfer receives the necessary court approvals, the Managed Internal Funds will be closed shortly before the Transfer takes effect and the interests in the Managed Internal Funds linked to your policy will be redeemed into cash (**Managed Cash**).

We have worked closely with RL360 Services to identify suitable replacement external funds (**Proposed Replacement Funds**) which have materially similar investment objectives, comparable asset class allocations, sector and regional exposures, market capitalisation, investment style, risk profile and cost to the Managed Internal Funds. Information about the Proposed Replacement Funds is available on our website at <https://www.iomagroup.co.im/portfoliotransfer.html>.

Policyholders with policies linked to Managed Internal Funds will be given the option to either have the Managed Cash invested in the Proposed Replacement Funds corresponding as closely as possible with the relevant IOMA Internal Fund(s) or in alternative replacement external fund(s) (**Alternative Replacement Funds**) selected by the policyholder (subject to the Alternative Replacement Funds meeting RL360 Services' acceptability criteria). RL360 Services will acquire interests in the Proposed Replacement Funds or Alternative Replacement Funds (as applicable) on the same day the Managed Internal Funds are closed in order to minimise any loss of market exposure. Upon the Transfer taking effect, the Managed Cash will transfer to RL360 Services, RL360 Services will reimburse itself from the Managed Cash for its acquisition of the interests in the Proposed Replacement Funds or the Alternative Replacement Funds (as applicable), and the relevant interests in the Proposed Replacement Funds or the Alternative Replacement Funds (as applicable) will be linked to the policies.

If your policy is linked to one or more Managed Internal Funds you will have received supplementary information about the options available to you and the actions you may wish to take. **If you have not received this information, please contact us as soon as possible using the following details:**

Post: Manoj Patel, IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP

Telephone: +44 1624 681200

Email: manojp@iomagroup.co.im

If your policy is linked to Managed Internal Funds and RL360 Services has not heard from you or your appointed agent by 5:00 pm Isle of Man time on 15 November 2024, the Managed Cash linked to your policy will be invested into the Proposed Replacement Funds.

Global Internal Fund

The **Global Internal Fund** is:

- GAP Managed Endowment Fund

If the Transfer receives the necessary court approvals, the Global Internal Fund will be closed and the interests in the Global Internal Fund linked to your policy will be redeemed into cash (**Global Cash**).

RL360 Services will establish general transaction accounts in respect of policies linked to the Global Internal Fund and, as soon as the interests in the Global Internal Fund linked to such policies have been redeemed into cash, IOMA will transfer the Global Cash to RL360 Services to be credited to the relevant transaction accounts.

The terms and conditions of certain of the Transferring Policies contemplate the relevant policies being linked only to IOMA's internal funds. Where that is the case, the terms and conditions will be amended accordingly, as explained in more detail at Section 6 of this circular.

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

A8. Yes, in order for insurance businesses to transfer between insurers there is a legal and regulatory requirement that an independent actuary considers and reports on the proposed Transfer. We have included a summary of the report of the Independent Actuary in Section 4 of this circular. The Independent Actuary concludes that the implementation of the proposed Schemes would not have a material adverse effect for the policies of IOMA and RL360 Services on:

- the security of the relevant policyholders' benefits;
- the profile of risks to which the relevant policyholders are exposed;
- the protection offered by the regulatory regime that would apply to the relevant policyholders;

- the reasonable expectations of the relevant policyholders with respect to their benefits; and
- the standards of administration, service, management and governance that apply to the relevant policyholders.

The Independent Actuary will keep the proposals under review up until the sanction hearings of the Court. A further safeguard which protects your interests is that the Transfer will take place only after it has been considered and approved by the Court, following notification of and engagement with the IOMFSA.

Q9 Why is the confirmation of the Court necessary?

A9. The provisions of Isle of Man law (specifically section 21(1) of and Schedule 2 to the IOM Act) provide that the approval of the Court is required for the Transfer to take place. The Transfer will not be confirmed unless the Court is satisfied that the interests of all policyholders will not be prejudiced by the Transfer and that the legal requirements have been met.

Q10 Can I object to the proposed Transfer?

A10. Yes, you are entitled to object to the Scheme in person or in writing or through your legal advisers. Policyholders should first review the details contained in this circular. If you then wish to object to the Transfer, you are entitled to attend the Court on the day of the hearing at which the sanction of the Court to the Scheme will be sought (scheduled for 25 November 2024). You can attend in person or send a representative on your behalf.

If you wish to be heard at the hearing of the Court, please notify our advocates by writing to Scott Leonard-Morgan at Cains Advocates Limited, Fort Anne, Douglas, Isle of Man IM1 5PD or by emailing scott.leonard-morgan@cains.com with reference 19853.0033 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.

If you wish to object to the Transfer you can, as an alternative to attending the Court hearing in person or through your legal adviser, do so by contacting us in writing or by email using the details set out in Section 7 – Contact Details, stating the reasons for your concerns. We will make your views known to the independent actuary and to the Court.

Q11 Will the proposals automatically go ahead?

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

Q12 How will I know whether the Court has approved the proposed Transfer?

A12. Following the court hearings we will publicise the fact that the Scheme has been sanctioned (and as a result can be implemented) on our website <https://www.iomagroup.co.im/portfoliotransfer.html>. Once the Transfer has taken place, you will receive a welcome letter from RL360 Services containing new contact details for RL360 Services and details of how to register for online services. You do not need to take any action as a result of the Transfer.

Q13 What happens if the Court does not approve the Transfer?

A13. If the Scheme is not approved by the Court, the Transfer will not proceed and the Transferring Policies will remain with IOMA. There will be no change to the terms and conditions of your policy or administrative arrangements if the Transfer does not proceed, and policies currently linked to IOMA internal funds will continue to be linked to the funds (which will remain open) without change.

SECTION 4 - Summary of the Report of the Independent Actuary

**Summary Extract from the Report of the
Independent Actuary on the Proposed Scheme to
transfer certain insurance business from Isle of Man
Assurance Limited
to RL360 Life Insurance Company
Limited**

1 Introduction

- 1.1 The Boards of Isle of Man Assurance Limited (“**IOMA**”) and RL360 Life Insurance Company Limited (“**RL360 Services**”) have agreed to the transfer of certain insurance business of IOMA (the “**Transferring Policies**”) into RL360 Services on or around 6 December 2024 (the “**Effective Date**”). The reasons for the Proposed Scheme are outlined in the Policyholder Circular.
- 1.2 In order to achieve this under Isle of Man law, a court-approved portfolio transfer is required. The Transferring Policies will be transferred from IOMA to RL360 Services via a scheme of transfer (the “**Proposed Scheme**”), subject to approval by the High Court of Justice of the Isle of Man (“**the Court**”). The Court is scheduled to hold the Sanction Hearing in late November 2024. More details on the Court process are outlined in the Policyholder Circular.
- 1.3 IOMA was established in the Isle of Man in 1971 and is authorised and regulated by the Isle of Man Financial Services Authority (“**IOMFSA**”) to transact insurance business. IOMA is a wholly owned subsidiary of Financial Holdings Limited (“**FHL**”), a company incorporated in the Isle of Man.
- 1.4 RL360 Services commenced operations in the Isle of Man in 1987 as CMI Insurance Company Limited and changed ownership in 2015 to become RL360 Services. It is authorised and regulated by IOMFSA to transact insurance business. It is a wholly owned subsidiary of International Financial Group Limited (“**IFGL**”) a company incorporated in the Isle of Man.

The role of the Independent Actuary

- 1.5 Under the Isle of Man Insurance Act 2008 (“**the 2008 Act**”) the Proposed Scheme must be assessed by an independent actuary (“**the Independent Actuary**”). IOMA and RL360 Services (each a “**Company**” and together the “**Companies**”), have instructed me to act as the Independent Actuary who is required to report to the Court on the terms of the Proposed Scheme.
- 1.6 I, Michael Claffey, am a Fellow Member of the Society of Actuaries in Ireland, and have been so since 1998. I am a Principal of Milliman and am a consulting actuary based in the firm’s Irish insurance practice at 7 Grand Canal Street Lower, Dublin 2. I have more than 30 years’ experience in the insurance industry, including experience of acting as the Appointed Actuary and/or Head of Actuarial Function for a number of Irish life assurance companies and acting as the Independent Actuary in relation to a number of previous transfers of life assurance business in Ireland, the Isle of Man, Guernsey and Singapore.
- 1.7 The 2008 Act requires that a summary of a report on the terms of the Proposed Scheme by an independent actuary be transmitted to each policyholder and to every member of each company (the “**Independent Actuary’s Report**”), unless the Court otherwise directs. I have produced my Independent Actuary’s Report which considers the effects of the transfer on policyholders and which sets out my conclusions, and includes my reliances and limitations in producing the report. My full Independent Actuary’s Report is publicly available online via the Companies’ websites (www.rl360services.com/transfer) and

<https://www.iomagroup.co.im/transfer.html>), and is also available on request from the Companies and their legal representatives in the Isle of Man.

- 1.8 In October 2024 the Companies applied to the Court and gained approval for an exemption from sending the full Independent Actuary's Report to all policyholders of both IOMA and RL360 Services and instead to send letters to the Transferring Policyholders and the IOMA remaining policyholders indicating where they may find a summary of the Independent Actuary's Report together with my full Independent Actuary's Report and other documents relating to the Proposed Scheme, on IOMA's website. These documents are available to RL360 Services existing policyholders on the website of RL360 Services.
- 1.9 This report (the "**Independent Actuary's Summary Extract**", or "**Summary Extract**") is a summary of my full Independent Actuary's Report. This Summary Extract was prepared by me for inclusion in policyholder circulars to be uploaded to the Companies' websites. It is also available on request from the Companies and their legal representatives in the Isle of Man.

Instructions

- 1.10 I have interpreted my instructions as Independent Actuary as requiring me to consider the likely effects of the Proposed Scheme on the Companies' life assurance policyholders including, but not limited to, the security of their benefits and their reasonable expectations. I have had regard to the security of the benefits in each Company both before and after the implementation of the Proposed Scheme, and each Company's policyholders' reasonable expectations created by the past practices employed or statements made by each Company. I have compared the status quo to the position that will apply after the completion of the proposed transfer.
- 1.11 I will prepare a further report (the "**Supplementary Report**") prior to the final Court hearing (expected in late November 2024) to provide an update for the Court on my conclusions in respect of the effect of the proposed transfer on the different groups of policyholders in light of any significant events or developments that have occurred since the Independent Actuary's Report (and this Summary Extract) was prepared.

Parties for whom my report has been prepared

- 1.12 The Independent Actuary's Report and this Summary Extract have been prepared for the benefit of the policyholders of IOMA and RL360 Services.
- 1.13 The Independent Actuary's Report will be used as part of the petition to the Court to sanction the proposed transfer. The Independent Actuary's Report and this Summary Extract may also be of interest to the IOMFSA, or any other governmental department or agency having responsibility for the regulation of insurance companies in the Isle of Man, and to any professional advisors with respect to the Proposed Scheme.

Reliances and limitations

- 1.14 This Summary Extract covers the main conclusions of my full Independent Actuary's Report. However, this Summary Extract must be considered in conjunction with my full Independent Actuary's Report. This Summary Extract is subject to the same reliances and the same limitations on its use as are set out in my full Independent Actuary's Report.
- 1.15 I have had access to certain documentary evidence provided by IOMA and RL360 Services in relation to the Proposed Scheme. In addition, I have had access to, and discussions with, the senior management of both IOMA and RL360 Services. My full Independent Actuary's Report lists the principal data sources. My conclusions depend on the substantial accuracy of this information, and I have relied on this information

without independent verification. There are no documents or other information that I have requested that have not been provided.

- 1.16 Neither I, nor any member of my team, is a qualified legal or tax expert. I have relied on the opinions and assurances of the Companies' experts in these matters and have not sought independent expert advice. This Summary Extract is based on the information available to me at, or prior to, 2 October 2024 and takes no account of developments after that date. The Independent Actuary's Report, and this Summary Extract, have been prepared specifically and solely for the purposes of Section 21(1) of and Schedule 2 to the 2008 Act.
- 1.17 The Independent Actuary's Report, and this Summary Extract, have been prepared within the context of the assessment of the terms of the Proposed Scheme. No liability will be accepted by Milliman, or me, for any application of the Independent Actuary's Report to a purpose for which it was not intended, nor for the results of any misunderstanding by any user of any aspect of the Independent Actuary's Report (or any summary thereof). Judgments as to the conclusions contained in the Independent Actuary's Report should be made only after studying the Independent Actuary's Report in its entirety. Furthermore, conclusions reached by the review of a section or sections on an isolated basis may be incorrect.
- 1.18 This Summary Extract should be considered together with the other documents relating to the Proposed Scheme. In the event of conflict or difference of interpretation between this Summary Extract and my full Independent Actuary's Report, my Independent Actuary's Report takes precedence.

Professional guidance and terminology

- 1.19 The Independent Actuary's Report, and this Summary Extract, have been prepared under the terms of the guidance set out in version 1.0 (effective 1 December 2022) of the Actuarial Standard of Practice ("ASP") INS-2 ("Transfer of an Insurance Portfolio – Role of the Independent Actuary") issued by the Society of Actuaries in Ireland ("SAI"), and Version 1.2 (effective 1 March 2022) of ASP PA-2 ("General Actuarial Practice"), as issued by the SAI.
- 1.20 This Summary Extract contains various technical terms which I need to use in assessing the Proposed Scheme. Those terms are written in bold font when first defined in this Summary Extract and are also defined in the glossary in my full Independent Actuary's Report.

2 The Proposed Scheme

- 2.1 The Proposed Scheme will see certain insurance business of IOMA transferred to RL360 Services, subject to the approval of the Court. The details of the Proposed Scheme are contained in the Policyholder Circular.
- 2.2 Subject to satisfying the necessary pre-conditions as set out in the Proposed Scheme, the Transferring Policies are scheduled to be transferred in their entirety on the Effective Date of the Proposed Scheme to RL360 Services. RL360 Services will then become the insurer of those contracts on and from the Effective Date with the Transferring Policyholders acquiring the same contractual rights with RL360 Services as they previously had with IOMA, but subject to the changes under the Proposed Scheme as outlined below in paragraph 2.14.

Categories of IOMA Policyholders

- 2.3 IFGL (via RL360 Services) intends to acquire certain policies underwritten by IOMA which will be transferred under the Proposed Scheme from IOMA to RL360 Services. These are referred to as the

“**Transferring Policies**”. The transaction solely covers IOMA’s single premium unit-linked life insurance policies.

- 2.4 The Transferring Policies represent approximately 30 different product variants that have unit-linked benefits linked to IOMA Internal Funds and External Funds. The transfer will include the transfer of assets backing the Transferring Policies from IOMA to RL360 Services. The Transferring Policies are listed by their internal IOMA reference policy number in Schedule 1 of the Proposed Scheme.
- 2.5 The following groups of policies will remain in IOMA:
- One long-term single premium unit-linked policy, the Property Wealth Manager (“**PWM**”) policy.
 - The life term assurance products (“**Compass**”), consisting of approximately 5,900 policies as at 24 September 2024. The Compass products were marketed under various brands over recent years, namely Assura Protect, ESMI (Essential Supplementary Medical Insurance Ltd), Hive, LifeShield, and Sure2Insure.
 - The general insurance products providing cover against a range of risks including income replacement, caravan, accident & health and miscellaneous financial loss (“**general insurance policies**”), consisting of approximately 5,300 policies as at end August 2024. These include products such as Frank Pickles Caravans, Chauffeurplan, DriverGuard, the St. Christopher plan, and the Insured Windows Guaranteed plan.

Consideration payment for the portfolio

- 2.6 Under the terms of a Transfer Agreement between IOMA and IFGL (as the ultimate parent of RL360 Services), commercial performance of the Transferring Policies transferred from IOMA to RL360 Services with effect from 1 July 2023. This is achieved by adjusting the consideration (price) payable from RL360 Services to IOMA on the Effective Date of the Proposed Scheme.

Changes to Unit-Linked Funds

- 2.7 The Transferring Policies that are linked to External Funds will transfer the relevant External Funds by the reregistration of the External Funds from IOMA ownership to RL360 Services ownership. This will include the reregistration and novation of various associated discretionary accounts and third-party Discretionary Fund Management agreements from IOMA to RL360 Services on behalf of the underlying policyholders.
- 2.8 The Transferring Policies that are linked to IOMA Internal Funds will be reorganised under the Proposed Scheme. The Transferring Policies with benefits linked to internal funds of IOMA can be grouped into three categories. These three groups comprise of the “Cash” internal linked funds; “Managed” internal linked funds; and “Global” internal linked funds.
- 2.9 The various assets underlying the IOMA internal linked funds will be liquidated by IOMA in or around the Effective Date and transferred as cash to RL360 Services. Both IOMA and RL360 Services will coordinate the selling (as IOMA) and the buying (as RL360 Services) of the relevant underlying assets that represent the IOMA internal linked funds that involved transfers to RL360 Services as cash. This mechanism ensures the Transferring Policyholders remain “in the market” in terms of the market value of their internal fund units during the transfer.
- 2.10 RL360 Services will not establish or maintain internal unit-linked funds as internal unitised funds in the same way as IOMA. For the IOMA Internal Funds RL360 will establish and maintain separate internal linked funds for each policyholder that will hold relevant external fund assets via appropriate and equivalent External Funds. This preserves the unit-linked nature of the policies and benefits but with an amended but equivalent administration approach. This will be achieved as follows:

- The IOMA “Cash” internal linked funds will be replaced by the RL360 Services General Transaction Accounts (“GTAs”).
 - The 13 IOMA “Managed” internal linked funds will be replaced by a range of External Funds identified by RL360 Services as having a similar risk profile, investment mandate and investment outlook as the IOMA internal linked funds. Transferring Policyholders will be linked to the relevant replacement identified External Fund and allocated sufficient units in the External Fund to equal the value of their allocated units in the IOMA internal linked fund at the time of the transfer.
 - The IOMA GAP Managed Endowment Fund (described in the Proposed Scheme as Global IIF) has one policyholder linked to the internal linked fund, and the amount of the investment is below an economic amount for an internal linked fund (it is below £20,000 in value). IOMA will close this internal fund before the Effective Date and redeem the units for market value. The policyholder will receive the market value of the units once cancelled and will be switched to cash within their policy. This policy will then be transferred to RL360 Services within the scope of the Proposed Scheme (and the policy will continue to be linked to a cash asset).
 - RL360 Services and IOMA have worked closely together to propose suitable replacement External Funds with comparable asset class allocations, sector and regional exposures, market capitalisation, investment style, risk profile and no material increase in cost for policyholders.
- 2.11 Immediately following the Directions Hearing, and at the same time as issuing the Policyholder Circular, IOMA will write to all impacted policyholders (13 policyholders in total) with policies linked to Managed IIFs, and they will be given the (default) option to either have the cash invested in the proposed replacement External Funds identified by RL360 Services, or the policyholders can opt to apply and link to alternative replacement External Funds, subject to the alternative replacement External Funds meeting RL360 Services’ investment criteria.
- 2.12 On the same day as the Managed IIFs are closed and redeemed for cash by IOMA, RL360 Services will acquire interests using its own cash balances in the proposed or alternative replacement External Funds with a total value equal to the redeemed cash balances. On the Effective Date, the cash balances will transfer to RL360 Services and RL360 Services will reimburse itself from the cash balances for its acquisition of the interests in the replacement External Funds, and the relevant interests in the replacement External Funds will be linked to the relevant policies. This is in order to ensure that the Transferring Policyholders suffer no loss in investment market exposure during the transfer.
- 2.13 The process for the replacement funds is explained in the Policyholder Circular and on the IOMA website (<https://www.iomagroup.co.im/transfer.html>).

Changes to IOMA Policy Conditions

- 2.14 A number of changes will be made to Transferring Policyholders’ contractual terms and conditions as part of the Proposed Scheme. These changes are intended to give effect to changes in how RL360 Services intends to administer the policies and are detailed in the Scheme and in the Independent Actuary’s Report. I have summarised the changes below:
- IOMA currently both accrues and applies credit or debit interest to cash accounts on a number of different frequencies, whereas RL360 Services will accrue interest daily but apply it monthly to the individual GTAs for all policies. IOMA only accrues credit interest to some policies, whereas RL360 Services will accrue both credit and debit interest on all policies.

- IOMA has accepted additional premiums to existing policies in the past, whereas RL360 Services will have discretion to accept such premiums and has informed me that it does not intend to accept them in the future.
- IOMA only allows certain of the Transferring Policies to only link to IOMA Internal Funds, whereas RL360 Services will allow these policies to link to their wide range of External Funds.
- RL360 Services will reserve the right to determine the acceptability of investments that policyholders request to be included as External Funds and, to refuse a request to (i) buy any investment RL360 Services deems unacceptable or (ii) sell any investment which RL360 Services considers is not readily realisable.
- IOMA deducts charges from policies on a variety of frequencies, whereas RL360 Services will deduct equivalent charges pro rata from policies on each quarterly anniversary of the policies' commencement date. This is a matter of timing on when the charges appear on policyholder transaction accounts.
- IOMA currently sends a hardcopy valuation to policyholders annually. Except on request, which will incur a charge to be paid by the policyholder, RL360 Services will not send hardcopy valuations but will make quarterly valuations available from RL360 Services' online customer portal.
- For certain of the Transferring Policies in respect of which no Investment Adviser has been appointed, IOMA currently accepts the role of Investment Adviser by default, whereas RL360 Services will not accept this role. This means these policies will be "execution only", and policyholders may request fund or asset switches.

RL360 Services rights in relation to Transferring Policies (if the Proposed Scheme is approved)

- 2.15 The Proposed Scheme provides that RL360 Services may exercise such discretions under the Transferring Policies as are available to be exercised by it under the terms and conditions of those Transferring Policies in accordance with any principles which are, for the time being, generally applied in IOMA in relation to such business, but will do so in accordance with any applicable regulatory principles and having regard, as appropriate, to such considerations as are from time to time in use in relation to such business in RL360 Services.

Policies remaining in IOMA

- 2.16 The policies remaining in IOMA (listed above) will continue to be administered and underwritten by IOMA and will not be amended by the Proposed Scheme.

Costs of the Proposed Scheme

- 2.17 IOMA and RL360 Services will share (in an agreed proportion) the costs and expenses associated with preparing and implementing the Proposed Scheme. No costs or expenses will be borne directly by any of the policyholders of either of the Companies as the shareholders of the Companies effectively cover all costs.

Consequences of the Proposed Scheme not being approved

- 2.18 If the Proposed Scheme is not approved by the Court, then IOMA and RL360 Services will continue to operate as they operate now. The Transferring Policies will not transfer and will remain in IOMA.

3 My approach to assessing the Proposed Scheme

- 3.1 My assessment is conducted within the context of the Proposed Scheme, and only the Proposed Scheme, and considers its likely effects on the Transferring Policyholders, the policyholders remaining in IOMA and existing (pre-Effective Date) policyholders of RL360 Services. It is not within my remit to consider possible alternative schemes or to form a view as to whether or not this is the best possible scheme.
- 3.2 My assessment of the impact of the implementation of the Proposed Scheme on the various affected policies is ultimately a matter of expert judgement regarding the likelihood and impact of future possible events. Given the inherent uncertainty over the outcome of such future events and that the effects may differ across different groups of policies, it is not possible to be certain of the effect on the policies.
- 3.3 A scheme may have both positive and negative effects on a group of policies and the existence of detrimental effects should not necessarily imply that the Courts should reject a scheme as the positive effects may outweigh the negative effects or the negative effects may be very small.
- 3.4 In order to acknowledge this inherent uncertainty, and to be consistent with normal practice in these matters, the conclusions of the Independent Actuary in relation to transfers of long-term insurance business are usually framed 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 it is not considered to have a material effect on the policies.
- 3.5 The assessment of materiality will also take into account the nature of the potential impact so that, for example, the materiality threshold for a change that could have a direct financial impact on policyholders' benefits is likely to be lower than the materiality threshold for a change that does not have a direct financial impact.

Policyholder groupings

- 3.6 I considered the implications of the Proposed Scheme separately for the following groups - the Transferring Policyholders, long term (life insurance) policyholders of IOMA who will remain with IOMA, general insurance policyholders of IOMA who will remain with IOMA, and RL360 Services' existing policyholders.

Key assumptions

- 3.7 There are certain assumptions that I have made when assessing and reaching my conclusions on the Proposed Scheme and which I summarise in my full Independent Actuary's Report. I have disclosed and discussed my assumptions with the Companies, and they have not raised any concerns or objections.

However, if any of these assumptions are incorrect, it is possible that my conclusions on the Proposed Scheme could change as a result.

My approach to assessing the Proposed

- 3.8 The conditions to be met by the Proposed Scheme are:
 - that the security of policyholders' benefits will not be materially adversely affected.
 - that the Proposed Scheme treats policyholders fairly and will not materially adversely affect their reasonable expectations.
 - that the standards of administration, service, management and governance that will apply to either of the groups of policyholders described in paragraph 3.6 above will not be materially adversely affected.
- 3.9 These issues are discussed in my full Independent Actuary's Report.

4 Assessment of the Proposed Scheme: Security of Benefits

- 4.1 I have considered a number of factors including the risk profiles of the two Companies and the outlook for their respective current and future solvency development (including consideration of their business plans).
- 4.2 At a high level, the two Companies share some similarities. Those points of similarity include:
- Both are based in the Isle of Man and subject to the same regulations and the same supervisory regime (noting the application of the details of the Isle of Man supervisory regime is proportionate based on the size of the authorised entity).
 - In terms of the economic value of the companies, both currently have mostly unit-linked long-term business.
 - Both have reasonably similar overall risk profiles.
 - Both have similar regulatory capital management policies, as Isle of Man authorised insurers.
- 4.3 There are also some differences, however, which are of particular importance to the Transferring Policyholders. These include, but are not limited to:
- RL360 Services is materially larger than IOMA in terms of total size of balance sheet and total funds under management.
 - IOMA is a composite insurer (i.e. writing both life and non-life business) with a portfolio of general insurance business.
 - The two Companies have different strategic plans, in particular the Proposed Scheme is part of IOMA's plans for the eventual winding-up of the business.
 - The two Companies have different parents, i.e. are part of different groups in different ownership. The two
 - Companies use different insurance administration platforms and processes.

Solvency (as a measure of financial security)

- 4.4 I note that, as at the Companies respective 2023 year-ends, both Companies had available capital resources in excess of both the regulatory minimum and their respective target levels as per their respective capital management policies.
- 4.5 The solvency position of both Companies following the transfer is assessed in my full Independent Actuary's Report. This shows the Transferring Policyholders will become part of a larger life insurance company which has a solvency position comfortably above the minimum requirement for authorised life companies and above the target level set by RL360 Services' capital policy. It also shows IOMA will be a materially smaller operation with a solvency position above the minimum requirement for authorised insurance companies.
- 4.6 I have also reviewed confidential internal documents and have confirmed the projected position for both Companies (into 2025 and beyond) shows that if the Proposed Scheme is approved, the outlook for RL360 Services' solvency position is not materially impacted by the Transferring Policies. IOMA shows a material improvement in solvency cover if the Proposed Scheme is approved (on the assumption the purchase price as defined in the Transfer Agreement is paid to IOMA, and on the assumption IOMA follows its documented run-off plan).
- 4.7 If the Proposed Scheme did not occur, both of the Companies are expected to have available capital resources in excess of the regulatory minimum for the foreseeable future (i.e. five years as used as the business planning horizon for the Companies).

Risk profiles and risk management

- 4.8 In my full Independent Actuary's Report, I summarise the key risks for both IOMA and RL360 Services, based on the composition of the solvency capital requirement and commentary based on my review of their risk management reports.
- 4.9 The Transferring Policyholders will be moving from IOMA within which the main risk exposures are currently expense risk (where the fixed costs of running an insurance company are high relative to a declining volume of inforce business), financial market risk, lapse risk and general insurance catastrophe risk, to RL360 Services with broadly similar exposures to those risks except that RL360 Services is not exposed to any general insurance risk, and RL360 Services is a materially larger company with economies of scale in covering the expenses of administering the business. The Transferring Policies will represent approximately 15% of the total policies in-force within RL360 Services, and approximately 10% of the policyholder liabilities, measured as funds under management.
- 4.10 Both Companies adopt broadly similar approaches in terms of risk management policies, frameworks, oversight and governance (as is to be expected as they are both subject to the same regulatory and supervisory regime in this regard).
- 4.11 The current reinsurance arrangements of IOMA relating to the Transferring Policies will be novated to RL360 Services under various novation agreements, on the Effective Date, in accordance with the terms and conditions of the novation agreements. This gives continuity to the risk mitigating effects of the reinsurance arrangements for Transferring Policyholders if the Proposed Scheme is approved.
- 4.12 Having reviewed the relevant documentation provided to me, and based on my experience of insurance risk management, I am satisfied that both Companies' risk profiles and risk management frameworks are sufficiently similar as to give no cause for concern that there is any material impact on the security of benefits of the Transferring Policyholders, IOMA remaining policyholders or the RL360 Services existing policyholders.

Capital management policies

- 4.13 Both Companies aim to hold sufficient levels of explicit capital buffers in excess of regulatory requirements. I have reviewed the basis on which these buffers have been calculated and am satisfied that it is reasonable and that the levels of capital buffers seek to give comparable probabilities that either IOMA or RL360 Services breach the solvency capital requirement.
- 4.14 Having examined the Companies' respective capital management policies (particularly with the Transferring Policyholders in mind), I am satisfied that RL360 Services policy is at least as comparable to IOMA's in terms of the protection that it affords to policyholders.

Business model sustainability

- 4.15 IOMA's business model is the management of its current book of life insurance with an intention to sell or run-off the business and wind-up the company in the future. With its current size, there are cost inefficiencies for IOMA of running a declining book on a relatively fixed cost base which are increasing over time. The transfer of the IOMA unit-linked business to RL360 Services is in line with its current strategy.
- 4.16 If the Proposed Scheme is approved, IOMA's remaining business will include the general insurance policies which will run off until March 2025, i.e. on an assumed 12 months from the 1 March 2024 decision on moving into run-off and accepting no new business or renewals. There is also the possible claim emergence over 2025 and beyond on the general insurance business (namely Chaufferplan, DriverGuard, and the St. Christopher plan).

- 4.17 The business remaining in IOMA will also include the term assurance Compass policies which will run off until March 2029, i.e. an assumed 5 years from the 1 March 2024 decision on moving into run-off and accepting no new business or renewals. And it will include the Property Wealth Management Bond (PWM) policy which is written as a whole of life policy linked to the life of one individual. It is difficult to predict how long this policy will remain in force as it will continue as long as the insured individual remains alive.
- 4.18 RL360 Services' business model has been to manage its current book of life insurance in run-off. In addition, IFGL's business model, as the parent of RL360 Services, is to support its subsidiaries in acquiring portfolios of international insurance business and create efficiencies of scale within the group. The transfer of the IOMA business to RL360 Services is in line with its current strategy.

Parental support

- 4.19 IOMA and RL360 Services are capitalised and managed to be self-sufficient on a standalone basis, without needing recourse to their parent company, (except potentially in RL360 Services' case to fund any material future acquisitions or other similar transactions). Nevertheless, both Companies benefit from the continued support of their respective parent undertakings, in particular through potential access to capital if required (noting that, in both cases, such capital support may or may not actually be forthcoming depending on the circumstances).
- 4.20 From information provided to me, I note that IFGL reported a healthy financial position as at 31 December 2023, indicating it has substantial available financial resources but also noting, however, that it has other potential calls on those resources.
- 4.21 I believe IOMA's parent, FHL, wishes to realise its holdings in financial service operations and therefore significant financial support for IOMA is unlikely to be forthcoming if required in the long-term. However, if the Proposed Scheme is approved, IOMA's capital position will benefit both from receiving the consideration (purchase price) and the reduction in the Solvency Capital Requirement both in relation to the Transferring Policies and to the closure and run-off of its remaining policies.
- 4.22 In my view the proposed transfer will not change the nature, character or likelihood of parental support available to either group of policyholders.

Policyholder Compensation Scheme

- 4.23 As authorised insurers, IOMA (and also RL360 Services) are members of the Isle of Man Policyholders Compensation Scheme ("PCS") governed by the Life Assurance (Compensation of Policyholders) Regulations 1991. The objective of the PCS is to provide a compensation scheme for policyholders should an authorised insurer be unable to satisfy its long term-insurance liabilities.
- 4.24 The Transferring Policies includes one policy that was issued prior to the introduction of a voluntary precursor scheme to the PCS. This policy is not a protected contract under the terms of the PCS. Policyholders in respect of the IOMA policies (with the one exception as noted) are and will continue to be covered by the PCS if the Proposed Scheme takes place. Current RL360 Services policyholders, where applicable, will also continue to be covered by the Isle of Man PCS.

Summary & Conclusions – Security of Benefits

- 4.25 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, the policyholders remaining in IOMA, or RL360 Services' existing policyholders.

5 Assessment of the Proposed Scheme: Fair treatment

- 5.1 I must also consider whether the Proposed Scheme treats policyholders fairly and consider the effect of the Proposed Scheme on policyholders' reasonable expectations. I considered a range factors and issues

relating to fair treatment in my full Independent Actuary's Report – and I have summarised the key issues below.

Contractual obligations

- 5.2 A number of changes will be made to Transferring Policyholders' contractual terms and conditions as part of the Proposed Scheme. These changes are intended to give effect to changes in how RL360 Services intends to administer the policies and are summarised above. Their benefits (in terms of surrender values or claim amounts) will not change.

Tax treatment of premiums and benefits

- 5.3 Both IOMA and RL360 Services have availed themselves of external tax advice to review the Proposed Scheme from the perspective of the tax implications (if any) on the Transferring Policies. This advice has concluded that the implementation of the Proposed Scheme is not expected to have any adverse tax consequences for the Transferring Policyholders, or for the other policyholder groups as outlined in Section 3.6 above.

Exercise of discretion

- 5.4 RL360 Services may exercise any discretion formerly available to IOMA under the terms and conditions of any policy but will do so in accordance with any applicable regulatory principles and having regard, as appropriate, to such considerations as are from time to time in use in relation to such business in RL360 Services.
- 5.5 In relation to the ability to exercise discretion in respect of aspects of the terms and conditions applicable to the Transferring Policies, IOMA has informed me that it has exercised discretionary powers on the Transferring Policies in the past in relation to granting loans against policies. In terms of loans against policies by policyholders, I have been informed that IOMA would now use its discretion not to grant loans if any were requested (should the Proposed Scheme not be approved), and I have also been informed that RL360 Services would also use its discretion to not grant any policy loans requested (should the Proposed Scheme be approved).
- 5.6 I am satisfied that there is no reason to believe that the Transferring Policyholders will be materially adversely affected by the way in which RL360 Services may exercise its discretion in respect of aspects of the terms and conditions of the Transferring Policies post-transfer, compared to how IOMA can currently exercise its discretion.

Customer service

- 5.7 IOMA outsources some client administration services to a sister company in the Isle of Man via an intra- group outsourcing arrangement.
- 5.8 RL360 Services will consolidate, in time, all necessary insurance administration activities relating to the transferring business in IFG Business Services in the Isle of Man so there will be a change to the customer service and policy administration arrangements for the Transferring Policyholders as a result of the proposed transfer.
- 5.9 Some of the precise administration approaches for certain individual transactions or instructions differ between the platforms of IOMA and RL360 Services. These changes can be summarised as follows:

- Individual policyholder GTA balances will be maintained by RL360 Services in the currency of each asset transaction, rather than in the underlying policy currency alone.
- When policyholders wish to sell assets in order to purchase other assets, the purchase leg of the transaction will not be executed by RL360 Services until cleared funds from the sale leg of the transaction are received.
- RL360 Services will not accept instructions on policies by fax, instead it will accept them by email or through the RL360 Services online customer portal.
- IOMA currently provides policyholders with advance notice of policy maturity three times prior to the maturity date. RL360 Services intends to only provide one advance notice of maturity.
- Certain of the policy numbers assigned to the Transferring Policies will change, either because of duplication with existing RL360 Services policy numbers or because the current policy number is incompatible with RL360 Services' systems. Affected policyholders will be notified of the change to their policy number by letter.

5.10 Having considered the relevant facts, as set out further in the full Independent Actuary's Report, I do not believe that there will be any material adverse impact to the service levels experienced by the Transferring Policyholders.

5.11 I have reviewed information provided to me by RL360 Services concerning its resource plans in relation to governance and oversight of these activities post-transfer and have not identified any cause for concern.

5.12 I am satisfied that there is no reason to believe that the service standards experienced by the Transferring Policies will be materially adversely affected by the Proposed Scheme.

Other issues

5.13 I am satisfied that the proposals with regard to the costs of the Proposed Scheme are fair to the identified groups of policyholders.

5.14 I am satisfied that the communication plan regarding the Proposed Scheme is fair and reasonable.

5.15 If the Proposed Scheme is approved, the Transferring Policyholders will continue to have the rights and access to complaints procedures for Isle of Man authorised and regulated insurers, including access to the Isle of Man Financial Services Ombudsman Scheme.

Summary & Conclusions – Fair treatment

5.16 I am satisfied that the fair treatment and reasonable expectations of the groups of policyholders will not be materially adversely affected by the Proposed Scheme.

6 Conclusions on the Proposed Scheme

Conclusions

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

- Policyholders of IOMA, who will transfer to RL360 Services;
- Long-term Policyholders of IOMA who will remain with IOMA;
- General insurance policyholders of IOMA who will remain with IOMA; and

- Existing (before the Effective Date) policyholders of RL360 Services

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

6.3 In summary, I am satisfied that the implementation of the Proposed Scheme would not have a material adverse effect for the policyholders of IOMA and RL360 Services on:

- the security of their benefits;
- the profile of risks to which they are exposed;
- the protection offered by the regulatory regime that would apply to them;
- the reasonable expectations of the policyholders with respect to their benefits; and
- the standards of administration, service, management and governance that apply to them.

6.4 I confirm that I am satisfied that the arrangement with regard to the costs of the Proposed Scheme are fair to all the categories of policyholders in both IOMA and RL360 Services.

6.5 I am also satisfied with the proposed approach to policyholder communications in respect of the Proposed Scheme.

6.6 I will prepare a Supplementary Report prior to the final Court hearing (Sanctions Hearing) expected in late November 2024 to provide an update for the Court on my conclusions in respect of the effect of the Proposed Scheme on the different groups of policyholders in light of any significant events subsequent to the date of the finalisation of this Report.



Michael Claffey
Fellow of the Society of Actuaries in

2 October 2024

SECTION 5 – Legal Notice

INSURANCE ACT 2008

ISLE OF MAN ASSURANCE LIMITED

RL360 LIFE INSURANCE COMPANY LIMITED

NOTICE IS GIVEN that on 7 October 2024 Isle of Man Assurance Limited, a company incorporated in the Isle of Man and having its registered office and principal place of business at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP (**IOMA**) and RL360 Life Insurance Company Limited, a company incorporated in the Isle of Man and having its registered office and principal place of business at International House, Cooil Road, Douglas, Isle of Man IM2 2SP (**RL360 Services**) together issued a claim form (**Claim Form**) seeking an Order of the High Court of Justice of the Isle of Man (**High Court**) under section 21 of, and Schedule 2 to, the Insurance Act 2008 sanctioning a scheme (**Scheme**) under which certain long term insurance business of IOMA (as more particularly described as the **Transferring Business** in the Scheme) is to be transferred to RL360 Services.

The application to sanction the Scheme is listed to be heard by the High Court at a hearing (**Sanction Hearing**) on **25 November 2024** at **10:00 am**. Any person who alleges that they would be adversely affected by the carrying out of the Scheme is entitled to be heard by the High Court at the Sanction Hearing.

Copies of the Claim Form and a report prepared by the independent actuary on the terms of the Scheme are available for inspection between the hours of 9:00 am and 5:00 pm Monday to Friday (excluding public holidays and subject to any local health and safety guidance applying at the time) at the offices of IOMA and at the offices of Appleby (Isle of Man) LLC (RL360 Services' legal advisers), at the following addresses up to the date of the Sanction Hearing:

IOMA - IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP; and

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

These documents are also available in hard copy on request and can be viewed on the following websites <https://www.iomagroup.co.im/portfoliotransfer.html> and www.rl360services.com/transfer.

Appleby (Isle of Man) LLC

SECTION 6 – Summary of the Proposed Changes to the Terms and Conditions of Certain of the Transferring Policies

A number of changes will be made to contractual terms and conditions of certain of the Transferring Policies as part of the Transfer. These changes are intended to give effect to changes in how RL360 Services intends to administer the Transferring Policies and are detailed below.

- IOMA currently both accrues and applies credit or debit interest to cash accounts on a number of different frequencies, whereas RL360 Services will accrue interest daily but apply it monthly to the individual general transaction accounts for all Transferring Policies. IOMA only accrues credit interest to some policies, whereas RL360 Services will accrue both credit and debit interest on all Transferring Policies.
- IOMA has accepted additional premiums to existing Transferring Policies in the past, whereas RL360 Services will have discretion to accept such premiums and does not intend to accept them in the future.
- IOMA only allows certain of the Transferring Policies to link to IOMA internal funds, whereas RL360 Services will allow these Transferring Policies to link to its wide-range of external funds. The terms and conditions of these Transferring Policies will be amended to facilitate the operation of the Transferring Policies in linking to external funds.
- RL360 Services will reserve the right to determine the acceptability of investments that policyholders request to be included as external funds and, to refuse a request to (i) buy any investment RL360 Services deems unacceptable or (ii) sell any investment which RL360 Services considers is not readily realisable.
- IOMA deducts charges from Transferring Policies on a variety of frequencies, whereas RL360 Services will deduct equivalent charges pro rata from Transferring Policies on each quarterly anniversary of the Transferring Policies' commencement date. This is a matter of timing on when the charges appear on policyholder transaction accounts.
- IOMA currently sends a hardcopy valuation to Transferring Policyholders annually. Except on request, which will incur a charge to be paid by the Transferring Policyholder, RL360 Services will not send hardcopy valuations but will make quarterly valuations available from RL360 Services' online customer portal.
- For certain of the Transferring Policies in respect of which no investment adviser has been appointed, IOMA currently accepts the role of investment adviser by default, whereas RL360 Services will not accept this role. This means these Transferring Policies will be "execution only", and Transferring Policyholders may request fund or asset switches.

SECTION 7 - Contact Details

IOMA

Registered Office address: IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP

Postal address for queries / enquiries by post: IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP

Telephone number: +44 (0)1624 681200

Email address: manojp@iomagroup.co.im

RL360 Services

Registered Office address: International House, Cooil Road, Douglas, Isle of Man, IM2 2SP

Postal address for queries / enquiries by post: RL360 Services, International House, Cooil Road, Douglas, Isle of Man, IM2 2SP, British Isles

Telephone number: +44(0)1624 638888

Email address: csc@rl360.com

Physical copies of the Transfer documents can be inspected at our offices and at the offices of RL360 Services' legal advisers:

IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP

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

The Transfer documents will also be available free of charge on our website: <https://www.iomagroup.co.im/transfer.html>

Contact Details Following the Transfer

Following the Transfer, the postal, email and phone contact details for IOMA and RL360 Services will remain the same. However, if you have any queries or instructions regarding your policy following the Transfer you should contact RL360 Services.

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.