



Supplementary Report of the Independent Expert

**Aetna Insurance Company Limited and
AWP P&C SA**

19 October 2023

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1 Introduction

1.1 Background

An Independent Expert's Report ("the Original Report") dated 27 June 2023 has been prepared in order that the UK High Court, the Prudential Regulation Authority ("PRA"), the Financial Conduct Authority ("FCA"), the Autorité de Contrôle Prudential et de Résolution ("ACPR") in France, the policyholders and other affected parties may properly assess the impact of the proposed transfer of a portfolio of insurance and inwards reinsurance liabilities of Aetna Insurance Company Limited ("AICL") ("the Transferor") into AWP P&C SA ("the Transferee") operating through its UK branch ("the Companies"). I refer to this proposed transfer of the portfolio as the proposed "Scheme". AICL and AWP P&C SA are referred to collectively herein as the "Scheme Companies".

The Scheme arises from a decision by Aetna International LLC ("Aetna") to wind down most of their non-Americas insurance business. Aetna is achieving this wind down using two transactions, the above Scheme and a separate Asset Purchase Agreement ("APA").

Under the APA, AICL has also given exclusive introductory rights to seek to migrate its annual premium business to AWP Health and Life SA ("AWP H&L"), to support continuity of coverage for its members wherever possible.

Under the Scheme, Aetna are also proposing to transfer all of AICL's remaining private medical insurance business (other than business written by Aetna's Singapore branch ("AICL SB"), which will undergo its own local Part VII process in Singapore) to AWP P&C SA ("AWP P&C"), operating through its UK Branch ("AWP P&C UK"). This includes all insurance policies underwritten by AICL (other than business written by AICL SB) where there is still potential liability for claims. For completeness, there are two other Part VII like processes transfers proposed for Ireland and Hong Kong; these will have no bearing on the UK Part VII transfer as they are completely separate legal entities. These are outside of my scope and are not commented on further.

The Original Report describes this second transaction, the Scheme. The Original Report considers the potential impact and benefits on all affected policyholders (of the Scheme Companies), including the security of their policies. I have also explicitly considered what happens if there are unintended policyholders left behind because the other Insurance Business Transfer ("IBT") processes do not fully proceed. I note the Scheme document makes an allowance for excluded policyholders even though there are expected to be none. The Original Report is available from the:

- Office of AICL's representatives, PwC, at 7 More London Place, London, SE1 2RT;
- AICL website at https://www.aetnainternational.com/en/about-us/insurance_business_transfer/uk_insurance_business_transfer.html; and
- registered UK Branch office of AWP P&C, which is Mondial House, 102 George Street, Croydon, Surrey, CR9 6HD;

The proposed transfer of insurance business from one insurer to another in the UK must be approved by the High Court. The terms covering the proposed Scheme are set out in the Scheme document that is presented to the High Court. I refer to that document as the "Scheme of Transfer". The Scheme of Transfer was presented to the High Court under Part VII of the Financial Services and Markets Act 2000 on 5th July 2023, at which time the directions of the High Court were sought. It is intended that the Sanctions Hearing will take place on 27 October 2023, when final approval of the Scheme of Transfer will be sought with a proposed effective date of 1 December 2023 (the "Effective Date").

In addition, the PRA, the FCA and the ACPR, as the regulators of the Scheme Companies, have been consulted. I understand that the Original Report was approved by the PRA in its letter addressed to

AICL¹, dated 28 June 2023 (this approval was also acknowledged by the FCA by email on the same date). As noted above, a copy of my Original Report has been available since 6 July 2023 to policyholders.

In that Original Report I stated that, shortly before the date of the Court hearing at which an order sanctioning the Scheme will be sought, I would prepare a Supplementary Report (also referred to as Supplemental Report in the Witness Statements and elsewhere) covering any relevant matters which might have arisen since the date of the Original Report. This is that Supplementary Report.

1.2 Introduction to this Supplementary Report

In my Original Report dated 27 June, I stated that I would review my findings and opinion which would include consideration of the following:

- Update on AWP P&C and AWP H&L solvency levels relative to their risk appetite statement.
- Update to the stresses I have performed if projections in the AWP P&C ORSA which forecast a Solvency II regulatory capital coverage ratio of 121% as at year-end 2023 are different.
- Business performance in the period and updated regulatory and financial information for both AICL, AWP P&C and reinsurers, AWP H&L and ALIC.
- If there were any changes to the assumptions underpinning my Original Report as noted in Section 2.5.
- Finalisation of the reinsurance arrangements from AWP P&C (UK branch) to AWP H&L and then onto ALIC.
- Review of any responses from policyholders to the communications issued in respect of the transfer.
- Update on wider market and regulatory developments.
- Review of additional main financial reports produced in the intervening period, e.g. ORSA reports, quarterly management reports, quarterly regulatory filings.
- Review of all relevant correspondence with impacted regulators.
- Review progress of implementation by AWP P&C of the Consumer Duty regime, effective 31 July 2023.
- Progress on any potential changes to the third-party administration arrangements – the Scheme is based on AWP H&L undertaking the role and my assessment is based on that.
- Progress on the parallel Singapore Part VII exercise for AICL SB policyholders.

¹ Note that the registered offices for AICL changed from that provide in my first Original Report to “The Hub, Fowler Avenue, Farnborough Business Park, Farnborough, Hampshire, England, GU14 7JF” on 1 Just 2023.

I set out in this Supplementary Report my considerations with respect to the above bullet points. I also comment on other relevant developments.

In order to provide this Supplementary Report, AICL and AWP P&C have provided me with additional information, including updated financial information. The additional data provided is set out in Appendix 2.

The conclusions set out in this Supplementary Report are based on audited financial statements as at 31 December 2022 for AICL and AWP P&C, and unaudited data provided as at 30 June 2023. In all cases I have requested the most recent data available.

This Supplementary Report contains the following sections:

- Introduction
- Executive Summary
- Security of Benefits
 - Update on AWP P&C and AWP H&L Solvency Levels
 - Update on stresses if Solvency levels have deteriorated from previous forecasts
 - Business performance of AWP P&C, AWP H&L, AICL and ALIC
- Other considerations
 - Review of communications process and responses received.
 - Any changes to my assumptions underlying my Original Report in Section 2.5
 - Update on Wider Market and Regulatory matters.
 - Any additional main reports e.g., ORSA's produces in the interim.
 - Review of correspondence with impacted Regulators that may impact the Scheme.
 - Review of progress against Consumer Duty Requirements by AWP P&C in the UK.
 - Other issues that may have arisen.
- Appendices.

1.3 Regulatory and actuarial basis of preparation

This Supplementary Report, when read together with the Original Report dated 27 June 2023 has been prepared within the remit of the UK Civil Procedure Rules as they apply to expert witnesses (primarily CP35) and the accompanying personal independence requirements.

The work has also been performed in line with:

- Section 109 of the Financial Services and Markets Act 2000 and regulation 3(4) of the Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001;
- The PRA guidance for transfer reports set out in the Policy Statement PS1/22 issued by the PRA in April 2015 entitled "The Prudential Regulation Authority's Approach to Insurance Business Transfers", updated in January 2022;
- Chapter 18 of the FCA Supervision Handbook – SUP 18 Transfers of Business;
- The FCA's approach to the review of Part VII insurance business transfers FG22/1, dated 15 February 2022; and
- The ASP issued by the Society of Actuaries in Ireland, ASP PA-2, "General Actuarial Practice".

I am also required to comply with relevant professional standards and guidance maintained by the Financial Reporting Council and by the Institute and Faculty of Actuaries ("IFoA"), including TAS 100: Principles for Technical Actuarial Work, as updated in V2, effective for work completed on or after 1

July 2023 and TAS 200: Insurance. Between my Original Report, the Summary Report and this Supplementary Report, I consider that I have complied with such standards, including TAS 100 V2 for this Supplementary Report (both principles and applications) subject to the principles of proportionality and materiality.

In accordance with Actuarial Profession Standard X2, as issued by the IFoA, I have considered whether this Supplementary Report should be subject to review ("Work Review"). I concluded that it should, and I have also decided that the Work Review should be conducted by an individual who has not otherwise been involved in the analysis underlying this Supplementary Report or in the preparation of this Supplementary Report, but who would have had the appropriate experience and expertise to take responsibility for the work himself. In other words, I have decided that this Supplementary Report should be subject to Independent Peer Review. I confirm that this Supplementary Report has been subject to Independent Peer Review prior to its publication. This nature of this Peer Review is consistent with the Peer Review performed on the Original Report dated 27 June 2023, and performed by the same peer reviewer, Philip Tippin, senior actuarial partner in KPMG LLP in the UK.

1.4 Circulation of this Supplementary Report

This Supplementary Report (as with The Original Report and the Summary Report, also dated 27 June) is to be provided to:

- the PRA / FCA (copy also sent to the ACPR); and
- the policyholders of the Companies (the "policyholders"), should they request it;

in accordance with Section 109 (Scheme Reports) of the Financial Services and Markets Act 2000 and regulation 3(4) of the Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001. I agree that this Supplementary Report may be made publicly available at the registered offices of The Companies and online in the same manner as noted in Section 1.1 above.

1.5 Assurances

Whilst I have been assisted by my team, this Supplementary Report is written in the first person singular, and the opinions expressed are my own.

I believe that the content of this Supplementary Report is accurate and complete. I have considered all matters that I regard as relevant to the opinions I have expressed, and I have considered all matters that I believe may be relevant to the policyholders of each of AICL and AWP P&C in their consideration of the Scheme. All the matters on which I have expressed an opinion lie within my field of experience.

I have received assurances as follows:

- I have circulated this Supplementary Report to the management of each of AICL and AWP P&C to ask for commentary on the detail within this Supplementary Report, including confirming all material information has been provided to me and how the Scheme will be affected in practice. No issues were noted with the commentary and detail presented in this final version of my Supplementary Report by either set of management. I have also been given full access to staff of each of AICL and AWP P&C as necessary.
- I have provided the Head of Actuarial Function ("HoAF") of AICL (Stuart Butler) and the Head of Actuarial of AWP H&L (John Armstrong) with my Supplementary Report to ensure they are aware of comments I have made in this Supplementary Report in relation to actuarial and risk information and their roles as HoAF and Actuarial Function Holder of the respective companies. I understand they have shared my reporting with other colleagues in the companies to solicit their views. No issues have been noted as a result of their review of this final version of my Supplementary Report.



I have conducted conference calls with representatives of the Scheme Companies to discuss the information provided to me and specific matters arising out of the analysis conducted.

I have been made aware of relevant discussions between AICL, AWP P&C, the PRA and FCA and ACPR, and specifically inquired of them whether there were specific issues I should be aware of, and there are no issues that have been specifically noted to me.

In order to provide this Supplementary Report, AICL and AWP P&C have provided me with additional information, including updated financial information. The additional data provided is set out in Appendix 2. I am satisfied that it is appropriate for me to rely on this data, based on the representation made to the Court, currently dated 19 October 2023 in paragraph 12 of the second draft AICL witness statement, and in paragraph 9 of the third draft AWP witness statement, which confirms the accuracy of the facts as set out in the Supplementary Report.

1.6 Qualifications and Limitations

This Supplementary Report should be read in conjunction with the Original Report. Reading individual sections in isolation may be misleading. This Supplementary Report has been produced on the same bases as set out in the Original Report. In particular, it has the same scope, and is subject to the same reliances and limitations.

Reliance has been placed upon, but is not limited to, the data and other information provided to me by AICL and AWP P&C (as set out in the Original Report) and the additional information provided for this Supplementary Report (detailed in Appendix 2). My opinions depend on the substantial accuracy of this data, information and the underlying calculations. AICL and AWP P&C have each separately confirmed to me that to the best of their knowledge and belief that all the data and information they have provided to me is accurate and complete. They have also informed me that there have been no developments since the latest data made available to me that are relevant to the Scheme.

This Supplementary Report is prepared solely in connection with, and for the purposes of, informing the Court and relevant potentially affected policyholders of my findings in respect of the impact of the Scheme on the security and expectations of these policyholders and may only be relied on for this purpose.

This Supplementary Report is subject to the terms and limitations, including limitation of liability, set out in my firm's engagement letter dated 10 December 2022.

This Supplementary Report should not be regarded as suitable to be used or relied upon by any party wishing to acquire any right to bring action against KPMG in connection with any other use or reliance. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in respect of this Supplementary Report to any other party.

In my role as Independent Expert, I have in the normal course of conducting this role, been provided with a significant and appropriate amount of information and data about the Scheme Companies' activities and performance. When forming my view as set out in this Supplementary Report, these disclosures and information have formed a necessary and vital contribution.

This Supplementary Report is based on information made available to me at or prior to 17 October 2023 and takes no account of developments after that date.

1.7 Limits of Liabilities and Legal Jurisdiction

This Supplementary Report is subject to the terms and conditions, including limitation of liability and legal jurisdiction, set out in the Engagement Letter.

1.8 Terminology

In my discussion of the effects of the proposed Scheme on the policyholders concerned, I use various technical terms. The definitions of these terms as used in this Supplementary Report are contained in the Glossary in Appendix 1.



1.9 Currency

I clearly identified the currency of figures presented throughout my Original Report and this Supplementary Report. All figures are presented in €, and clearly so labelled. Table 1.1 below details the exchange rates used to convert from US\$ to €.

Table 1.1 Exchange Rates used in Original Report and Supplementary Report	
Effective Date	US\$ to €
Year-end 2020	0.81729
Year-end 2021	0.87935
30 June 2022	0.94632
Year-end 2022	0.93699
30 June 2023	0.91389
Future Dates	0.93699

Source AWP Management

2 Executive Summary

2.1 Security of Benefits

2.1.1 Solvency II Regulatory capital coverage ratio

In relation to Solvency II regulatory capital coverage ratio, the half-year positions for both AWP P&C and AWP H&L are in line with the trajectory described in my Original Report. In particular the balance sheet strength of AWP P&C, the transferee, at 30 June 2023 is in line with that forecast for the full year 2023 of 121% coverage, in my Original Report.

I note that AWP P&C took capital management actions in 2022 with further actions in early 2023 to partially offset the effect of the strong business growth on the SCR regulatory coverage ratio, which was 113% at 31 December 2022. This continues to be a focus of AWP P&C and in my opinion there is no material detriment to the transferring policyholders.

Similarly, for AICL, the Solvency II regulatory capital coverage ratio and balance sheet strength is in line with the trajectory, (in fact higher, but mainly due to the fact that the planned 2023 dividend has not been paid as yet). I am comfortable based on the 30 June 2023 position, progress to date of the business plan and the level of projected unpaid dividend that the projected Solvency II regulatory coverage ratio should remain in excess of its risk appetite levels.

Therefore, I have concluded that the changes in Solvency II regulatory capital coverage ratio since the position set out in my Original Report and the actions taken do not alter my overall conclusions in relation to the Transfer and the impact on policyholders.

2.1.2 Update on stress testing

As the Solvency II regulatory capital coverage ratio has remained on track, I see no need to revisit my stress testing from my Original Report. My conclusions remain unchanged.

2.1.3 Business Performance

As all the transaction related parties (i.e. AWP P&C SA, AWP H&L, AICL and ALIC) continued to perform as expected as at the half-year, I see no reason to revisit my conclusions with respect to the Scheme in my Original Report in terms of the impacts of business performance on policyholders.

2.2 Other considerations

2.2.1 Review of policyholder communication process

I am satisfied that AICL has carried out its publicity, policyholder notification and response handling obligations in line with my expectations as set out in the Original Report.

2.2.2 Any changes to my assumptions underlying my Original Report

The bullets below repeat the full list of the assumptions made in my Original Report, as detailed in Section 2.5 of that Original Report, and the sub-bullets summarise the current status of those assumptions:

- AWP P&C and AWP H&L retain solvency levels within their risk appetite up to and after the Effective Date.
 - This is addressed in Section 2.1 above.
- There will not be an increase in the aggregate liability or risk exposures in the Companies as an immediate consequence of the Scheme that would not have occurred were the Scheme not to proceed.
 - No changes have been noted in the period.

- Service levels will not be impacted by the Scheme. My assessment is based on AWP H&L acting as administrator of the transferring business. If a change were to be made ahead of the Scheme, the new third-party administration provider would need to meet the service levels presented by AWP P&C in my assessment.
 - There will be a new outsourcing partner called MSH International, Paris (“MSH”). MSH delivers health & life insurance solutions for globally mobile citizens. It is established about 50 years, operating in the Americas, Europe and China. MSH is a subsidiary of the DIOT-SIACI Group, which has over 5,000 employees worldwide, insures 5 million individuals and reported turnover of €800M in 2022.
 - For a trial period prior to the Effective Date, AICL will support MSH with claims testing. MSH will receive claims by email, portal and app before securely transferring them to AICL, who will then complete adjudication and claims processing, as per existing processes.
 - From the Effective Date MSH will be administrator of the transferring business by virtue of a sub-administration agreement with AWP H&L who is an appointed TPA (Third Party Administrator) of AWP P&C UK.
 - Service levels have been agreed (in relation to claims adjudication, email handling, complaint acknowledgement and resolution) between the three parties which will ensure that service standards are the same as or better than current service standards at each stage prior to and post the IBT.
 - I have concluded that the changes in claims handling partner to MSH since the position set out in my Original Report does not change my overall conclusions in relation to the Transfer. Further detail is included in Section 4.2.
- For the policyholders of AICL moving to AWP P&C under the Scheme, the 100% quota share reinsurance treaty with ALIC will cease on the Effective Date, but such policyholders will enjoy the benefit of a 100% quota share reinsurance treaty between AWP P&C onto AWP H&L and then with ALIC from that date.
 - There are no changes to the planned reinsurance arrangements to be implemented from the effective date.
- No significant additional tax liabilities will arise as a result of the Scheme for any of the Companies.
 - No changes have been noted in the period.
- AWP P&C has no current intention to cease underwriting or carry out any restructuring of their businesses as a result of the Scheme.
 - No changes have been noted and AWP P&C continue to underwrite.
- AICL SB policyholders are excluded from this Scheme, as they will have their own local Part VII equivalent process in Singapore.
 - This portfolio transfer is on track with an expected date of 1 December 2023 and no issues raised by the regulators. I understand that the Monetary Authority Singapore (“MAS”) provided formal approval on 11 July 2023.
 - The first step, publishing of the Notice of Intention, occurred on 17 August 2023. From 18 August, communications were sent to impacted parties and policyholders. Responses will be reported to the MAS. As at 31 August 2023, no objections to the AICL SB transfer have been received.
 - The Court documents were submitted to the Court on 19 September with an agreed Court date of 17 October. The planned effective date remains 1 December 2023 and the agreed Court date supports this.

- There will be no policyholders left in AICL after the Scheme, as all existing policyholders of AICL will become policyholders of AWP P&C as a result of the Scheme. This assumes the AICL SB local Part VII transfer occurs at the same time, which is the proposed timetable.
 - I have considered this and this continues to be the case.
- While the Scheme allows for Excluded Policies, none is expected at this time (other than AICL SB policyholders), and any Excluded Policies would be known before the date of the final Court hearing. In the event that such policies are identified I will address them in a Supplementary Report.
 - I have considered this and this continues to be the case.
- There is a work in progress to improve the coverage ratio over Q1 and Q2 of 2023 to ensure the Solvency II regulatory coverage ratio remains within risk appetite. At the date of my Original Report, these actions were outstanding.
 - Combined with implementing the current business plan for AWP P&C which highlighted an improved trajectory in the Solvency II regulatory coverage ratio, AWP P&C continues to enhance the existing SII Governance and Control Framework, including processes, reconciliations, KPI reporting, review and sign-off, risk & controls. In my opinion, the business plan implementation and the enhancements noted will not pose a material detriment to the transferring policyholders.

2.2.3 Update on Wider Market and Regulatory Matters

I am not aware of any development that would change my views on the statement made in my Original Report in relation to Covid, Brexit or the Ukraine Russia War. Furthermore, I have not identified new matters that need to be factored into my assessment.

2.2.4 Any additional formal reports available to me

I have specifically focused on any new risk, regulatory or actuarial reporting prepared in the period since my Original Report. No new reports have been prepared.

2.2.5 Review of all correspondence with impacted Regulators

There is nothing in the relevant correspondence with Regulators that I consider would adversely impact the Scheme.

2.2.6 Consumer Duty

I have discussed progress against the new Consumer Duty Requirements by AWP P&C. Measures have been taken by AWP P&C UK to comply with the Consumer Duty Requirements as set out in Section 4.6 of this Supplementary Report and frameworks have been developed to ensure full implementation by Q4 2023 in respect of its existing business and by 31 July 2024 in relation to the Transferring Business. I consider their approach appropriate.

2.3 Other matters

- **Litigation:** AWP has also provided me with an update on litigation in relation to AWP P&C and H&L. There are no new litigations, and progress is as expected on litigations reported previously. AICL has similarly confirmed that they have no litigation issues/exposures to report.
- **Complaints:** Both companies furnished me with the latest complaints reporting as of June 2023. There is nothing in these complaints that I believe will have any impact on the Scheme.
- **Financial Services Compensation Scheme:** I am not aware of any development that would change my views on the statement made in my Original Report in relation to the Financial Services Compensation Scheme.
- **Financial Ombudsman Service:** I am not aware of any development that would change my views on the statement made in my Original Report in relation to the Financial Ombudsman Service.

- Solvency UK: I am not aware of any development that would change my views on the statement made in my Original Report in relation to Solvency UK.
- Overseas policyholders: I am not aware of any development that would change my views on the statement made in my Original Report in relation to Overseas policyholders.
- Other related transfers (Ireland, Hong Kong, Singapore): I am not aware of any development that would change my views on the statement made in my Original Report in relation to other related transfers.
- Benefits and drawbacks of the Scheme: I have no new points to note on the benefits and drawbacks of the Scheme separately for the two groups of policyholders.

2.4 Expert Declaration

As required by Part 35 of the Civil Procedure Rules, I fully understand my overriding duty to the Court, and that I must help the Court on matters within my expertise. Specifically, I understand that this duty overrides any obligation to the person from whom experts have received instructions or by whom they are paid.

2.5 Conclusions

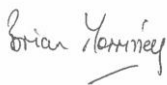
I note no new information has come to light in preparing this Supplementary Report that would cause me to revisit any of my conclusions. Therefore, I note that the conclusions set down in my Original Report remain valid i.e.

- the security of benefits to policyholders of AICL and AWP P&C will not be materially adversely affected by the implementation of the Scheme on the Effective Date; and
- the Scheme will not materially adversely impact on the service standards experienced by the policyholders of AICL and AWP P&C.

My opinion in relation to AICL and AWP P&C policyholders is based on:

- My review of all the pertinent historical, current and projected information provided by AICL and AWP P&C; and
- Discussions with the management of AICL and AWP P&C on what will happen post-transfer.

I note that there has been adequate communication of the Scheme to the relevant policyholders.



Brian Morrissey, FSAI

*Independent Expert
KPMG in Ireland*

19 October 2023

Date

3 Security of benefits

3.1 Update on AWP P&C and AWP H&L Solvency Levels

As referenced in Section 2.2 of my Original Report:

- AWP P&C had a Solvency II regulatory capital coverage ratio within its risk appetite at 113% at year-end 2022. AWP P&C had a projected margin over the SCR in the form of a Risk Margin (historically between 5% and 6% of the SCR) in addition to excess eligible Own Funds, forecast to be 21% of the SCR at year-end 2023, assuming payment of a proposed dividend of a further 20% of SCR at end 2023.
- For completeness, AWP H&L, the internal reinsurer before reinsuring on with ALIC, had a Solvency II regulatory capital coverage ratio at year-end 2022 of 114% which was within its risk appetite; I also noted in Section 4.10, that this was projected to be at 118% by year-end 2023, and in excess of 120% thereafter.

Therefore, for AWP P&C, as of my Original Report, the year-end 2023 forecast Solvency II regulatory capital positions was 121%, allowing for a planned dividend c20% of SCR.

The latest Solvency II regulatory capital coverage ratio for AWP P&C SA is 134% as at June 2023, with no allowance for the planned dividend.

Table 3.1 below compares the balance sheet at year-end 2022 and the YE 2023 forecast (based on projections), both taken from my Original Report to the now actual half-year 2023 balance sheet for AWP P&C in this Supplementary Report.

Table 3.1 (€m's)		AWP P&C Balance Sheet comparisons		
	Year-End 2022 from Original Report	June 2023 Actual from Supplementary Report	YE 2023 Forecast Projection from Original Report	
Total Assets	1,735	1,959	1,985	
Total Liabilities	1,226	1,330	1,300	
Net Asset Value	509	629	685	
Planned Dividend	0	0	98	
Eligible Own Funds	509	629	587	
SCR	448	472	486	
SCR Coverage Ratio	113%	133%	121%	

Source: AWP analysis

Throughout this report we have used the YE 2023 projection as a proxy for the projection as at the Effective Date of 1 December 2023. In relation to the trajectory of the SCR coverage ratio through 2023, the coverage ratio stood at 113% at year-end 2022, improved to 120% by the end of March 2023 and to 133% in June 2023, driven by business profit (€25m net income in the first quarter, €24m in the second quarter), €21m dividends received from its US subsidiary and increase in participations value. Based on the 2022 Business Plan, business growth is expected to keep its trend for the second half of 2023, and this, together with a planned dividend of €98m (referenced in 2.2 of my Original Report) for the second half of 2023, results in the year-end projected position of 121% SCR coverage ratio. I am comfortable with this actual and projected trajectory.

For completeness, the latest Solvency II regulatory capital coverage ratio for AWP H&L is 115% as at June 2023.

I am comfortable based on the 30 June 2023 position, progress to date of the business plan and the level of projected unpaid dividend that the projected Solvency II regulatory coverage ratio should remain in excess of its risk appetite levels.

I note that AWP P&C took capital management actions in 2022 with further actions in early 2023 to partially offset the effect of the strong business growth on the SCR regulatory coverage ratio, which was 113% at 31 December 2022. This continues to be a focus of AWP P&C and in my opinion there is no material detriment to the transferring policyholders.

Therefore, I have concluded that the changes in Solvency II regulatory capital coverage ratio since the position set out in my Original Report and the actions taken do not alter my overall conclusions as set out in my Original Report in relation to the Transfer and the impact on the policyholders.

3.2 Update on AICL Solvency Levels

As referenced in Section 2.2 of my Original Report, AICL had a Solvency II regulatory capital coverage ratio of 400% as at year-end 2022. As at the date of my Original Report, the forecast year-end 2023 forecast Solvency II regulatory capital positions was 295%.

The latest Solvency II regulatory capital coverage ratio for AICL is 535% as at HY 2023.

Table 3.2 below compares the balance sheet at year-end 2022 and the YE 2023 forecast, both taken from my Original Report to the now actual half-year 2023 balance sheet (pre-dividend) for AICL in this Supplementary Report. The Original Report forecast for year-end 2023 below assumed a dividend payout of approx. €90m. If you adjust the YE 2023 column by adding back this €90m which is not yet paid, then it can be seen that the June 2023 balance sheet is trending towards the YE 2023 balance sheet forecast.

Table 3.2 (€m's)	AICL Balance Sheet comparisons		
	Year-End 2022 from First Report	June 2023 Actual from Supplementary Report	YE 2023 Forecast from First Report
Total Assets	241	202	105
Total Liabilities	105	72	83
Net Asset Value	136	130	22
Planned Dividend	0	0	0
Eligible Own Funds	136	130	22
SCR	34	24	7
SCR Coverage Ratio	400%	535%	295%

Source: AICL analysis

As the latest half-year positions are in line or ahead of the trajectory described in my Original Report, I have concluded that the changes in Solvency II regulatory capital coverage ratio since the position set out in my Original Report do not alter my overall conclusions in relation to the Transfer and the impact on the policyholders.

3.3 Business performance of AWP P&C, AWP H&L and AICL and Financial Strength of ALIC

AWP P&C provided me with summary HY 2023 revenue accounts (which is unaudited financial information). Growth has been ahead of plan, due to a strong demand for travel insurance products. They have delivered a profit with a COR of approximately 95%. COR stands for Combined Operating Ratio, which is claims plus expenses, all divided by premium. Therefore, a COR of less than 100% suggests a profit on underwriting activities, and a COR of over 100% suggests a loss on those activities.

This is a positive outcome for the period and in line with expectations based on my discussions with AWP P&C.

AWP H&L also provided me with summary HY 2023 revenue accounts. Growth has continued in line with plan, and they have delivered a profit with a gross COR of approximately 97%, before quota share reinsurance arrangements.

AWP P&C and AWP H&L are subsidiaries of this Allianz Partners SAS, whose ultimate parent is Allianz SE (AM Best Rating AA June 2023; market capitalisation of €86 billion as of June 2023).

AICL incurred a loss to HY 2023 of approx. US\$10m (approx. €10m) as to be expected from a company in run-off. This was due in the main to administration expenses of \$17m offset by commission and other income of \$3m and investment income of approx. \$4m. This was in line with expectations.

AICL have not refreshed the financial projections provided to me for my Original Report, and do not see the need to re-project the amount to be transferred given the performance in the period. Therefore, the transferring liabilities will be consistent with that previously stated in my Original Report. I am in agreement with this approach.

ALIC, the ultimate reinsurer for the transferred policies, has confirmed to me that the ratings have stayed the same since my Original Report as A2 from Moody's, A- from S&P; A from AM Best. ALIC remains well capitalised, with overall available capital and surplus of €6.0bn as at 30 June 2023 (up from €5.8bn at 31 December 2022).

As all these transaction related parties continued to perform as expected in the period since my Original Report, I see no reason to revisit my conclusions with respect to the Scheme in my Original Report.

3.4 Update on stresses if Solvency levels have deteriorated from previous forecasts.

I stated in my Original Report, that if at the time of writing this Supplementary Report, there was a change in the Solvency II regulatory capital position as at HY 2023 or projected positions at YE 2023, I would revisit the stresses from the Original Report in my Supplementary Report. These stresses in my Original Report highlighted that the AWP P&C balance sheet does have more risk associated with it than the AICL balance sheet, but enabled me to conclude that this incremental risk is very remote, at considerably in excess of a one-in-two-hundred-year event. I did not consider that the increased risk leads to material detriment to transferring policyholders, especially in light of the short time remaining in which the transferring policyholders' liabilities are expected to settle.

As noted above, AWP P&C's Solvency II regulatory coverage ratio is projected to remain ahead of risk appetite levels and are targeting a Solvency II regulatory capital coverage ratio of 121% at year-end 2023, net of planned dividends.

Based on the trajectory to half year and the projected YE2023 position, I see no need to revisit my stresses from my Original report and my conclusions remain unchanged.

3.5 Other comments

- I can confirm that there has been no change to reserving methodologies in the Companies from year-end 2022 to the half-year 2023 that would cause me to revisit any of my analysis.
- I can also confirm that the Companies have not changed their approach to calculating their Solvency II regulatory capital figures in the period that would cause me to revisit any of my analysis.
- In particular AWP P&C has confirmed to me that there has been no change in the approach to the calculation of undertaking specific parameters in their SCR, as described in by Original Report.
- There has been no change to risk appetites since year-end that would cause me to revisit any of my analysis.
- I can also confirm that I believe I have considered all new material risks.

- AWP P&C has informed me of continuous enhancement of their existing Solvency II Governance and Control Framework, including processes, reconciliations, KPI reporting, review and sign-off, risk & controls as follows:
 - Regular monitoring of business developments as well as financial market movements, thus anticipating estimated impacts for a roll-forward of solvency position at reporting quarter-end.
 - Market Value Balance Sheet reconciliations with Quarter-on-Quarter comparisons to be available early in the process and as a mandatory content in all documents for relevant committees' discussions and approvals.
 - Interdepartmental Statement of Accountability, outlining specific areas of assurance of main involved Functions.
 - Appointment of dedicated Solvency Closing Process Manager.

I am supportive of these enhancements and the continued progress will not pose a material detriment to the transferring policyholders.

4 Other considerations

4.1 Review of communications process and responses received.

I have reviewed a current draft of the second witness statement of Damian Lenihan, CEO AICL, dated 19 October 2023, which sets out how the policyholder notification exercise was carried out. I have also conducted other discussions with AICL management to clarify my understanding of this, and also of how responses have been handled. I note that:

- In accordance with the Directions Order and Amendment Order, the Notice was published in the following publications on the following dates:
 - in The London Gazette, in the print edition on 11 July 2023 and the digital edition on 10 July 2023;
 - in The Edinburgh Gazette, in the print edition on 12 July 2023 and the digital edition on 11 July 2023;
 - in The Belfast Gazette, in the print edition on 17 July 2023 and the digital edition on 14 July 2023;
 - in The Telegraph (UK Edition), on 10 August 2023, in both the print and the digital editions;
 - in the Financial Times (UK Edition, Europe Edition, Asia Edition, Middle East Edition and United States Edition), on 10 July 2023, in the print edition;
 - in The Times (UK Edition), on 10 July 2023, in the print edition;
 - in HR Magazine, on 7 August 2023 in the print edition;
 - in The International Travel & Health Insurance Journal, on 31 July 2023, in the print edition; and
 - in Health & Protection, on 10 July 2023, in the digital edition.
- AICL has endeavoured to confirm contact details for each Named Policyholder in the first instance. AICL has also endeavoured to confirm contact details for each Primary Member. A Named policyholder will be the name of the policyholder for an individual policy, and the name say of the employer or the relevant HR department for a group policy. A Primary Member is the primary insured name on each policy. So in the case of individual policies, the primary member will be the named policyholder. For group policies, they will have many primary members, being typically each insured employee.
- AICL managed the communications process end to end internally with senior management resources supervising the delivery of the communications by external vendors. In order to ensure that the email addresses held on AICL's internal administrative systems in respect of Named Policyholders for individual policies and Primary Members of group policies were as up to date as possible prior to the implementation of the communications strategy, AICL carried out a test mailing in relation to those policyholders due to be sent the communication pack pursuant to the communications strategy.
- As part of the initial email campaign, AICL decided to contact brokers first, then plan sponsors (i.e. the named policyholders of group schemes) then primary members (whether the primary members are members of a group scheme or individual primary members who are also the policyholder). This way brokers and plan sponsors were informed before their clients/employees started asking them questions. Healthcare providers were mailed a little later (to assist in managing AICL resources).
- AICL first emailed brokers on 11th July, policyholders and members from 13 to 18 July, and healthcare providers on 21 July, the details of the transfer process, the supporting documents (including a summary of the Scheme of Transfer, my Summary Report and a copy of the Notice) and a comprehensive set of FAQs (Frequently Asked Questions).

- Since this initial email campaign, AICL has been dealing with 'bounce backs' (undeliverable emails, where AICL have checked records and attempted a second email to different contact details, where available) and performing checks and reconciliations.
- Table 4.1 below summarises the contact success rates for all individual named policyholders on transferring non-group policies.

IBT Status	Type of Business	No of Policies	Primary Member E-Mailed	Primary Member Coverage	Broker E-mailed	Primary Member/Brok. E-mailed	Combined Coverage
Active	Direct	116	113	97.4%		113	97.4%
Active	Broker	127	119	93.7%	127	127	100.0%
Subtotal Active		243	232	95.5%		240	98.8%
Recently Expired	Direct	360	359	99.7%		359	99.7%
Recently Expired	Broker	304	279	91.8%	299	304	100.0%
Subtotal Rec Exp		664	638	96.1%		663	99.8%
Total		907	870	95.9%		903	99.6%

Source: AICL

Note: Active policies are within the contractual 6-month period since their last exposure as at the transfer date. They are contractually allowed to claim within this 6-month period. Recently expired policies are outside the 6-month contractual period after expiry for making a claim, but within 18 months of that date, as in certain cases these have been allowed to make claims in the past.)

- As of 9 October, there are now forecast to be 243 active transferring individual policies:
 - 116 of these are direct policies, of which AICL has emailed 113.
 - 127 are broker policies, and AICL has contacted all of these brokers, and 119 policyholders.
- Therefore, out of the above 243 policies, AICL has contacted 240, either directly or through the broker i.e. 98.8%.
- Similarly for recently expired policies, as of the date of writing this Supplementary Report, there are now forecast to be 664 recently expired transferring individual policies:
 - 360 of these are direct policies, of which AICL has emailed 359.
 - 304 are broker policies, and AICL has contacted all of these brokers and 279 policyholders.
 - Therefore, out of the above 664 policies, AICL has contacted 663, either directly or through the broker i.e. 99.8%.
 - In total therefore for all individually named policyholders, AICL has contacted 903 out of 907 such individuals either directly or via their broker i.e. 99.6%
- Table 4.2 below provides the contact success rates for the named primary members (i.e. first named member on each policy) on group policies.

IBT Status	Type of Business	Primary Members	Member E-Mailed	Broker E-mailed	Sponsor E-mailed	Combined E-mailed	Combined Coverage
Active	Direct	38	31		38	38	100.0%
Active	Broker	746	683	746	688	746	100.0%
Subtotal Active		784	714		726	784	100.0%
Recently Expired	Direct	1,416	1,335		1,216	1,412	99.7%
Recently Expired	Broker	11,282	9,964	11,204	9,134	11,282	100.0%
Subtotal Rec Expired		12,698	11,299		10,350	12,694	100.0%
Total		13,482	12,013		11,076	13,478	100.0%

580644003

Source: AICL

- As of 9 October, there are now forecast to be 784 active transferring individual primary members on group policies:
 - There are 38 active primary members on group policies written direct, of which AICL has emailed 31 members, but all plan sponsors, achieving 100.0% coverage.
 - There are 746 active primary members on group policies written through brokers. Combining the member coverage, the broker coverage and the plan sponsor coverage, AICL has contacted 746 of these members, which is 100.0% coverage.
- Therefore, out of the above 784 active primary members on group policies, AICL has contacted 784, either directly or through the broker or plan sponsor i.e. 100.0%
- Similarly for recently expired primary members on group policies, as of the date of writing this Supplementary Report, there are now forecast to be 12,698 such members (on group policies):
 - There are 1,416 recently expired primary members on group policies written direct, of which AICL has emailed 1,412 either directly or through the plan sponsor, achieving 99.7% coverage.
 - There are 11,282 recently expired primary members on group policies written through brokers. Combining the member coverage, the broker coverage and the plan sponsor coverage, AICL has contacted 11,282 of these members, which is 100.0% coverage.
 - Therefore, out of the above 12,698 recently expired primary members on group policies, AICL has contacted 12,684, either directly or through the broker or plan sponsor i.e. 100.0%.
 - In total therefore for all primary members on group policies, AICL has contacted 13,478 out of 13,482 such individuals either directly or via their broker or plan sponsor i.e. 100.0%
- Combining both tables we get table 4.3 below:

Table 4.3		Total Primary Members Contacted				
IBT Status	Type of Business	Primary Members	Member E-Mailed	Broker E-mailed	Combined E-mailed	Combined Coverage
Active	Direct	154	144		151	98.1%
Active	Broker	873	802	873	873	100.0%
Subtotal Active		1,027	946		1,024	99.7%
Recently Expired	Direct	1,776	1,694		1,771	99.7%
Recently Expired	Broker	11,586	10,243	11,503	11,586	100.0%
Subtotal Rec Expired		13,362	11,937		13,357	100.0%
Total		14,389	12,883		14,381	99.9%

Source: AICL

- It can be seen from the far right column of table 4.3 above that across individual and group policies, AICL has managed to successfully email 99.7% of active primary members, 100.0% (rounded) of recently expired members, totalling 99.9% of all primary members.
- I have also reviewed the weekly submissions, sent by AICL to the FCA, reporting on the responses from the communication process. There are 13 such reports available as at 9 October 2023, the first covering the week from the 10-16 July, the most recent covering 8 days from 2-9 October.
- In total there have been 32 responses at a rate of 5, 13, 6, 4, zero, 2 and 2 over the first 7 weeks respectively (with zero in all weeks since), clearly tapering off after the first four weeks. In total there were three objections submitted out of the responses, the rest being mainly general enquiries. The objections were not in relation to the portfolio transfer as such, but rather objecting to the transfer of personal information to Allianz. In each case, AICL staff explained the reasons for the correspondence, and that AICL is required to retain (and indeed transfer) the personal data for regulatory and contractual reasons. In each case this was accepted, and the matter closed.

Based on this analysis, I am satisfied that AICL has carried out its publicity, policyholder notification and response handling in line with my expectations as set out in the Original Report.

4.2 Any changes to my assumptions underlying my Original Report

I outline below in italics each of my assumptions from Section 2.6 of my Original Report, together with an update as of this Supplementary Report:

- *AWP P&C SA and AWP H&L retain solvency levels within their risk appetite up to and after the Effective Date.*
 - Update: This is addressed in Section 3.1 of this Supplementary Report – this continues to be the case.
- *There will not be an increase in the aggregate liability or risk exposures in the Companies as an immediate consequence of the Scheme that would not have occurred were the Scheme not to proceed.*
 - Update: There is no change in respect of this assertion.
- *Service levels will not be impacted by the Scheme. My assessment is based on AWP H&L acting as administrator of the transferring business. If a change were to be made ahead of the Scheme, the new third-party administration provider would need to meet the service levels presented by AWP P&C in my assessment.*
 - Update: I was aware at the time of writing my Original Report that there were discussions in place which could have led to a change in claims handling provider. But as these discussions were at an early stage, I deemed it unnecessary to consider them in detail at that point. However, at the time of writing this Supplementary Report, agreement has been reached, and it is expected that a contract will be signed before the Sanctions Hearing date of 27 October.

From that date, AICL (in parallel with the other three transfers) claims submission channels will be operated by MSH. MSH will receive claims by email, portal and app before securely transferring them to AICL who will continue to adjudicate and pay as per existing processes. MSH will complete a 'shadow' adjudication only, enabling AICL to complete Quality Assurance checking prior to 1 December 2023, the effective date.

From 1 December 2023 MSH will be administrator of the transferring business by virtue of a sub-administration agreement with AWP H&L who is an appointed TPA (Third Party Administrator) of AWP P&C UK.

MSH will provide contingency operational resiliency for AICL (and other Aetna entities) in the event of any delays to the IBT.

Service levels have been agreed (in relation to claims adjudication, email handling, complaint acknowledgement and resolution) between the three parties which will ensure that service standards are the same as or better than current service standards at each stage prior to and post the IBT. This is subject to contract, yet to be signed. I do not anticipate any issues with this.

I have concluded that the changes in claims handling partner to MSH since the position set out in my Original Report does not change my overall conclusions in relation to the Transfer.

- *For the policyholders of AICL moving to AWP P&C under the Scheme, the 100% quota share reinsurance treaty with ALIC will cease on the Effective Date, but such policyholders will enjoy the benefit of a 100% quota share reinsurance treaty between AWP P&C onto AWP H&L and then with ALIC from that date.*
 - Update: I have received the latest version of the reinsurance policy between AWP and ALIC. The nature of the cover is as outlined in my previous Original Report. What is changing is the commission payable, as claims handling is now not being performed by AWP P&C. However from the point of view of the transfer, and security provided to the transferring policies, there is no change from that outlined in my Original Report.
- *No significant additional tax liabilities will arise as a result of the Scheme for any of the Companies.*
 - Update: There is no change in respect to this assertion based on analysis from the Companies.

- *AWP P&C has no current intention to cease underwriting or carry out any restructuring of their businesses as a result of the Scheme.*
 - Update: There is no change in respect to this assertion.
- *AICL SB policyholders are excluded from this Scheme, as they will have their own local Part VII equivalent process in Singapore.*
 - Update: There is no change in respect to this assertion (see next related point).
- *There will be no policyholders left in AICL after the Scheme, as all existing policyholders of AICL will become policyholders of AWP P&C as a result of the Scheme. This assumes the AICL Singapore Branch (“AICL SB”) local Part VII transfer occurs at the same time, which is the proposed timetable.*
 - Update: I have been provided with an update in relation to the AICL SB transfer. The Scheme remains on track for the planned effective date of 1 December 2023. MAS provided formal approval on 11 July 2023.

The first step, publishing of the Notice of Intention, occurred on 17 August 2023 in:

- The Gazette
- Lianhe Zaobao
- Straits Times

From 18 August, communications were sent to the following:

- Brokers (17 August) - in line with AICL communication process, brokers will be asked to cascade the communication pack to policyholders, who will also be requested to pass these on to any additional dependent members.
- Plan sponsors (18 August)
- Policyholders (21 August)
- Healthcare Partners (22 August)

Responses will be reported to the MAS. As at 9 October 2023 no objections to the transfer have been received. The Court documents, that include the supporting application, were submitted to the Court on 19 September. This included confirmation that all publicity steps have occurred as required. The agreed Court date is 17 October 2023.

If necessary (for example if an objection is received after the Court application), a further supplementary affidavit will be prepared and filed with the Court ahead of the Court date.

The planned effective date remains 1 December 2023 and the agreed Court date supports this.

I have concluded that the progress in relation to the AICL SB transfer is in line with my expectations as set out in my Original Report that it does not change my overall conclusions in relation to the Transfer.

- *While the Scheme allows for Excluded Policies, none is expected at this time (other than AICL SB policyholders), and any Excluded Policies would be known before the date of the final Court hearing. In the event that such policies are identified I will address them in a Supplementary Report.*
 - Update: Nothing has changed in this respect at the time of finalising this Supplementary Report (other than AICL SB policyholders). This is consistent with my Original Report. If this changes between now and the final Court date, I will provide a letter to the Court addressing any issue. I do not anticipate this requirement.

4.3 Update on Wider Market and Regulatory Matters

I am not aware of any development that would change my views on the statement made in my Original Report in relation to Covid, Brexit or the Ukraine Russia War. No new issues have arisen that would cause me to reassess my conclusions in the Original Report.

4.4 Other formal risk or actuarial reports

No additional annual reports (e.g. Actuarial Function Reports, ORSA's etc.) have been produced by AWP P&C or AICL since my Original Report.

I have reviewed the reserve committee presentations as at end of June 2023 for both AWP P&C and AICL. They are consistent with previous presentations. Both are continuing to show favourable prior year movements (of €53m for AWP P&C and €250k for AICL, a much smaller balance sheet) which provides me with continued confidence in reserve integrity.

4.5 Review of all correspondence with impacted Regulators

AWP P&C has confirmed to me that they are not aware of/have not received any regulatory correspondence directly that may impact the Scheme.

AICL has provided me with extensive correspondence with the FCA and PRA which I detail in the appendix. There are no matters of concern for me in that correspondence which I believe will impact the Scheme.

4.6 Review of progress against Consumer Duty Requirements

AWP P&C has provided me with an update on their adherence to the Consumer Duty regime which came into effect on 31 July 2023: AWP P&C have:

- enhanced their outcome testing framework to monitor 'good outcomes'.
- developed a communications testing framework and will continue to develop and adopt this across all customer facing comms.
- updated their existing reporting and monitoring framework and will continue to enhance their ongoing product governance monitoring framework.
- continued to enhance communications testing to include internal and external outputs.
- developed a product governance framework inclusive of quarterly review forums to review and act upon Consumer Duty outcomes, associated MI and outputs from testing.

Frameworks have been developed by AWP P&C to ensure full implementation by Q4 2023 in respect of AWP P&C UK existing business and by 31 July 2024 in relation to the Transferring Business. I consider their approach appropriate.

4.7 Other issues that may have arisen.

4.7.1 Litigations

AWP has also provided me with an update on litigation in relation to AWP P&C and H&L. There are no new litigations, and progress is as expected on litigations reported previously.

AICL has confirmed that they have no litigation issues/exposures to report.

4.7.2 Complaints

The companies provided me with the latest complaints reporting as of June 2023. There is nothing in these complaints that I believe will have any impact on the Scheme.

4.7.3 Financial Services Compensation Scheme

I am not aware of any developments that would change my views on the statement made in my Original Report in relation to the Financial Services Compensation Scheme.

4.7.4 Financial Ombudsman Service

I am not aware of any development that would change my views on the statement made in my Original Report in relation to the Financial Ombudsman Service.



4.7.5 Solvency UK

The PRA published a consultation paper (CP12/23) on 29 June entitled “Review of Solvency II: Adapting to the UK insurance market”. There are no proposals in this consultation that would change my views on the statement made in my Original Report in relation to Solvency UK developments.

4.7.6 Overseas policyholders

I am not aware of any development that would change my views on the statement made in my Original Report in relation to Overseas policyholders.

Appendix 1 Glossary

Glossary of company names and other relevant bodies	
Term	Definition
ACPR	Autorité de Contrôle Prudential et de Resolution, the French Regulator
AGBUK	Aetna Global Benefits UK, UK company in the CVS Group which is an insurance administrator company
AHICE	Aetna Health International Company of Europe DAC, the Irish Aetna company
AI	Aetna International LLC
AICL	Aetna Insurance company Limited, the UK AETNA company
AICL SB	The Singapore Branch of AICL
AIHK	Aetna International Honk Kong
AL&C	AETNA Life and Casualty Bermuda
ALIC	Aetna Life Insurance Company, incorporated in Connecticut
Allianz Partners	Also known as AzP, registered in France, controls AWP P&C and AWP H&L
Allianz SE	The Allianz Group, the ultimate parent
AWP H&L	AWP Health and Life, a French insurer with a branch in Ireland
AWP P&C SA	AWP Property and Casualty, and French insurance company with a branch in the UK
AZP	Abbreviation for Allianz Partners
Bafin	Bundesanstalt für Finanzdienstleistungsaufsicht, the German regulator
CVS Health	The ultimate parent of the CVS group
CVS Pharmacy	The Subsidiary of ACH health, which bought AI
FCA	Financial Conduct Authority, the JUK regulator for conduct of business
FOS	Financial Ombudsman Scheme (UK)
FSCS	Financial Services Compensation Scheme (UK)
ICOBS FCA	Insurance Conduct of Business Source Book from the FCA
MAS	Money Authority of Singapore, the Singapore Regulator
PRA	Prudential Regulatory Authority, the UK prudential Regulator
SAI	Society of Actuaries in Ireland

Glossary of other terms used in both the Original and Supplementary Reports	
Term	Definition
AA	Appointed Actuary
ABI	Association of British Insurers
AFR	Actuarial Function Report, the actuarial report required under Solvency II
APA	Asset Purchase Agreement, the agreement between AWP H&L and AI which gave exclusive rights to the Allianz Group through its varies entities to offer renewal terms to the relevant AI policies
ASP	Actuarial Standard of Practice of the SAI
B2B2C	Business to Business to Customer
BEL	Best Estimate Liability
Brexit	Term used to refer to the departure of the United Kingdom from the European Union
CBI	Central Bank of Ireland

CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
Consumer Duty	The FCA charter that sets the standards of consumer protection across financial services and requires firms to put their customers' needs first.
COO	Chief Operating Officer
CRO	Chief Risk Officer
ECM	Economic Capital Model
EIOPA	European Insurance and Occupational Pensions Authority
ERM	Enterprise Risk Management
EU	European Union
FA	Framework Agreement, to transfer the relevant legacy liabilities from the various AI entities to the various Allianz entities
FSMA	Financial Services and Markets Act 2000, UK
FSO	Financial Services Ombudsman
FTE	Full Time Equivalents
HoAF	Head of Actuarial Function
IBT	Insurance business transfer
IFRS	International Financial Reporting Standards
IPMI	International private medical insurance
MCR	Minimal Capital Requirement
ORSA	Own Risk and Solvency Assessment
Own Funds	Excess of Assets over Liabilities, both valued on a SII basis
Part VII	The section of the FSMA that deals with insurance business transfers
PCF	Pre-Approval Controlled Function
PRE	Policyholders' Reasonable Expectations
PRSA	Personal Retirement Savings Account
QRT	Quantitative Reporting Template
Quota Share	A reinsurance arrangement that typically transfers a set percentage of claims (and premiums) to a reinsurer.
RAS	Risk Appetite statement
RM	Risk Management
RSR	Regular Supervisory Report
S.I.	Statutory Instrument
SAI	Society of Actuaries in Ireland
Scheme	The legal document that will be presented to the High Court, which details the insurance business transfer.
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report
SME	Small and Medium Enterprise
Solvency II	Risk based EU wide insurance directive which codifies and harmonises the EU insurance regulation. Discussed further in Appendix 5.

SOO	Scheme of Operations, the document for the regulator that describes how the AICL run-off will be managed, resourced, reserved and capitalised to ensure that AICL conducts the run-off in a robustly controlled manner, efficiently, and with sufficient regulatory capital and liquidity to continue to meet its obligations to policyholders as they fall due for the duration of the run-off period.
TCF	Treating Customers Fairly
TPR	Temporary Permissions Regime
TRA	Top Risk Assessment
TRP	Total Risk Profiling
UK	the United Kingdom
YE	Year Ending

Appendix 2 Data Received

AWP: Data Received for Supplementary Report	
File	Narrative
2022 AWP H&L Actuarial Function Report - final	This Actuarial Function Report was not finalised at the time of my Original (IE) Report
Reserve Committee 2023Q2_T&A	Reserve committee Deck for AWP Travel and Assistance UK
Email received 11 th August	Relates to <ul style="list-style-type: none"> • Tax liabilities • Intent to continue underwriting • Event sin wider market or regulatory environment • Any change in impact of Brexit, Covid and Ukraine War
First FCA court report	Dated 29 June 2023 In particular considers: <ul style="list-style-type: none"> • Covid 19 • Russian and Ukraine conflict • Financial Services Compensation Scheme • Financial Ombudsman Service • Brexit • Communication Plan
MSH Overview	AWP file note on overview of new claims handling partner for transferred AICL business
Various QRTs	These are the half-yearly Solvency II reporting templates with information such as <ul style="list-style-type: none"> • Premium and claims by major class • Own Funds and SCR coverage Ratios • Technical Provisions and written Premiums by major class and MCR calculation • Balance Sheet
Res Comm extract H&L Q2 2023	Health and life Reserve committee Q2 PowerPoint Presentation
12023 Health Top Risk Assessment _ AQUA IBT request 09.08.2023	Top Risk Assessment – similar to largest risks on a risk register
Monthly Complaints Report - June 2023	Complaints PowerPoint presentation
2023Q2 AzP SII sign-off meeting slides 2023Q1 AzP SII sign-off meeting slides - post meeting	PowerPoint presentations showing flightpath of SCR Coverage Ratios for AWP P&C and AWP H&L
Email from Claire D re legal compliance points	<ul style="list-style-type: none"> • Confirming no regulatory correspondence that would impact scheme • No new litigation on H&L • Update on legal name
SII coverage Ratio plan for H1 and H2	
Financial Performance for AWP P&C and AWP H&L	Business performance in 2023 to-date revenue accounts and related financial information
Reserve Committee Extract for AWP P&C	

AICL: Data Received for Supplementary Report	
File	Narrative
SR01_2023_08_08_Confirmation of no litigation AICL or AHICE	Confirmation of no Litigation
SR02_AICL SB Transfer Update 10 August V3	Update memo on Singapore Transfer
SR03_AHICE IBT Summary Risk Review_Final	Risk review of IBT
SR04_2023.08.10 FCA Submission - 458505_Complaints	AICL complaints submission Jan to June 2023
SR05_2023 06 - AICL Full Consolidation Model v2	Financial Performance of AICL in 2023
SR06_AHICE Mgt Accts Jun 23 EUR v1	Financial Performance of AHICE in 2023
SR07_IBT Operations update for IE	Update on MSH outsourced claims handlers from September 2023
Communications Response Tracker 270723	Response tracker for communications
Communications Response Tracker 040823	Response tracker for communications
Communications Response Tracker 110823	Response tracker for communications
Communications Response Tracker 180823	Response tracker for communications
Monthly Complaints Report – Jan to June 2023 (6 files)	Regulatory monthly complaints
AICL Q2 23 Quarterly reporting Solo Version 2.6.0	Quarterly Report templates
AHICE Q2 23 Quarterly ECB reporting Solo Version 2.7.0	Quarterly Report templates
June 2023 Reserve Committee v1	Reserve Papers for AICL and AHICE
2023.02.01 Letter from PRA - Approval of Independent Expert AICL IBT	PRA Approval of BM
2023.02.03 Letter from FCA - Consumer Duty Implementation	Letter from FCA re implementation of Consumer Duty
2023.02.13 (1of3) Submission to FCA - draft AICL Scheme of Transfer documents	Letter to FCS re comms plan etc
2023.02.13 (2of3) Submission to FCA - AICL Communication Strategy 13 Feb 2023	Actual proposed Comm Strategy
2023.02.13 (3of3) Submission to FCA - AICL IBT Proposed Timeline	Proposed IBT timeline
2023.02.14 Email from JFSC - Withdrawal of the AICL Category A Jersey Permit (documents required)	Jersey Financial Services commission correspondence
2023.03.31 FCA Submission - 458505_FIN074_Unconsolidated_31032023_1	Economic Crime Levy Submission
2023.04.22 Submission to FCA - draft AICL Scheme of Transfer documents	Draft Scheme transfer documents
2023.04.26 Email from FCA - Acknowledgement of AICL SOT	Acknowledgement of receipt of above

submission and assigned case officer details	
2023.05.05 Email to CBI - AICL withdrawal from Temporary Run off Regime	Letter to CBI as described in name
2023.05.31 Letter from PRA - Lessons learned through the TPR and SRO regime	Lessons learned memo
2023.06.27 Email from JFSC - Withdrawal of the AICL Category A Jersey Permit (documents required)	Kin relation to Jersey query above
2023.06.27 Letter Approving Form of Scheme Report 20230627 (2)	Approval of form of Independent Expert Report from PRA
2023.06.27 PRA Exchange 2706 Approval letter	As described
2023.06.28 FCA Invitation - Smaller Insurers Roundtable	As described
2023.06.28 Letter Approving Form of Scheme Report 20230628 (1)	PRA approval of form of IE report
2023.06.28 PRA agreed update 2806	Follow up mail in relation to approval of Scheme report approval
2023.06.30 PRA Court Report 20230630 (1)	PRA Court Report
2023.07.04 PRA exchange on filed report 0307	Exchanges in relation to PRA report
2023.07.13 Email from PRA - AICL Variation of Permissions In-Principal Approval	Email re variation of permission
2023.07.17 Letter from PRA - Cat 4 Run-off Peer Group Feedback 2023 Periodic Summary Meeting	Letter in relation to cat 4 run-off
2023.07.18 Email from FCA - Removal of SMF17	Re money Laundering
2023.07.20 (1of2) Email from PRA - AICL Variation of Permissions Approval	Approval of variation of permission
2023.07.20 (2of2) AICL VOP Formal Written Notice	Written notice re above
2023.07.21 PRA approval on changes to Directions Order 2107	Change from notice in international edition of the Times to international edition of the FT
2023.07.27 PRA Request on date for submission of Sanctions Hearing docs 2707	Letter to PRA on sanctions hearing date of 27 th Oct and delivery of documents date of 1 st Sep (or 4 th / 5 th)
AICL Week 1 Response Report to PRA FCA	As described
AICL Week 2 Response Report to PRA FCA	As described
AICL Week 3 & Week 4 Response Report	As described
Aqua - RI Agreement	Latest draft of RI agreement – only OS issue is agreement on Ceding commission now that claims handling will not be by AWP
Aqua - UK Part VII - Transferor Witness Statement - Sanctions Hearing [Willkie Draft 19 October 2023	Second Witness Statement of Damian Lenihan
Communications Response Tracker 110823	As it states

Email in relation to Excluded Policies	None known at this point (except AICL SB as separate process)
Email in relation to publication of Report on Website date	States date of publication
Email re AILC ratings	Financial Strength info
Independent Expert Tax Note_v2	Tax Note from AICL tax Advisors
Stuart email re reprojections of TPs	Re-Projections of TPs for AICL and AHICE as at transfer date
Tax Email from Brian O'Rourke	Email from Brian O'Rourke re tax note