

Chief Actuary of The Prudential Assurance Company Limited's Conclusions on the proposed SALAS Scheme amendments and the proposed early merger of SAIF into the WPSF

I consider that the proposed amendments are required because the Scheme would otherwise prove impossible or impractical to implement.

I consider that the proposed amendments to the Scheme are either consistent with the intentions of the Scheme or provide clarification. The amendments will not adversely affect the reasonable expectations of, or reduce the protection conferred by the Scheme on, the holders of policies transferred from SALAS to PAC.

On the basis of currently available information, I consider that early merger should be beneficial to the SAIF with-profits policyholders compared to merging at the trigger point defined in the SALAS Scheme for normal merger. I note that early merger will be subject to agreement by the Scottish Amicable Board, and that if they decide that early merger would not be beneficial to the SAIF with-profits policyholders, they can decide not to go ahead with it.

On the basis of currently available information, I consider that early merger is not expected to have any adverse effect on the WPSF policyholders. As early merger is subject to agreement by the PAC Board which can decide not to go ahead if it considered that there would be an adverse effect on WPSF policyholders, there is also sufficient protection for the WPSF policyholders.

I consider that the proposed communications strategy for the Court application and the early merger is consistent with the reasonable expectations of the SAIF policyholders.

I consider that the proposed amendments to the Scheme, early merger and communications strategy have no adverse effect on the PAC policyholders who are not referred to in my conclusions above.

Accordingly, I can confirm that I am supportive of the proposed Scheme amendments.

Jonathan Hughes FIA

PAC Chief Actuary

04 September 2020