

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

IN THE MATTER OF THE EQUITABLE LIFE ASSURANCE SOCIETY

AND

IN THE MATTER OF THE PRUDENTIAL ASSURANCE COMPANY LIMITED

AND

IN THE MATTER OF THE INSURANCE BUSINESS (JERSEY) LAW 1996

JERSEY SCHEME

**(pursuant to Article 27 of and the Second Schedule to the Insurance Business (Jersey)
Law 1996 for the transfer of certain with-profits annuity business of The Equitable Life
Assurance Society to The Prudential Assurance Company Limited)**

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1. DEFINITIONS AND INTERPRETATION

1.1 In this Scheme:

"Act"	means the Financial Services and Markets Act 2000 of the United Kingdom;
"Actuary"	means the person appointed by the relevant insurer from time to time to perform the duties set out in SUP 4.3.13R;
"Aggregate Initial Asset Share Transferring Assets"	has the meaning set out in Schedule 1 of the UK Scheme;
"Board"	has the meaning set out in Schedule 1 of the UK Scheme;
"Court"	means the Royal Court of Jersey;
"Effective Date"	has the meaning ascribed to "Effective Date" in the UK Scheme;
"Excluded Assets"	has the meaning set out in Schedule 1 of the UK Scheme;
"Excluded Jersey Policy"	means any Excluded Policy in respect of which the Court has jurisdiction under the Law;
"Excluded Liabilities"	has the meaning set out in Schedule 1 of the UK Scheme;
"Excluded Policies"	has the meaning set out in Schedule 1 of the UK Scheme;
"Excluded Policies Reassurance Agreement"	has the meaning set out in Schedule 1 of the UK Scheme;
"Expired Policy"	has the meaning set out in Schedule 1 of the UK Scheme;
"Final Policy List"	has the meaning set out in Schedule 1 of the UK Scheme;
"FSA"	means the Financial Services Authority of the United Kingdom;
"Ineligible Policy"	has the meaning set out in Schedule 1 of the UK Scheme;
"Law"	means the Insurance Business (Jersey) Law, 1996;
"Long-Term Insurance Business"	has the meaning set out in Schedule 1 of the UK Scheme;

"Mis-selling Liabilities"	has the meaning set out in Schedule 1 of the UK Scheme;
"Mortality Premium Transferring Assets"	has the meaning set out in Schedule 1 of the UK Scheme;
"Multi-Segment Policy"	has the meaning set out in Schedule 1 of the UK Scheme;
"Order"	means the order of the Court sanctioning this Scheme pursuant to Article 27 of and the Second Schedule to the Law;
"Records"	means all documents, files and other records, whether in physical or electronic form, relating to the Transferring Jersey Policies, the Transferring Jersey Assets, the Residual Jersey Assets, the Transferring Jersey Liabilities and the Residual Jersey Liabilities which are in the possession of, or under the control of, the Transferor;
"Regulator"	means the Jersey Financial Services Commission;
"Residual Assets"	has the meaning set out in Schedule 1 of the UK Scheme;
"Residual Jersey Asset"	means any Residual Asset which is capable on the Subsequent Transfer Date applicable to it of being transferred by order of the Court under the jurisdiction conferred by the Law;
"Residual Jersey Liability"	means any Residual Liability which is capable on the Subsequent Transfer Date applicable to it of being transferred by order of the Court under the jurisdiction conferred by the Law;
"Residual Liability"	has the meaning set out in Schedule 1 of the UK Scheme;
"Scheme"	means this Scheme, including any schedules to it, in its original form or with, or subject to, any modification, addition or condition which may be approved or imposed pursuant to paragraph 12 ;
"Subsequent Transfer Date"	has the meaning set out in Schedule 1 of the UK Scheme;
"SUP"	has the meaning set out in Schedule 1 of the UK Scheme;
"Tax"	has the meaning set out in Schedule 1 of the UK Scheme;
"Transferee"	means The Prudential Assurance Company Limited, a company incorporated in England and Wales with registered number 00015454, whose registered office is at Laurence Pountney Hill, London EC4R 0HH;

"Transferee Actuary"	means the Actuary of the Transferee;
"Transferee Board"	means the Board of the Transferee;
"Transferee Group"	means the Transferee and any of its holding companies from time to time and any of its or their subsidiaries from time to time;
"Transferee WPSF"	has the meaning set out in Schedule 1 of the UK Scheme;
"Transferring Assets"	has the meaning set out in Schedule 1 of the UK Scheme;
"Transferring Jersey Assets"	<p>means all of the following whatsoever and wheresoever situated as at the Effective Date:</p> <ul style="list-style-type: none"> (a) the rights, benefits and powers of the Transferor under or by virtue of the Transferring Jersey Policies; (b) such of the Aggregate Initial Asset Share Transferring Assets, the Up-front Guarantee Charge Transferring Assets and the Mortality Premium Transferring Assets (if any) as the Court has jurisdiction to transfer pursuant to the Law; and (c) such of the Records as the Court has jurisdiction to transfer pursuant to the Law, including, without limitation, all rights, title and interest of the Transferor therein; <p>but excluding the Residual Assets and any rights, benefits and powers under the Excluded Policies;</p>
"Transferring Business"	has the meaning set out in Schedule 1 of the UK Scheme;
"Transferring Jersey Business"	means the annuity business of the Transferor to be transferred pursuant to this Scheme, which the Court has jurisdiction to transfer pursuant to section 44(1) of the Law, including the Transferring Jersey Policies, the Transferring Jersey Assets, the Residual Jersey Assets, the Transferring Jersey Liabilities and the Residual Jersey Liabilities;
"Transferring Liabilities"	has the meaning set out in Schedule 1 of the UK Scheme;
"Transferring Jersey Liabilities"	means the liabilities of the Transferor as at the Effective Date under the Transferring Jersey Policies and the Transferring Jersey Assets but excluding the Residual Liabilities, the Excluded Liabilities and any liabilities under or relating to the Excluded Policies;
"Transferring Jersey Policies"	means the policies of the Transferor set out in the Final Policy List which the Court has jurisdiction to transfer pursuant to Article 27 of and the Second Schedule to the

	Law:
	(a) other than any Excluded Policy, any Expired Policy and any Ineligible Policy; and
	(b) save to the extent that such policies constitute Excluded Liabilities;
"Transferring Policies"	has the meaning set out in Schedule 1 of the UK Scheme;
"Transferor"	means The Equitable Life Assurance Society, an unlimited company incorporated in England and Wales with registered number 37038, whose registered office is at 20-22 Bedford Row, London WC1R 4JS;
"Transferor Actuary"	means the Actuary of the Transferor;
"Transferor Board"	means the Board of the Transferor;
"Transferor Group"	means the Transferor and any of its holding companies from time to time and any of its or their subsidiaries from time to time;
"UK Court"	means the High Court of Justice in England and Wales;
"UK Insurance Regulator"	means the FSA, or such other governmental, statutory or other authority as shall have or shall from time to time carry out such functions in relation to Long-Term Insurance Business carried out in the United Kingdom as were at the date of this Scheme allocated to FSA under the Act;
"UK Order"	means an order made by the UK Court pursuant to section 111 of the Act sanctioning the UK Scheme and any order (any order (including, without limitation, any subsequent order) in relation to the UK Scheme made by the UK Court pursuant to section 112 of the Act;
"UK Scheme"	means the scheme annexed to the UK Order and attached hereto as the Schedule (subject to any modification, addition, further condition or provision of, to or affecting such scheme in accordance with its terms from time to time); and
"Up-front Guarantee Charge Transferring Assets"	has the meaning set out in Schedule 1 of the UK Scheme.

1.2 In this Scheme:

- (a) **"property"** includes, without limitation, property, assets, cash, claims, causes of action, rights and powers of every description (whether present or future, actual or contingent), including, without limitation, income or interest accrued but unpaid, and includes property held on trust and securities, benefits, powers of any description and any interest whatsoever in any of the foregoing;

- (b) "**liabilities**" includes, without limitation, duties and obligations of every description (whether present or future, actual or contingent);
- (c) "**transfer**" includes (as the context may require) "assign", "assignment" or "assignment", "dispose" or "disposal" or "convey" or "conveyance";
- (d) references to rights or liabilities being "**under**" a Transferring Policy or Excluded Policy shall mean rights or liabilities under the contractual terms of that Transferring Policy or Excluded Policy;
- (e) any reference to the singular shall include a reference to the plural and vice versa and any reference to the masculine shall include a reference to the feminine and neuter and vice versa;
- (f) unless otherwise specified, any reference to an enactment, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, statutory provision or subordinate legislation as amended, replaced or re-enacted from time to time and to any instrument or order made from time to time under such enactment, statutory provision or subordinate legislation;
- (g) any reference to any rules or regulations issued by the Insurance Regulator or the UK Insurance Regulator shall be deemed to include a reference to such rules or regulations as amended or replaced from time to time;
- (h) references to "holding company" and "subsidiary" shall have the same meanings as in the Companies Act 1985 of the United Kingdom;
- (i) references to a "policy" and a "policyholder" shall have the meanings ascribed to them by the Financial Services and Markets Act 2000 (meaning of "Policy" and "Policyholder") Order 2001 of the United Kingdom as at the Effective Date;
- (j) in relation to a single legal contract of insurance which provides for benefits some of which are with-profits annuity benefits and some of which are benefits which are not with-profits annuity benefits, the part of the contract which provides for with-profits annuity benefits shall be a "policy" and the part of the contract which provides for the other benefits shall be a "policy", and references to "policy" shall be construed to each part separately and not as including both parts together;
- (k) save where the context otherwise requires, references to paragraphs are to paragraphs of this Scheme and references to the Schedule are to the Schedule to this Scheme and references to this Scheme include the Schedule;
- (l) headings are inserted for convenience only and shall not affect the construction of this Scheme;
- (m) any reference to a person shall include a reference to a body corporate, a partnership (whether or not having separate legal personality), an unincorporated association or to a person's executors or administrators, and for the avoidance of doubt, shall include a trustee;
- (n) if a period of time is specified from a given day or date or from the day or date of an actual event, it shall be calculated exclusive of that day or date;
- (o) any reference to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (p) the expression "variation" shall include any variation, supplement, deletion, replacement or termination, however effected;

- (q) any reference to an amount shall be exclusive of any applicable value added tax; and
- (r) any reference to pounds or £ shall be to pounds sterling or £ sterling in the currency of the United Kingdom.

2. **INTRODUCTION**

- 2.1 Each of the Transferor and the Transferee has permission under Part IV of the Act to carry on Long-Term Insurance Business of the same classes as the Transferring Policies.
- 2.2 The Transferee and the Transferor are authorised under the Law to carry on long term insurance business in or from within Jersey and each hold Category A Permits pursuant to the provisions of the Law.
- 2.3 It is proposed that the Transferring Business, including all of the Transferring Policies, the Transferring Assets, the Transferring Liabilities, the Residual Assets and the Residual Liabilities, shall, in accordance with the UK Scheme, be transferred to the Transferee, and that the UK Order be made accordingly for the sanction of the UK Scheme under section 111(1) of the Act.
- 2.4 It is therefore proposed that the Transferring Jersey Business shall be transferred to the Transferee on the Effective Date by Order of the Court in accordance with Article 27 of the Second Schedule to the Law and be dealt with in accordance with this Scheme.
- 2.5 The Transferor and the Transferee shall execute all such documents and do all such acts and things as may be necessary or expedient to be executed or done by it for the purposes of giving effect to this Scheme.

3. **TRANSFER OF TRANSFERRING BUSINESS**

- 3.1 On and with effect from the Effective Date, each:
 - (a) Transferring Jersey Policy; and
 - (b) Transferring Jersey Asset;and, in each case, all the interest of the Transferor in it shall, by the Order and without any further act or instrument, be transferred to and be vested in the Transferee.
- 3.2 On and with effect from the Effective Date, each Transferring Jersey Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of the Transferee and shall cease to be a liability of the Transferor.
- 3.3 On and with effect from the Subsequent Transfer Date applicable thereto, each Residual Jersey Asset and all the interest of the Transferor in it shall, by the Order and without any further act or instrument, be transferred to and be vested in the Transferee.
- 3.4 On and with effect from the Subsequent Transfer Date applicable thereto, each Residual Jersey Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of the Transferee and shall cease to be a liability of the Transferor.
- 3.5 The transfers made pursuant to paragraphs 3.1 to 3.4 inclusive shall have effect notwithstanding any provision to the contrary in any agreement or arrangement with any person and whether or not the Transferor and the Transferee have capacity to effect the same.

- 3.6 On and with effect from the Effective Date or the Subsequent Transfer Date applicable thereto, as the case may be, and without prejudice to any other provision of this Scheme and without prejudice to the entitlement of the Transferor to any amount received by it prior to the Effective Date, all references to the Transferor in any contract between the Transferor and any other party, or in any document or instrument, to the extent evidencing title to or the benefit or burden of the Transferring Jersey Policies, the Transferring Jersey Assets, the Residual Jersey Assets, the Transferring Jersey Liabilities and the Residual Jersey Liabilities shall, in so far as they are transferred to the Transferee, be read and construed as if the same were references to the Transferee so that such contract, document or instrument shall operate as if such references had always been to the Transferee rather than the Transferor.
- 3.7 The Transferee shall accept without investigation or requisition such title as the Transferor shall have at the Effective Date to the Transferring Jersey Policies and the Transferring Jersey Assets and, at any Subsequent Transfer Date, to the Residual Jersey Assets then transferred.
- 3.8 No Excluded Assets or Excluded Liability shall be transferred to the Transferee under or by virtue of this Scheme.
- 3.9 The Transferring Jersey Policies, Transferring Jersey Assets, Residual Jersey Assets, Transferring Jersey Liabilities and Residual Jersey Liabilities shall be allocated in accordance with Part D (Allocations on the Effective Date) of the UK Scheme.

4. CONTINUITY OF PROCEEDINGS

- 4.1 On and with effect from the Effective Date, any proceedings to the extent issued or served in connection with the Transferring Jersey Policies, the Transferring Jersey Assets or the Transferring Jersey Liabilities (but, for the avoidance of doubt, not any proceedings relating to Excluded Assets or Excluded Liabilities) in respect of which the Transferor is plaintiff, claimant or applicant shall be continued by the Transferee and the Transferee shall be entitled to all claims, counterclaims, defences to counterclaims and rights of set-off that were or would have been available to the Transferor in relation to those proceedings.
- 4.2 On and with effect from the Subsequent Transfer Date applicable thereto, any proceedings (but, for the avoidance of doubt, not any proceedings relating to Excluded Assets or Excluded Liabilities) to the extent issued or served in connection with a Residual Jersey Asset or a Residual Jersey Liability in respect of which the Transferor is plaintiff, claimant or applicant shall be continued by the Transferee and the Transferee shall be entitled to all claims, counterclaims, defences to counterclaims and rights of set-off that were or would have been available to the Transferor in relation to those proceedings. Until such Subsequent Transfer Date, the relevant proceedings shall be continued by the Transferor.
- 4.3 For the avoidance of doubt, any proceedings to the extent issued or served which are not to be continued by the Transferee pursuant to paragraph 4.1 or 4.2 shall be continued by the Transferor and the Transferor shall remain entitled to all defences, claims, counterclaims, defences to counterclaims and rights of set-off that were or would have been available to it in relation to those proceedings.

5. PREMIUMS AND MANDATES

- 5.1 All premiums attributable or referable to the Transferring Jersey Policies, if any, shall on and after the Effective Date be payable to the Transferee.
- 5.2 Any direct debit mandate, standing order or other instruction in force on the Effective Date and providing for the payment by a bank or other intermediary of premiums or other amounts payable under any Transferring Jersey Policy or Transferring Jersey Asset shall

thereafter take effect as if it had provided for and authorised such payment to the Transferee.

- 5.3 Any mandate or other instruction in force on the Effective Date as to the manner of payment by the Transferor of any sum payable under any Transferring Jersey Policy shall continue in force as an effective authority to the Transferee.

6. **RIGHTS AND OBLIGATIONS UNDER THE TRANSFERRING POLICIES**

- 6.1 On and with effect from the Effective Date, the Transferee shall become entitled to all the rights, benefits and powers of the Transferor whatsoever subsisting on the Effective Date under or by virtue of the Transferring Jersey Policies.

- 6.2 Subject to the terms of this Scheme, every person who is a policyholder in respect of a Transferring Jersey Policy shall, on and with effect from the Effective Date, become entitled, in succession to, and to the exclusion of, any rights (including rights to share in the profits or any distribution of the working capital of the Transferor) which he may have had against the Transferor under such Transferring Jersey Policy (other than any right arising in respect of or from any Excluded Liability), to the same rights against the Transferee as were available to him against the Transferor under such Transferring Jersey Policy (other than any right arising in respect of or from any Excluded Liability or any right or interest in any possible future distribution or reattribution of the inherited estate of the Transferee WPSF) and (as regards a Transferring Jersey Policy under which premiums or other sums attributable or referable thereto continue to be payable by him) shall on and with effect from the Effective Date account to the Transferee for any further or additional premiums or other sums attributable or referable thereto, if any, as and when the same become due and payable.

- 6.3 If any person entitled to do so with respect to a Transferring Jersey Policy exercises any right or option granted under the terms of that Transferring Jersey Policy (save, for the avoidance of doubt, where such right or option arises from or by reason of an Excluded Liability) and either:

- (a) the right or option provides for a new, additional or replacement policy to be issued or amendments to be made to an existing Transferring Jersey Policy; or
- (b) it is appropriate in the opinion of the Transferee Board, having regard to the advice of the Transferee Actuary, in order to comply with that right or option to issue a new, additional or replacement policy or, as the case may be, amend an existing Transferring Jersey Policy,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue or amendment (as the case may be) by the Transferee of a policy which complies with the terms of such right or option. Without prejudice to such entitlement, if the Transferee is not at the time of the exercise of such right or option writing policies complying exactly with the policy to which such person is entitled pursuant to the right or option, the Transferee shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) the policy commonly offered by the Transferee or any other member of the Transferee Group which the Transferee in its absolute discretion considers to be the nearest equivalent policy of the Transferee or such other member of the Transferee Group (as the case may be) at that time.

- 6.4 All references in any Transferring Jersey Policy (and, in relation to any Transferring Jersey Policy comprised within a Multi-Segment Policy, all references in that Multi-Segment Policy when construing the Multi-Segment Policy in relation to the Transferring Jersey Policy) to the Transferor, the Transferor Board, the Transferor Actuary or any other officers, employees or agents of the Transferor shall, with effect on and from the Effective Date, be read as references to the Transferee, the Transferee Board, the Transferee Actuary or any

other officers, employees or agents of the Transferee respectively or, where appropriate, agents of the Transferee to which the administration or investment management of the relevant part of the business carried on by the Transferee has been delegated. In particular, but without limitation, and subject to the other provisions of this Scheme, all rights and/or duties exercisable or expressed to be exercisable or responsibilities to be performed by the Transferor, the Transferor Board, the Transferor Actuary or any other officers, employees or agents of the Transferor in relation to any of the Transferring Jersey Policies (other than in relation to Excluded Liabilities) shall, with effect on and from the Effective Date, be exercisable or required to be performed by the Transferee, the Transferee Board, the Transferee Actuary or any other officers, employees or such agents of the Transferee respectively. All references in a Transferring Jersey Policy to the Transferor Group shall, where the context requires, be read and construed with effect on and from the Effective Date as references to the Transferee Group.

6.5 Where the benefits of any Transferring Jersey Policy are held under the terms of a trust, such terms together with the terms of any rules applicable to any pension scheme in the case of any pension scheme under which benefits are referable to a Transferring Jersey Policy, shall operate and be construed, with effect on and from the Effective Date, on a basis which is consistent with the transfer of such Transferring Jersey Policy in accordance with the provisions of this Scheme. For the avoidance of doubt:

- (a) where the consent of the Transferor is required under any such terms, the consent of the Transferee shall, with effect on and from the Effective Date, instead be treated as required; and
- (b) where a power to appoint trustees under such terms is conferred on the Transferor, that power shall, with effect on and from the Effective Date, instead be treated as conferred on the Transferee.

6.6 With effect on and from the Effective Date and without any further act or instrument, each Multi-Segment Policy which incorporates a Transferring Jersey Policy shall be construed at all times so that:

- (a) the Transferee has all rights and liabilities under that Multi-Segment Policy subsisting on the Effective Date to the extent that those rights and liabilities relate to Transferring Jersey Policies; and
- (b) the Transferor retains all other rights and liabilities under that Multi-Segment Policy,

provided that (i) the Transferee shall only acquire such rights or liabilities referred to in sub-paragraph (a) of this paragraph 6.6 as are respectively Residual Jersey Assets or Residual Jersey Liabilities in accordance with paragraph 3 on the respective Subsequent Transfer Date applicable thereto and (ii) the Transferee shall in no event assume any liability as is referred to in that sub-paragraph which is an Excluded Liability.

6.7 In accordance with, but without prejudice to the generality of, paragraph 6.6, each Multi-Segment Policy which incorporates a Transferring Jersey Policy shall be construed, with effect on and from the Effective Date, so that:

- (a) the Transferor and the Transferee are each a party to the Multi-Segment Policy, each in the capacity of insurer;
- (b) the Transferor retains all rights and liabilities under the Multi-Segment Policy except to the extent that rights and liabilities thereunder relate to the Transferring Jersey Policies, in which case the Transferee shall have those rights and liabilities (other than the Excluded Liabilities, which shall be retained by the Transferor);

- (c) the Transferor shall (to the exclusion of the Transferee) provide any services, information and documents required to be provided under the Multi-Segment Policy, other than services, information or documents relating to Transferring Jersey Policies, which shall be provided by the Transferee (to the exclusion of the Transferor), save that the Transferor shall provide any such information relating to Excluded Liabilities;
- (d) the Transferor shall (to the exclusion of the Transferee) be responsible for receiving any information or instructions that may be given under the terms of the Multi-Segment Policy and for updating such information and implementing such instructions in accordance with, and subject to, the terms of the Multi-Segment Policy, save that the Transferee shall (to the exclusion of the Transferor) be responsible for receiving any information or instructions that may be given in relation to the Transferring Jersey Policies under the terms of the Multi-Segment Policy and for updating such information and implementing such instructions in relation to the Transferring Jersey Policies in accordance with, and subject to, the terms of the Multi-Segment Policy;
- (e) the Transferor shall (to the exclusion of the Transferee) retain any right, subject to the terms of the Multi-Segment Policy and all applicable regulatory requirements, to exercise any discretionary power or make any decision in relation to the administration of the Multi-Segment Policy, save to the extent that any such rights relate to the Transferring Jersey Policies, in which case the Transferee shall (to the exclusion of the Transferor) have that right;
- (f) the Transferor shall (to the exclusion of the Transferee) retain any obligation to issue a new, replacement or additional policy required to be issued under the terms of any option or right under the Multi-Segment Policy, save to the extent that any such obligation relates to the Transferring Policies, in which case the Transferee shall, in accordance with and subject to paragraph 6.3 (to the exclusion of the Transferor), have that obligation unless that obligation arises from an Excluded Liability;
- (g) the Transferor and the Transferee shall each have separate obligations as insurer under the Multi-Segment Policy as allocated pursuant to this Scheme and shall be neither jointly, nor jointly and severally, liable for the same obligation under the Multi-Segment Policy;
- (h) neither the Transferor nor the Transferee shall exercise any right, power or discretion to agree to any amendment to a Multi-Segment Policy which in any such case may have an effect on the other without the prior written consent of the other; and
- (i) without limitation to paragraph 6.7(h), the Transferor shall not agree to any amendment, modification or variation, including, without limitation, any increment, being made to any Transferring Jersey Policy without the prior written consent of the Transferee.

7. EXCLUDED POLICIES

- 7.1 The liability of the Transferee in respect of the Excluded Policies Reassurance Agreement in so far as it relates to Excluded Jersey Policies, including without limitation the obligation to make payments in respect of the Excluded Jersey Policies, shall be calculated so as to ensure that benefits are provided to holders of Excluded Jersey Policies which are the same as the benefits which would have accrued to such policyholders if such Excluded Jersey Policies had been Transferring Jersey Policies, and:

- (a) the Transferor shall have a corresponding liability under such Excluded Jersey Policies; and
 - (b) the Excluded Jersey Policies shall be treated as amended so that they cease to confer:
 - (i) any entitlement to participate in the profits of the Transferor whether by way of bonus or otherwise (including rights to share in the profits or any distribution of the working capital of the Transferor); or
 - (ii) any entitlement to be a member of the Transferor.
- 7.2 If any person exercises any right or option granted under the terms of an Excluded Jersey Policy and the right or option provides for a new, additional or replacement policy to be issued such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue by the Transferor of a policy which complies with the terms of such right or option. Any new policy issued by the Transferor pursuant to this paragraph 7.2 shall be treated as an Excluded Jersey Policy and shall be reinsured on the basis set out in this paragraph 7 save to the extent that the right or option pursuant to which it is issued constitutes an Excluded Liability.
- 7.3 If the novation of any Excluded Jersey Policy to the Transferee is procured, the rights and liabilities of the Transferor relating to such Excluded Jersey Policy shall, to the extent not previously transferred, be transferred to the Transferee and such Excluded Jersey Policy shall thereafter be dealt with by the Transferee under the provisions of this Scheme in all respects as if it were a Transferring Jersey Policy and it shall be amended, with effect from the date of transfer, so as to confer an entitlement to participate in the profits of the Transferee to the same extent as if it had been a Transferring Jersey Policy.
- 8. MANAGEMENT OF TRANSFERRING JERSEY POLICIES**
- 8.1 On and with effect from the Effective Date, all of the Transferring Jersey Policies shall be managed to in accordance with Part E of and Schedule 2 to the UK Scheme.
- 9. UPLIFT AND INCREASE OF AGGREGATE ASSET SHARE**
- 9.1 Paragraphs 16.3 and 16.4 of the UK Scheme shall have effect in relation to each Transferring Jersey Policy and each Excluded Jersey Policy.
- 10. COSTS AND EXPENSES**
- 10.1 Except as otherwise agreed in writing, the Transferor and the Transferee shall bear their own costs and expenses in relation to the preparation and carrying into effect of this Scheme, whether before or after the Effective Date.
- 11. EFFECTIVE DATE**
- 11.1 The Scheme shall become effective at the same time as the UK Scheme.
- 12. MODIFICATION OR ADDITIONS**
- 12.1 The Transferee and the Transferor may consent for and on behalf of themselves and all other persons concerned to any modification of or addition to this Scheme or to any further condition or provision affecting the same which, in each case prior to its sanction of this Scheme, the Court may approve or impose.

12.2 At any time after the sanction of this Scheme, the Transferee and the Transferor shall be at liberty to apply jointly to the Court for consent to amend its terms, provided that in any such case:

- (a) the Regulator shall be notified of, and have the right to be heard at, any hearing of the Court at which such application is considered; and
- (b) such application shall be accompanied by a certificate from an independent actuary to the effect that in his opinion the proposed amendment will not adversely affect the fair treatment of the holders of Transferring Jersey Policies.

If such consent is granted, the Transferee and the Transferor may amend the terms of this Scheme in accordance with such consent.

13. **THIRD PARTY RIGHTS**

A person who is not a party to this Scheme may not enforce any term of this Scheme pursuant to the Contracts (Rights of Third Parties) Act 1999 of the United Kingdom.

14. **GOVERNING LAW**

14.1 This Scheme shall be governed by and construed in accordance with the laws of Jersey.

SCHEDULE

The UK Scheme