

SUMMARY OF THE SCHEME

Introduction

- 1.1 This section summarises the terms of the Scheme. It does not explain every aspect of the Scheme.
- 1.2 Part A of the Scheme (Definitions and Interpretation) sets out in detail the contents of the Transferring Business intended to be transferred by the Scheme. A brief summary is set out in the paragraphs, below.
- 1.3 The Transferring Business consists of the Transferring Business of each of the Transferors (i.e. QBEUK, Eta and WMG), and includes the Transferors' respective Transferring Policies, Transferring Liabilities and Transferring Assets.
- 1.4 The QBEUK Transferring Business consists of public liability and employers' liability policies originally issued by QBEUK from the UK (or issued by other insurers and subsequently assumed by QBEUK) that incepted on or prior to 31 December 2007 and have claims within certain QBEUK reserving classes (as detailed in the Scheme), together with related assets and liabilities. Certain policies that would otherwise be within the scope of the QBEUK Transferring Business are specifically excluded from the Scheme, to be retained by QBEUK, and are set out in Schedule 1, Part B of the Scheme.
- 1.5 The Eta Transferring Business consists of the entire insurance business of Eta, including all its medical malpractice and professional negligence policies, which it underwrote between 2005 and 2012 from the UK or Republic of Ireland, together with related assets and liabilities.
- 1.6 The WMG Transferring Business consists of the entire insurance business of WMG, including all policies written from its inception in 1894 until it closed to new business in 2001 (and that have not previously been commuted or removed by other means), together with related assets and liabilities and certain reinsurance and outsourced services agreements relating to WMG's Transferring Policies.

2. The Effective Date

The Scheme is conditional upon the Court granting an order pursuant to s.111 of the Financial Services and Markets Act 2000 sanctioning the Scheme. If this order is granted, it is expected that the Scheme will take effect at 00.01 GMT on 2 December 2022 (the **Effective Date**). The Transferors and the Transferee may agree that the Scheme will become effective on a later date, which would be no later than 23:59 GMT on 3 March 2023, or such later date as the Court may allow upon the application of the Transferors and the Transferee.

3. The Effect of the Scheme

- 3.1 The Scheme is intended to transfer the Transferring Business to the Transferee (i.e. Inceptum).
- 3.2 If approved, the Scheme will have the following effect at the Effective Date:
 - 3.2.1 the Transferee will replace the Transferors as insurer or reinsurer, as the case may be, under the Transferors' respective Transferring Policies and will

become entitled to the benefit of reinsurances that are currently held by WMG in respect of the WMG Transferring Business;

- 3.2.2 all rights and obligations of QBEUK, Eta and WMG arising from, respectively, the QBEUK Transferring Business, the Eta Transferring Business and the WMG Transferring Business, including in respect of existing claims and rights of policyholders to bring claims under expired policies, will automatically (by operation of law) transfer to, and become rights and obligations of, the Transferee and will no longer be rights and obligations of the relevant Transferor;
- 3.2.3 each policyholder with a Transferring Policy contained in the Transferring Business will (i) become entitled to the same rights against the Transferee, including any rights in respect of existing claims and to bring claims under expired policies, as were available to them against the relevant Transferor in respect of that policy; and (ii) shall have the same obligations and be subject to the same terms and conditions in relation to that policy save that the Transferee will be substituted as the insurer or reinsurer (as the case may be) in place of the relevant Transferor;
- 3.2.4 all references in any Transferring Policy to the relevant Transferor, its Board or its Group Undertakings, or to any officers, employees or agents of the relevant Transferor shall, with effect on and from the Effective Date, be read as references to the Transferee, the Transferee's Board or its Group Undertakings or to the officers, employees or agents of the Transferee, respectively; and
- 3.2.5 any existing indemnity, power of attorney, authority, declaration or consent given to or by a Transferor relating to any part of its Transferring Business (including the Transferring Policies comprised in it) shall have effect from the Effective Date as if given to, or as the case may be, by the Transferee.

4. Continuity of Proceedings

- 4.1 On and with effect from the Effective Date, any Proceedings that (i) have been issued, served or commenced; (ii) are current; (iii) are pending or threatened; or (iii) that may in the future be brought (including those not yet in contemplation), in each case to the extent by or against a Transferor in connection with their Transferring Business (or any part of it), including in respect of their Transferring Policies, Transferring Assets or Transferring Liabilities, shall be continued or commenced by or against the Transferee (in place of the Transferor) and the Transferee shall be entitled to all claims, counterclaims, defences, defences to counterclaims and rights of set-off that were or would have been available to such Transferor in relation thereto.
- 4.2 Any judgment, settlement, order or award obtained by or against a Transferor which relates to any part of their Transferring Business, Transferring Policies, Transferring Assets or Transferring Liabilities and which is not fully satisfied before the Effective Date shall on that date and to the extent to which it was enforceable by or against the Transferor immediately prior to such date, become enforceable by or against the Transferee (to the exclusion of the Transferor).
- 4.3 Any Proceedings referred to in paragraph 4.1, above, commenced in error against a Transferor on or after the Effective Date shall be deemed to have been commenced and shall be continued against the Transferee without the need for further order, whether for substitution of parties or otherwise, and the Transferee shall be entitled to

all defences, claims, counterclaims, defences to counterclaims and rights of set off that would have been available to such Transferor in relation thereto.

5. **Residual Assets and Residual Liabilities**

5.1 It is possible that some of the policies and/ or rights, obligations or Proceedings under or in connection with them (the **Residual Assets** and **Residual Liabilities**) that would otherwise be included in the Transferring Business will not transfer on the Effective Date, for example:

5.1.1 if the Court either does not have jurisdiction to transfer such Residual Assets or Residual Liabilities or if the Court does have such jurisdiction but determines not to transfer such Residual Assets or Residual Liabilities on the Effective Date;

5.1.2 if the relevant Transferor and the Transferee agree before the Effective Date that such Residual Assets or Residual Liabilities should not transfer at that time.

5.2 Any Residual Assets or Residual Liabilities will be transferred (if appropriate) once the relevant restriction to the transfer has been removed.

5.3 The Transferors will hold any Residual Assets on trust for the Transferee with effect from the Effective Date, and the Transferee will continue to administer any Residual Assets and/or Residual Liabilities on behalf of the Transferors and shall have full authority to conduct any related proceedings or, where appropriate, direct the Transferors as to the conduct of such proceedings.

6. **Excluded Policies, Excluded Assets and Excluded Liabilities**

6.1 In certain circumstances, policies that are intended to be included in the transfer may be specifically excluded from the Scheme by the Court. These are referred to as **Excluded Policies** in the Scheme Document. Any assets relating to Excluded Policies (or assets which are otherwise not intended to transfer under the Scheme) or liabilities relating to the Excluded Policies (or liabilities which are otherwise not intended to transfer under the Scheme) – referred to as **Excluded Assets** and **Excluded Liabilities**, respectively, in the Scheme Document - are also excluded from the Scheme.

6.2 If there are any Excluded Policies, then the relevant Transferor(s) and the Transferee shall enter into one or more Excluded Policies Reinsurance Agreements pursuant to which, on and with effect from the Effective Date, all the liabilities of the relevant Transferor(s) attributable to the Excluded Policies, and all other amounts paid or payable by the relevant Transferor(s) in respect of such Excluded Policies, shall be reinsured in their entirety to the Transferee.

7. **Mandates**

7.1 Any mandates including direct debits, standing orders or other instructions or authorities payable to or from the Transferors in respect of the Transferring Business and in force at the Effective Date will after the Effective Date be payable to or from the Transferee.

8. Data Protection

8.1 On and with effect from the Effective Date, the Transferee shall, in respect of each Transferor:

8.1.1 succeed to all rights, liabilities and obligations of the Transferor in respect of any Relevant Personal Data that is subject to Applicable Privacy Laws, including with respect to the provision of fair processing information to relevant data subjects;

8.1.2 become the controller of any Relevant Personal Data that is subject to Applicable Privacy Laws in place of the Transferor; and

8.1.3 be under the same duty by virtue of any law to respect the confidentiality and privacy of any person in relation to any Relevant Personal Data as the Transferor was under, including Applicable Privacy Laws, and the Transferee shall be bound by any specific notice or consent given, or request made, by the data subject which was binding on the Transferor,

and in any consent given by a data subject in respect of the Relevant Personal Data, any reference to the Transferor (or to any of its Group Undertakings) shall be deemed to include a reference to the Transferee (and any of its Group Undertakings).

9. Costs and Expenses

All costs and expenses incurred in connection with the Scheme and the transactions contemplated by the Scheme, including, without limitation, fees and disbursements of legal and financial advisers and accountants, shall be paid by the Transferee.

10. Modifications, amendments or additions

10.1 The Transferors and the Transferee may consent on their own behalf and on behalf of the persons bound by the Scheme and all other persons concerned (other than the PRA and the FCA) to any modification of or addition to the Scheme which the Court may approve or impose prior to the sanction of the Scheme.

10.2 At any time after the sanction of the Scheme, the Transferors and the Transferee may apply to the Court for its approval of any further amendments, subject, *inter alia*, to

10.2.1 the FCA and PRA being given reasonable notice of, and having the right to be heard at, any hearing of the Court at which such application is considered; and

10.2.2 the application being accompanied by a certificate from an independent actuary confirming that in his or her opinion the proposed amendment will not materially adversely affect the policyholders of the Transferors and the Transferee.

Court approval will not be necessary in the event of minor and/or technical modifications to the Scheme, including modifications to correct manifest errors, provided *inter alia*, that the FCA and the PRA have been notified of the proposed amendment, have been given a reasonable opportunity to object to it and have indicated that they do not object to any such modification.

11. **Governing Law**

The terms of the Scheme are governed by and construed in accordance with English law.

12. **Definitions and Interpretation**

In this Schedule, capitalised terms used and not defined in this Schedule shall have the meanings ascribed to them in the Scheme.