

[HEADED PAPER OF INORA LIFE DAC]

Inora Life dac
Two Park Place, Ground Floor
Hatch Street Upper
Dublin 2
IRELAND

[POLICYHOLDER ADDRESS]

[●] September 2020

Dear Inora Life Policyholder

Re: [STATE POLICY NUMBER]

As you are aware, Inora Life dac (“**Inora**”) was acquired by Monument Life Insurance dac (“**MLIDAC**”) on 27 March 2019.

Both Inora and MLIDAC are part of the Monument Re group of companies (the “**Monument Re Group**”). The Monument Re Group is currently undertaking a project whereby it is consolidating its Irish entities. As part of this, the plan is to transfer the business of Inora to MLIDAC. MLIDAC currently operates in Ireland and accordingly the proposed transfer will allow for increased operating efficiencies. MLIDAC is regulated by the Central Bank of Ireland (“**CBI**”).

As Inora is an Irish-authorized insurance company, Inora Life DAC must consult with the Central Bank of Ireland about the transfer and the transfer must be approved by the Irish High Court before it can proceed. Under Irish law, we are required to provide you with certain information in relation to the proposed transfer and the enclosed documents provide further details in this regard.

The purpose of this document (the “**Circular**”) is to notify you of the proposed transfer of the insurance business of Inora to MLIDAC.

This Circular is relevant to you as your life insurance policy is currently underwritten by Inora and it is proposed that your policy will transfer to MLIDAC.

This Circular explains the key aspects of the proposed transfer and provides answers to commonly asked questions. The Circular also includes a summary of the scheme of transfer and a summary of the Independent Actuary’s report. It also includes contact details, should further information be needed. Please read this Circular carefully.

For convenience, we refer throughout the Circular to the proposal as the “proposed transfer”.

You may receive more than one copy of the Circular if you have more than one policy with Inora. We apologise for this but with numerous policies in-force it is possible that some duplication may occur. If you no longer have an Inora policy (e.g. the benefits have recently been paid out), you should not have received this Circular and we apologise for any inconvenience caused.

TRANSFERRING FROM INORA TO MLIDAC

In Ireland, the legal process whereby insurance business may transfer from one insurer to another requires the approval by the High Court of a scheme of transfer (the “**Scheme**”).

Key Points

- Inora Life dac proposes to transfer your policy to Monument Life Insurance dac
- Inora Life DAC will consult with the Central Bank of Ireland about the transfer and the Irish High Court must approve the transfer before it can proceed
- **The terms and conditions of your policy will not change as a result of the proposed transfer**
- The Independent Actuary’s opinion is that the proposed transfer will not materially adversely affect the policyholders transferring from Inora or the existing policyholders of Monument Life Insurance dac
- You should read this circular and the enclosed documents for details of the proposed transfer
- More information is available at <http://www.inoralife.com>
- You have the right to object if you feel you may be adversely affected by the proposed transfer
- You need take no further action in response to this letter unless you want to object to the proposed transfer

To effect the transfer, there is a legal process which must be followed which includes a number of key protections for policyholders. These protections include:

- Notification of the proposed transfer to Inora policyholders including providing information on how a policyholder may object to the Scheme;
- Consultation with relevant supervisory authorities, including, *inter alios*, the Central Bank of Ireland and the French insurance sector regulator, the L'Autorité de contrôle prudentiel et de résolution
- A detailed review of the transfer by an Independent Actuary; and
- Consideration for approval by the Irish High Court.

Subject to receipt of all necessary regulatory approvals and the approval of the Irish High Court, it is anticipated that the Scheme will become effective on 31 December 2020 at 23:59, the "Effective Date".

HOW ARE YOU PROTECTED?

This Circular is part of the set legal process which seeks to ensure that your interests as a policyholder are protected and that you are fully informed about the proposed transfer.

No action is required from you in respect of this Circular or the proposed transfer, but you do have a right to object to what is proposed and to have your objections considered as part of the court process.

Once the proposed transfer takes place, your policy will be with MLIDAC who will replace Inora as your insurer. This means that, following the transfer, your rights as a policyholder or claimant against Inora will instead be against MLIDAC. This also means that any policy premiums will be due to, and policy benefits paid from, MLIDAC rather than Inora.

There will be **no change** to your policy's terms and your rights under the policy as well as benefits payable from the policy. Furthermore, you will not experience any noticeable difference in doing business with your new insurer (MLIDAC) as a result of the proposed transfer.

INDEPENDENT ACTUARY'S REPORT TO POLICYHOLDERS

To safeguard the interests of policyholders, and as legally required, an Independent Actuary has reviewed the terms of the proposed transfer. This review has been carried out by Mr Brian Morrissey FSAI (Fellow of the Society of Actuaries in Ireland). Mr Morrissey is a Partner at KPMG in Dublin, Ireland (<https://home.kpmg/ie/en/home.html>).

A summary of the Independent Actuary's report on the impact of the proposed transfer on policyholders is included in this Circular.

You will see that Mr Morrissey concludes that the security of benefits of policyholders of both Inora and MLIDAC will not be materially adversely affected by the proposed transfer and that the fair treatment and reasonable benefit expectations of both sets of policyholders will not be materially adversely affected by the proposed transfer.

A copy of the full report is available at <http://www.inoralife.com> and <https://www.monumentregroup.com/> and can also be provided in print upon request and free of charge.

IMPLEMENTING THE PROPOSED TRANSFER

The proposed transfer does not require the consent of policyholders, but it must be approved by the Irish High Court. A petition (or application) in respect of the proposed transfer was presented by the Directors of Inora to the Irish High Court on 8 September 2020 asking the Irish High Court to sanction the Scheme.

This application will be considered by the Irish High Court on 15 December 2020 at 11am. Any change to this hearing date will be published on <http://www.inoralife.com> and <https://www.monumentregroup.com/>

The Court will hear from any person on this date that it considers having an entitlement to be heard (including any policyholder) and may approve the Scheme if it is satisfied that no sufficient objection has been established.

If the Irish Scheme is approved by the Irish High Court, the Scheme will become effective on the Effective Date (i.e. 31st December 2020 or the equivalent date as approved by the Irish High Court).

FURTHER INFORMATION

If you have any questions, or if you want further copies of the Circular, our contact details are provided within the FAQ section of this Circular. In addition, further information and documents regarding the proposed transfer are also available at <http://www.inoralife.com> and <https://www.monumentregroup.com/>

The following information will also be available for inspection during normal business hours on any week day (Monday to Friday except public holidays) up until the date of the sanctions hearing at the offices of Inora, MLIDAC and our solicitors, Matheson. Due to the ongoing Covid-19 restrictions, inspection of the documents must be arranged in advance. Please use the contact details below to arrange an inspection.

COMPANY	OFFICE	INFORMATION AVAILABLE
Inora and MLIDAC	Two Park Place, Hatch Street Upper, Dublin 2, Ireland T: + 353 (1) 533 7065 E: trevor.foley@monumentinsurance.com	<ul style="list-style-type: none">▪ Petition to the Irish High Court including the terms of the Scheme.▪ This Circular
Our solicitors in Ireland, Matheson	70 Sir John Rogerson's Quay, Dublin 2, Ireland T: + 353 (1) 232 2000 E: Elaine.long@matheson.com	<ul style="list-style-type: none">▪ Independent Actuary's Report

CONCLUSION

Inora, MLIDAC and the Independent Actuary are of the view that the proposed transfer will not materially adversely affect the security and future benefit prospects of any policyholder, whether of Inora and MLIDAC.

However, if you would like further information in respect of the proposed transfer and how it may impact your policy, please do not hesitate to contact us.

Yours sincerely

Questions and Answers Sheet

Q1 Why am I receiving this letter?

You previously took out a policy (or a policy was secured on your behalf) with Inora Life dac (“**Inora**”). Inora was acquired by Monument Life Insurance dac (“**MLIDAC**”) in March 2019. Inora and MLIDAC are both part of the Monument Re group of companies (the “**Monument Re Group**”). It is proposed that Inora will transfer its entire insurance business, including your policy, to MLIDAC with effect from 31 December 2020 at 23:59.

There will be **no change** to your policy terms, your rights under the policy and the benefits payable from the policy as a result of the transfer of insurance policies to MLIDAC.

Q2 Why is the transfer happening?

Inora and MLIDAC are both entities within the Monument Re Group (<https://www.monumentregroup.com/about-monument-re/>).

The Monument Re Group is undertaking a project to consolidate its operations in Ireland. Both Inora and MLIDAC write complimentary classes of insurance business and therefore it is logical to simplify and consolidate these businesses. This consolidation will result in the transfer of the Inora insurance business into MLIDAC and it will allow for increased operating and capital efficiencies and reduced costs and operational risks within MLIDAC.

Q3 Who is MLIDAC?

MLIDAC is a life assurance company incorporated under the laws of Ireland and regulated by the Central Bank of Ireland (the “**CBI**”). Further information on MLIDAC is available at: <https://www.monumentregroup.com/>.

MLIDAC is a subsidiary of Monument Re. Monument Re is a Bermuda incorporated reinsurer and acquirer of asset-intensive European insurers, often in run-off. Monument Re is subject to group supervision by the Bermuda Monetary Authority. Monument Re is backed by shareholders, including Hannover Re, the world’s third largest reinsurer; NYSE listed Enstar, a leading Property and Casualty (P&C) run-off consolidator; and E-L Financial, the parent company of Canadian life insurer Empire Life.

Q4 Does the transfer affect my policy?

No. The following are **not** changing:

- Your policy terms and your rights under the policy.
- The benefits payable from the policy.

To safeguard the interests of policyholders, and as legally required, an Independent Actuary has reviewed the terms of the proposed transfer. This review has been carried out by Mr Brian Morrissey FSAI (Fellow of the Society of Actuaries in Ireland). Mr Morrissey is a Partner at KPMG in Dublin, Ireland (<https://home.kpmg/ie/en/home.html>).

A summary of the Independent Actuary’s report on the impact of the proposed transfer on policyholders is included in this Circular.

You will see that Mr Morrissey concludes that the security of benefits of policyholders of both Inora and MLIDAC will **not** be materially adversely affected by the proposed transfer and that the fair treatment and reasonable benefit expectations of both sets of policyholders will **not** be materially adversely affected by the proposed transfer.

A further safeguard which protects your interest is that the proposed transfer will take place only after it has been considered and approved by the Irish High Court, following notification to and engagement with, the CBI, and any other regulators with whom the CBI is required to consult.

Q5 Will the transfer to MLIDAC cost me or incur a charge on my policy?

No. The Transfer will not result in a change to the charging basis for your policy. Inora and MLIDAC will meet all costs connected to the proposed transfer.

Q6 Do I need to contact anyone / do anything?

No. You do not need to contact anyone or take any further action. However, if you have any queries about the proposed transfer please contact us using the details outlined at **Q9** below or contact your Financial Adviser.

Q7 I currently have an active claim. As my policy is transferring to MLIDAC, do I need to contact anyone / do anything?

No. There is no change to how your claim will be handled as a result of the transfer.

Q8 Given that my policy is transferring to MLIDAC, is there a new address / new phone number I need to use?

Should you need to contact MLIDAC (i.e. to make a claim for benefits payable under your policy or to make an amendment to your policy), please contact:

Inora Life - Service Administratif
72 rue de Lessard
76100 Rouen
France
Tel. France: 0805 119622
Tel. Belgium: 0800 32027

Q9 Why is the confirmation of the High Court of Ireland necessary?

Irish law (specifically Section 13 of the Assurance Companies Act 1909 and Section 36 of the Insurance Act 1989) provides that the approval of the Irish High Court is required for the proposed transfer to take place.

The proposed transfer will not be confirmed unless the Irish High Court is satisfied that the interests of all policyholders will not be prejudiced (disadvantaged) by the proposed transfer and that the requirements of applicable legislation have been met.

Policyholders are entitled to attend the Irish High Court on the date of the hearing, at which the approval of the Irish High Court to the Irish Scheme will be sought, to object in person or through their legal adviser. Where a policyholder wishes to object to the proposed transfer, they should file an affidavit (listed under record number [2020/271 COS]) setting out their objection and the evidence backing it, with the Central Office in the Four Courts, Inns Quay, Dublin 7 and serve a copy of that affidavit on Matheson Solicitors no later than 5pm GMT at least five working days in advance of the Court hearing.

Q10 I'm not happy that my policy is transferring to MLIDAC. What options are available to me now to address this?

If you are unhappy with the transfer of your policy and wish to object to the transfer or speak to a customer service agent, please call or write to us at:

Inora Life - Service Administratif
72 rue de Lessard
76100 Rouen
France
Tel. France: 0805 119622
Tel. Belgium: 0800 32027

If you wish to object to the proposed transfer, you are also entitled to attend the Irish High Court on the day of the hearing at which the approval of the Irish High Court to the proposed transfer

(listed under record number [2020/271 COS]) will be sought (which we expect to be on 15 December 2020).

If you wish to be heard at the hearing of the Petition, you should:

- 1) Notify our solicitors Matheson, 70 Sir John Rogerson's Quay, Dublin 2, Ireland, of this intention in writing with reference 'DM/ELCA 666909.54', marked for the attention of **Elaine Long** / **Darren Maher**; and
- 2) File an affidavit setting out your objection and the evidence backing it, with the Central Office in the Four Courts, Inns Quay, Dublin 7 and serve a copy of that affidavit on Matheson Solicitors no later than 5pm GMT at least five working days in advance of the Court hearing.

Q11 Will the proposals automatically go ahead?

No. The proposed transfer will only proceed if it is approved by the Irish High Court.

The Irish High Court will only approve the changes if satisfied that the proposals are appropriate, fair to policyholders and meet the relevant legal requirements. To do this, the Irish High Court will consider the opinion of the Independent Actuary and note whether there has been any objection from relevant regulators. Objections received from policyholders will also be considered.

Q12 How will I know whether the court has approved the proposed transfer?

Following the court hearing, we will publicise confirmation that the proposed transfer has been sanctioned (and as a result has been implemented) through newspaper notices and on the following websites: <https://www.inoralife.com> and <https://www.monumentregroup.com/>

You do not need to take any action should the proposed transfer be sanctioned.

Q13 Has this already happened? Does MLIDAC already have my customer record details? I haven't given permission for this.

No. As described above, the transfer of your policy from Inora to MLIDAC is subject to Court approval. On sanctioning the proposed transfer, your insurance policy and personal data connected to your policy will transfer to MLIDAC. Inora and MLIDAC are both entities within the Monument Re Group.

The Court order for the transfer of your policy will include an obligation on Inora to transfer the customer record details held by Inora (including as controllers in respect of personal data) to MLIDAC.

The transfer is a legal requirement and as such is permitted under data protection law. Your information will be protected at all times in carrying out the transfer (see Q15 below). Your data will continue to be used for the same purposes as it was originally collected for in the administration of your policy, once it has transferred to MLIDAC.

Please refer to the MLIDAC privacy statement available at:

<https://www.monumentregroup.com/about-monument-re/about-ie/monument-life-insurance-dac/>

Q14 Will the policy terms change in future because of the proposed transfer? Has (or will) the product name change? Should I be issued with a new policy booklet?

No - there are no proposed changes to your policy terms or the product name as a result of the proposed transfer.

There is no need for your existing policy documents to be altered or for new policies to be issued. However, you can request a copy of your original terms and conditions using the details at Q8 above.

Q15 Is my information still protected by MLIDAC, as it was with Inora?

Yes - your information is protected with MLIDAC to an equivalent standard as it was with Inora.

Please refer to the MLIDAC privacy statement available at:

<https://www.monumentregroup.com/about-monument-re/about-ie/monument-life-insurance-dac/>

Q16 When will I expect to see the first premium collected by MLIDAC?

This will depend on the collection date for your policy and, because the transfer will take a few weeks to process, it is expected to occur during Quarter 1 2021.

Q17 Will my rights in respect of compensation and fair treatment be affected as a result of the proposed transfer?

Both Inora and MLIDAC are members of the Monument Re Group and share the same values in terms of aiming to provide its clients with the highest levels of service, integrity and professionalism.

In the event that any client should experience dissatisfaction, both Inora and MLIDAC have an internal complaints handling procedure, which is consistent across the Monument Re Group. In addition, both Inora and MLIDAC have established service levels, which will be adhered to when dealing with complaints.

After the Scheme effective date the applicable bodies will be the Central Bank of Ireland (the Irish regulator) and the Financial Services and Pensions Ombudsman (the Irish ombudsman).

Scheme Summary

Introduction

We have set out a summary of the terms of the proposed transfer of the insurance business currently underwritten by Inora Life dac (“**Inora**”) to Monument Life Insurance dac (“**MLIDAC**”).

The proposed transfer does not require the consent of policyholders, but the scheme of Transfer (the “**Scheme**”) must be sanctioned by the Irish High Court before the transfer can occur. A petition (or application) was presented by the directors of Inora and MLIDAC to the Irish High Court in September 2020 asking the Irish High Court to sanction the Irish Scheme. It is anticipated that this application will be considered by the Irish High Court in December 2020. The Irish High Court will hear from any concerned person whom it considers has an entitlement to be heard (including any policyholder) and sanction the Scheme if it is satisfied that no sufficient objection has been established.

If the Scheme is approved by the Irish High Court it will become effective on 31 December 2020 at 23:59 (the “**Scheme Effective Date**”). Confirmation of the date of the sanctions hearing in the Irish High Court will be published in the legal notices sections of at least two daily Irish newspapers and on the websites of Inora and the Monument Re Group at <https://www.inoralife.com> and <https://www.monumentregroup.com/>

Transferring Business

All policies which are currently underwritten by Inora and which are in force at the Scheme Effective Date (the “**Transferring Business**”) will transfer to MLIDAC. All policies which are currently underwritten by MLIDAC will remain in place and will not be affected by the Scheme.

Transferring Assets and Liabilities

It is anticipated that the assets and liabilities relating to the Transferring Business will transfer to MLIDAC at the Scheme Effective Date.

To the extent that any assets or liabilities forming part of the Transferring Business are not transferred on the Effective Date, these assets or liabilities will be held in trust on behalf of MLIDAC by Inora until such time as the transfer can be made. All parties will take every action to ensure that the transfer of the Transferring Business can take place in full by the Effective Date.

Future operations of MLIDAC

Future operations in respect of the Transferring Policies (as defined in the Scheme) will be unaffected by the transfer. Similarly, there will be no change to the operation of MLIDAC’s existing policies as a result of the transfer.

The terms and conditions applying to all Transferring Policies remain unchanged following the transfer. MLIDAC will, following the Effective Date, operate the policies in the same manner as Inora prior to the Effective Date.

Costs of the Schemes

Inora and MLIDAC will each bear the costs of implementing the Scheme. Policyholders will not bear any costs in respect of the Scheme. The costs of implementing the Scheme have been taken into account by an Independent Actuary in his assessment of the financial impact on policyholders and the Independent Actuary has confirmed there will be no material adverse effect on the security of benefits of policyholders as a result of the Scheme.

Contact Details for use before and after the transfer Effective Date

If you require further information or wish to contact us before the proposed transfer please do not hesitate to contact us.

Contact details for all policyholders are available on the following websites <https://www.inoralife.com> and <https://www.monumentregroup.com/> and are included in the FAQ.

Summary of the Independent Actuary's report

Introduction

An Independent Actuary's Report ("Report") dated 11 August 2020 has been prepared in order that the Irish High Court, the Central Bank of Ireland ("CBI"), the policyholders and other affected parties may properly assess the impact of the proposed transfer of the insurance policy liabilities and associated assets from Inora Life Designated Activity Company ("Inora") into Monument Life Insurance DAC ("MLIDAC") via a Portfolio Transfer (the "Scheme"). Inora and MLIDAC are referred to collectively herein as the "Scheme Companies". The Scheme arises as Inora has decided to transfer the liabilities of its insurance business in line with its strategy (and the strategy of the Monument Re Limited ("Monument Re") Group) to run-off insurance business as efficiently as possible. MLIDAC is a closed-book consolidator and the acquisition of the Inora book aligns with MLIDAC's strategic plans to grow and develop its unit-linked product offering.

This Summary Report describes the Scheme and considers the potential impact and benefits on affected policyholders (of the Scheme Companies), including on the security of their policies. This Summary Report is a summary of the full Independent Actuary's Report. The full Report is available on request from the offices of Inora, MLIDAC, the relevant legal advisors (Matheson), on the Inora website: <http://www.inoralife.com/ie.html> and on the MLIDAC website:

<https://www.monumentregroup.com/about-monument-re/about-ie/monument-life-insurance-dac/>

The proposed transfer of insurance business from one Irish insurer to another must be approved by the Irish High Court. In addition, the CBI, as the regulator of both Scheme Companies, will be consulted. The terms covering the proposed Scheme are set out in the Scheme document that will be presented to the Irish High Court. I refer to that document as the "Scheme of Transfer". It is anticipated that the Scheme of Transfer will be presented to the Irish High Court under Section 13 of the Assurance Companies Act 1909, Section 36 of the Insurance Act 1989 (as amended) and SI No. 485/2015 – European Union (Insurance and Reinsurance) Regulations 2015 on 8 September 2020, at which time the directions of the Irish High Court will be sought. It is intended that the Sanctions Hearing will take place on 8 December 2020, when final approval of the Scheme of Transfer will be sought with a proposed effective date of 31 December 2020 (the "Effective Date").

About the Independent Actuary

I am a partner in KPMG Ireland. I am a Fellow of the Society of Actuaries in Ireland with more than 25 years of experience of working in the insurance industry. I have previously conducted similar Independent Actuary roles with respect to businesses in Ireland. My full biography is included in the Report.

Use and Limitations

This Summary Report covers the main conclusions of the full Report. However, this Summary Report must be considered in conjunction with that Report and reliance must not be placed solely on this Summary Report. Both this Summary Report and the full Report must be considered in their entirety. Individual sections, if considered in isolation, may be misleading. This Summary Report is subject to the same limitations on its use as are set out in the full Report. In the event of any real or perceived conflict between this Summary Report and the full Report, my Report contains the definitive description.

Neither the full Report, nor any extract from it, may be published without my specific written consent having been given, save that copies of the Report may be made available for inspection by policyholders and shareholders of the Scheme Companies and copies may be provided to any person requesting the same in accordance with legal requirements or any order of the Court. In the event such consent is provided, the full Report must be provided in its entirety. A summary of my Report is set out below.

Background to MLIDAC

MLIDAC is a designated activity company regulated in Ireland. MLIDAC is registered in Ireland under company number 325795, which was incorporated in Ireland on 31 July 2000. MLIDAC commenced writing business in September 2000 under the name of CitiLife Financial Limited, a subsidiary of

Citigroup Insurance Holdings Corporation. In March 2011, MLIDAC was sold by Citigroup Insurance Holdings Corporation to Enstar. MLIDAC was then sold by Enstar to the Monument Re Group on 29 August 2017. Since its acquisition, MLIDAC has acted as the consolidation vehicle for the Monument Re Group of companies for Irish transactions, involving the acquisition of portfolios of life insurance businesses in run-off. MLIDAC previously traded as Laguna Life DAC ("Laguna"), having been re-branded with effect from 2 April 2020, and is a subsidiary of another Monument Re Group entity in Ireland, Monument Assurance DAC ("MADAC"). MADAC is in the process of surrendering its licence to the CBI and following this it is intended that it will be wound up by way of member's voluntary liquidation, a solvent winding up process. As part of this process, it is intended that the liquidator of MADAC will transfer its shareholding in MLIDAC to Monument Re so that MLIDAC will become a directly held subsidiary of Monument Re.

My full Report contains details about the Monument Re Group. I have not reproduced the detail in this Summary Report, as my full Report is available on request from the Scheme Companies.

Background to Inora

Inora is registered in Ireland under company number 329745 and is regulated by the CBI. Inora received regulatory approval in 2001 to operate as a life assurance head office undertaking in Ireland. Inora is authorised to conduct life insurance business in Class III and Class VI, both with associated Class I. Inora sold a range of unit-linked products, written on both single premium and regular premium bases in France, Belgium, Austria, Germany, Italy and Ireland. Resulting from a lack of new business, the decision by mutual agreement was taken at a Board meeting on 16 February 2012, to close Inora to new business and to place it into run-off. Société Générale initiated a process in 2019 with the intention of selling Inora to a third party. On 13 September 2019, Inora was acquired by Monument Re, through its European subsidiary MLIDAC, following receipt of regulatory approval from the CBI.

My full report contains a summary of the products offered by the Scheme Companies. I have not reproduced the detail in this Summary Report.

Details of the Scheme

The Scheme proposed is one for the transfer of the insurance policies of Inora by order of the Irish High Court. The Scheme provides for the transfer of the insurance policies, incorporating the underlying insurance contracts, together with the associated liabilities and assets as at the Effective Date to MLIDAC, such that Inora has no further liabilities to policyholders.

The Scheme proposes on the Effective Date:

- To transfer the insurance liabilities from Inora to MLIDAC.
- That MLIDAC will establish regulatory technical provisions in respect of the transferring liabilities and associated capital requirements under the Solvency II regulatory basis and methodology.
- That the administration, reinsurance, investment manager, custodian and any other contracts will transfer over from Inora to MLIDAC.
- That the portfolio transfer will be made on an arm's length basis and will include the transfer of assets to support the maintenance of the portfolios post the portfolio transfer.
- To maintain policyholder terms and conditions, i.e. there will be no changes to policyholders' terms and conditions across any of the entities (Inora and MLIDAC).
- To maintain the same type, number and overall value of units in the Inora unit-linked funds for the policies transferring as part of the Scheme (i.e. the operation of the Inora unit-linked funds will remain unchanged).

- To maintain the operation of the insurance contracts, i.e. the operation of the policies will not change and all supporting contractual arrangements such as scheme administration should remain unchanged. However, I note that MLIDAC is considering a change to the policy and fund administration arrangements in August 2020. I have not considered this further as this is prior to the Scheme.

The Effective Date of the Scheme is expected to be 31 December 2020.

Independent Actuary's Approach

My approach to assessing the likely effects of the Scheme on policyholders is to:

- Understand the businesses of the companies affected by the Scheme; and
- Understand the effect of the Scheme on the assets, liabilities and regulatory capital of the companies involved.

Having identified the effects of the Scheme on the various companies, I then:

- Identify the groups of policyholders directly affected;
- Consider the impact of the Scheme on the security of each group of policyholders;
- Consider the impact of the Scheme on the benefit expectations of each group of policyholders; and
- Consider other aspects of the impact of the Scheme (for example, policyholder service).

Policyholder impacts

The Assumptions underpinning my analysis are set out in Section 2.1.4 in my Report. The assumptions underlie the analysis and conclusions in my Report, and, at this stage, these assumptions correctly represent the current intentions of the Scheme Companies. If any of these assumptions were to change, my opinion may also change. I will formally assess the assumptions again as part of my preparation of a Supplementary Report ahead of the Sanctions Hearing in December 2020. Whilst my full Report captures all of the detail, below I have summarised some of the more significant assumptions:

Security of benefits at portfolio transfer date

I have considered the relative capital strength of MLIDAC and Inora prior to and post the transfer and in respect of all groups of policyholders. I have based my analysis on the most recent audited financial information as at 31 December 2019, including regulatory returns to the CBI, projected financial information and interim results prepared by the Scheme Companies over 2020 thus far.

The MLIDAC proforma position is complicated by the various portfolio transfers which have been completed subsequent to 31 March 2020 and are planned to be completed over the rest of 2020 but prior to the Inora portfolio transfer.

The projected capital and solvency position of MLIDAC pre- and post-transfer is set out in Table 1 below, based on pro-forma results as at 31 March 2020. In addition, for comparison purposes, the solvency position of Inora is provided:

Table 1: Inora and MLIDAC Illustrative Solvency Position (€m)					
	Inora - Pre-Transfer	MLIDAC - Pre-Transfer	MLIDAC – Pre-Transfer but post various Schemes*	MLIDAC – Post Transfer (Gross)**	MLIDAC – Post Transfer (Net)**
Own Funds	13.1	27.9	30.7	29.7	30.0
Solvency Capital Requirement	3.1	8.8	16.6	18.4	15.9
Capital required	3.7	8.8	16.6	18.4	15.9
Excess of Own Funds over Solvency Capital Requirement	9.4	19.1	14.1	11.3	14.0
Solvency Coverage Ratio	353%	317%	185%	161%	188%

Note: MLIDAC results are pro-forma results prepared by MLIDAC management.

These various Schemes include Project Trinity, Project CARP HNW, Project Boris and Project Puma.

** These reflect the Gross and Net positions after implementation of the intragroup reinsurance arrangement.

MLIDAC has an internal capital management target of 140% of Solvency Coverage Ratio (“SCR”) plus an intragroup reinsurance capital buffer. The proforma results above include a capital management action of a dividend payment from Inora to MLIDAC. This dividend payment serves to reduce MLIDAC’s solvency capital requirements and ensures that MLIDAC is capitalised to meet its internal capital management target at the Scheme date. This is a key capital management action and an assumption in my assessment.

I have considered below the effects of the Scheme on the security of the transferring Inora policyholders and the existing MLIDAC policyholders.

Inora Policyholders

For the Inora policyholders, I note the following impacts of the Scheme based on the analysis above:

- There are no remaining policyholders in Inora post the Scheme. Inora will surrender its licences to the CBI and will then be liquidated. I have no further considerations in that regard.
- Post-transfer, the Inora policyholders are part of MLIDAC, with Own Funds of €30.0m and a solvency coverage ratio of 188%. Although the solvency position is lower, the Inora policyholders become part of a company with a higher level of Own Funds (and a higher excess of Own Funds over the regulatory capital requirements) and a more diversified risk profile. I note that the current level of regulatory capital coverage that Inora policyholders currently enjoy reflects the transfer being executed, as without it the solvency position of Inora as a stand-alone entity would be threatened.

Existing MLIDAC Policyholders

For existing MLIDAC policyholders, I note the following impacts of the Scheme based on the analysis above:

- Part of the MLIDAC’s regulatory capital position already reflects its investment in Inora i.e. contribution to Own Funds of €13.1m and contribution to SCR (undiversified) of €2.9m.
- Post transfer of Inora and other various Scheme, the available Own Funds is €30.0m, whilst the regulatory capital requirement is projected to be €15.9m. Therefore, MLIDAC’s coverage of the regulatory capital requirement increases from 185% to 188%. The solvency position reflects a €5.0m dividend payment from Inora to MLIDAC and the implementation of intragroup reinsurance arrangement with Monument Re that

serves to ensure that MLIDAC is capitalised to meet its internal capital management target at the Scheme date. Given these dividend and reinsurance actions, MLIDAC policyholders' financial position is materially unchanged as a result of the Scheme.

Security of benefits on projected basis

I have been provided with the projected solvency positions for Inora and MLIDAC, with these projections prepared as part of the Own Risk and Solvency Assessment ("ORSA") processes in each of the Scheme Companies. These projections illustrate how the solvency positions of Inora and MLIDAC are anticipated to evolve over this time horizon, in a number of both benign and adverse stressed cases.

Based on this financial analysis provided I do not believe that the implementation of the Scheme will have a material adverse effect on the security of the transferring Inora policyholders or existing MLIDAC policyholders.

MLIDAC management is preparing a new ORSA to reflect all the various portfolio transfers including the Inora portfolio transfer. The stress and scenario testing and solvency projections are not ready at this stage. However, this is a key assessment area and will be reviewed in the Supplementary Report.

Risk profile analysis

The primary differences here arise due to the mix of business of the two Scheme Companies and I have considered the impacts for the relevant policyholder groups below.

The transferring Inora business is not materially different in terms of design features, operation and key risks to those already on MLIDAC's balance sheet. The Inora book of business is closed with no new business being added. The policies are now being transferred to a closed-book consolidator, who specialises in acquiring and running-off such portfolios.

Inora policyholders will be exposed to certain different risks than they are currently exposed to. There will be some exposure to non-life risks that form part of MLIDAC's balance sheet as a result of the transfer of MIDAC business. However, these non-life risks are not material, are well understood by MLIDAC and are anticipated to run-off quite quickly. Furthermore, there are regulatory capital buffers and risk management processes in place to manage these risks. I am comfortable that this does not materially impact the financial security of the Inora policyholders.

MLIDAC's risk profile does not change as Inora is consolidated onto the MLIDAC balance sheet as a subsidiary.

I also note:

- Inora and MLIDAC are all ultimately 100% owned by Monument Re. Therefore, the capital support that was available to Inora and MLIDAC pre-transfer continues to be available if required post transfer.
- Inora and MLIDAC operate under broadly similar Monument Re mandated governance, risk management and capital management arrangements and so there will be no change in the standards of governance which will apply.

Fair treatment of policyholders

I have also considered the effects of the Scheme on the fair treatment of the transferring Inora and existing MLIDAC policyholders, including Policyholders Reasonable Expectations, focusing on the following aspects:

- *Fund range*: All the funds which are available to Inora policyholders will still be available after the Scheme

completes. I also note that it is MLIDAC's intention to maintain the breadth of offering currently provided by Inora under consideration of applicable local regulatory requirements. In my opinion, the implementation of the Scheme will not have an adverse effect on the fair treatment of policyholders in this regard.

- *Entitlement to Benefits:* Existing practices in respect of surrender, maturity, transfer, or death will remain in place post-transfer. Claims which are settled as part of the normal course of business will be dealt with in the same way post-transfer.

I note that there are some German policies in force where an annuity must be paid under the regulations

i.e. a payment of capital is not permitted. The general approach has been to communicate with these policyholders in the lead up to policy maturity and I expect this to continue post transfer. As for Inora, MLIDAC do not have a ready annuity offering so there will be no change to practice and the exposure still remains. Work continues to ensure a suitable solution is in place for the policyholders, so policyholders are in no worse a position as a result of the Scheme.

I note that existing contractual mechanisms in place in respect of French policyholders will remain in place post the transfer

I note that Inora currently receive rebates from investment managers in respect of some structured fund products. These fund rebate arrangements will novate to MLIDAC upon execution of the Scheme.

Therefore, in my opinion, the implementation of the Scheme will not have an adverse effect on the fair treatment of policyholders in this regard.

- *Policy terms and conditions:* There will be no change to policy terms and conditions of the transferring Inora policies or the existing MLIDAC policies.
- *Servicing of policies:* Inora intends to migrate the finance, policy administration and fund administration services from the existing service provider, DST, effective 31 August 2020. Policy administration services will migrate to Equiniti and this will take effective from 10 August 2020. Fund administration and finance services will migrate to MISL and will take effective from 31 August 2020. I have no issues to note as this is expected to be completed prior to the Scheme.
- *Expenses and charges:* These will remain unchanged as a consequence of the Scheme for all policyholders. Overall, with regard to expenses and charges, I have no issues to note.
- *Costs of the Scheme:* All costs associated with the Scheme will be borne by the shareholders of Inora and MLIDAC or by Inora and MLIDAC directly. No costs will be borne by policyholders. Therefore, in my opinion the implementation of the Scheme will not have an adverse effect on the fair treatment of policyholders in this regard. I have no issues to note.
- *Discretion:* With regard to the management of the Inora policies, the levels of discretion available to management are limited, relating to the charges levied, the funds offered and the approach to unit- pricing. There are some minor areas of discretion where Inora has the right to vary charges on some policies sold in Belgium. I have been advised that Inora has never exercised these discretionary powers. I expect that this practice will not change. The Head of Actuarial Function of MLIDAC has noted my comments in this regard.
- *Complaints and redress:* I note that the complaints handling procedures adopted by both entities at present are well aligned. Both Inora and MLIDAC policyholders currently escalate claims to the Financial Services and Pensions Ombudsman. There will be no changes as a result of the Scheme for the policyholders. I

have no issues to note.

Overall, I am comfortable that transferring Inora policyholders and existing MLIDAC policyholders will be treated fairly post-transfer and their reasonable expectations will not be adversely affected due to the transfer.

General aspects

I have also considered some more general aspects:

- Taxation: It is expected that the transferring Inora policyholders and the existing MLIDAC policyholders will be unaffected by the Scheme in respect of taxation.
- Policyholder communications: I have reviewed the intended communications strategy and note that it is aligned to what I would reasonably expect.
- Legal risk: In considering any legal risks, I have relied on the fact that Inora and MLIDAC have followed the advice of their legal advisers and Counsel in finalising the legal agreements in relation to this transaction. Thus, in my opinion, all reasonable steps have been taken to reduce the legal risks arising from the Scheme to a minimum.
- Pending legal proceedings: I understand that there are no material legal proceedings pending or current against Inora and MLIDAC at the date of this Report.

Overall, I do not consider that these aspects will have a material adverse impact on policyholders' entitlements.

I expect that a Supplementary Report will be required from me containing an update on any developments that may have occurred in the period between the Court Directions hearing and the formal order sanctioning the portfolio transfer to proceed. I understand that this Supplementary Report will be made available on the website of the respective Companies.

Conclusions

Having considered the impact of the Scheme on both the transferring policyholders of Inora and the existing policyholders of MLIDAC, it is my opinion that:

- The Scheme will not have a material adverse effect on the reasonable benefit expectations of any of the policyholders involved; and
- The risk to policyholder security is remote. Therefore, in my view, policyholders will not be materially adversely affected by the proposed Scheme.

My opinion in relation to Inora and MLIDAC policyholders is based on:

- My review of all the pertinent historic, current and projected information provided by Inora and MLIDAC;
- The investigations completed by the respective Inora and MLIDAC Heads of Actuarial Function and their respective conclusions based on those investigations, as set out in their actuarial assessments; and
- Discussions with the management of Inora and MLIDAC on what will happen post-transfer.

My assessments are made in the context of the Solvency II regulatory regime.

Brian Morrissey

11 August 2020

Brian Morrissey, FSAI

Date

Independent Actuary, KPMG in Ireland

NOTICE

THE HIGH COURT

2020 Record No. 2020/271 COS

IN THE MATTER OF INORA LIFE DESIGNATED ACTIVITY COMPANY

AND IN THE MATTER OF MONUMENT LIFE INSURANCE DESIGNATED ACTIVITY COMPANY

AND IN THE MATTER OF THE ASSURANCE COMPANIES ACT 1909

AND IN THE MATTER OF THE INSURANCE ACT 1989

**AND IN THE MATTER OF THE EUROPEAN UNION (INSURANCE AND REINSURANCE) REGULATIONS
2015**

NOTICE

NOTICE IS HEREBY GIVEN that Inora Life DAC (“**Inora**”), (the “**Petitioner**”) having its registered office at Two Park Place, Ground Floor, Hatch Street Upper, Dublin 2, applied to the Central Bank of Ireland on the 27th day of July 2020 for its approval, pursuant to the Assurance Companies Act 1909, the Insurance Act 1989, and the European Union (Insurance and Reinsurance) Regulations 2015, to transfer to Monument Life Insurance DAC (“**MLIDAC**” or the “**Transferee**”) the Portfolio of Insurance which includes the Transferring Policies, Transferring Contracts, Transferring Assets and Transferring Liabilities of the Petitioner as defined in the scheme of transfer between Inora and MLIDAC (the “**Scheme**”).

AND FURTHER TAKE NOTICE that copies of the Petition and the schedules annexed thereto (including the Scheme) and the Independent Actuary Report (the “**Transfer Documents**”) are all available for inspection Monday to Friday (public holidays excepted) between the hours of 9:00 a.m. to 5:00 p.m. at (i) the registered offices of the Petitioner and MLIDAC at Two Park Place, Hatch Street Upper, Dublin 2, and (ii) the offices of the Petitioner’s solicitors, Matheson, at 70 Sir John Rogerson’s Quay, Dublin 2, for a period of at least 15 days from the date of this notice. Due to ongoing Covid-19 restrictions, inspection of the documents must be arranged in advance by contacting Matheson (T: +353 (1) 232 2000, E: Elaine.long@matheson.com) or Monument (T: + 353 (1) 533 7065, E: trevor.foley@monumentinsurance.com). Copies of the Transfer Documents will be made available free of charge to any policyholder of the Petitioner or MLIDAC or any person having sufficient interest in the

transfer requesting such copies and are also available for viewing and / or download online at <https://www.inoralife.com> and <https://www.monumentregroup.com/>

AND FURTHER TAKE NOTICE that the said Petition will be heard by the Commercial Court on the 15th day of December 2020 at the Four Courts, Dublin 7, at 11 a.m, or as soon as possible thereafter.

Any person who wishes to be heard on the hearing of the said Petition should notify the Petitioner's Solicitors, Matheson, 70 Sir John Rogerson's Quay, Dublin 2, (in writing) marked for the attention of Elaine Long / Darren Maher, no later than the 8th day of December 2020 of their intention to appear on the said Petition and should indicate to the said Solicitors whether such person or persons support or oppose the said Petition and further should, by said time and date, file in court and furnish to the Petitioners' solicitors such evidence by way of affidavit as is proposed to be relied upon at the hearing of the Petition by such person.

Dated: this 20th September 2020

Matheson, 70 Sir John Rogerson's Quay, Dublin 2, Ireland