

EXPLANATORY CIRCULAR

**RELATING TO THE PROPOSED TRANSFER OF SOLICITORS PROFESSIONAL
INDEMNITY INSURANCE BUSINESS**

by

THE SOLICITORS INDEMNITY MUTUAL INSURANCE ASSOCIATION LIMITED

to

R&Q GAMMA COMPANY LIMITED

UNDER PART VII OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

INTRODUCTION

The Solicitors Indemnity Mutual Insurance Association Limited (**Transferor**) is transferring all of its solicitors professional indemnity insurance business to R&Q Gamma Company Limited (the **Transferee**) using a mechanism called an insurance business transfer scheme. This is a statutory mechanism provided for under Part VII of the Financial Services and Markets Act 2000. Following this, it is intended that the Transferor will distribute its remaining assets to firms that have been insured by the Transferor and then be dissolved.

The business to be transferred (**Transferred Business**) comprises all solicitors professional indemnity insurance policies underwritten by the Transferor (**Transferred Policies**) and associated assets and liabilities.

The Transferor and the Transferee are both UK insurance companies, authorised by the Prudential Regulation Authority (**PRA**) and regulated by both the PRA and the Financial Conduct Authority (**FCA**).

The Transferred Policies are currently fully reinsured by R&Q Insurance (Malta) Limited (**R&Q Malta**), an insurance company in the same group as the Transferee. Further information about this reinsurance arrangement is given at page 2 of this Circular.

Further information about the Transferred Business, the reasons for the transfer and the effect of the transfer are given at pages 2 and 3 of this Circular. A summary of the terms of the insurance business transfer scheme which will govern the transfer (the **Scheme**) is at Appendix 1.

A report on the terms of the Scheme has been prepared by Alex Lee of Ernst & Young LLP (the **Independent Expert**). Further information about the Independent Expert and his report is given at pages 3 and 4 of this Circular. A summary of the terms of the report is at Appendix 2.

As with all insurance business transfer schemes, Court approval is required before the transfer can proceed. The Transferor and the Transferee have made an application to Court to approve the Scheme which is expected to be heard on 26 September 2018. The Court will consider the Independent Expert's report, reports prepared by the FCA and PRA, and any representations made by affected parties.

Information about the hearing and your right to attend, and how to raise any concerns or objections you have at or before the hearing is given at pages 4 and 5.

This circular also contains, at Appendix 4, notice of an extraordinary general meeting of the Transferor at which a special resolution ("**Special Resolution**") will be put to members seeking their approval of the transfer of the Transferred Business, and authorising the board of the Transferor to take the steps necessary to carry the proposed transfer into effect. The transfer is conditional on the Special Resolution being passed.

You may contact us for further information by telephone (between 9am and 5pm London time Monday to Friday) or email us or write to us at:

Randall & Quilter Investment Holdings Limited
71 Fenchurch Street,
London EC3M 4BS,
Ref: Sangeeta Johnson
email: sangeeta.johnson@rqih.com
telephone: + 44 (0)20 7780 5925

Business to be transferred

The Transferred Business comprises solicitors professional indemnity insurance underwritten by the Transferor in the UK between 1986 and 2011, together with associated assets and liabilities. These include rights and obligations under outwards reinsurance policies protecting the business. The Transferred Business includes the Transferor's obligations in relation to the Assigned Risks Pool, which was established by the Law Society to provide professional indemnity cover for a short period to solicitors who were unable to obtain such cover on the open market. The Assigned Risks Pool closed in 2013.

The Transferred Business comprises all the insurance business underwritten by the Transferor.

Reason for the transfer

The Transferor wishes to dispose of the Transferred Business because:

- it has been in run off since October 2011;
- the disposal will give financial certainty to firms which have been insured by the Transferor who may otherwise be liable to contribute further capital to the Transferor;
- management costs for the Transferred Business have continued to increase.

Accordingly, in September 2016 the Transferor entered into an agreement with R&Q Malta (**Transfer Agreement**) under which the Transferor agreed to transfer, and R&Q Malta agreed to acquire, the Transferred Business. R&Q Malta is an insurance company authorised in Malta and is part of the same corporate group as the Transferee. Subsequent to the entry into of the Transfer Agreement, the Transferor and R&Q Malta agreed that R&Q Malta's obligations under the Transfer Agreement to accept the Transferred Business should be fulfilled by the Transferee. The Transferor, R&Q Malta and the Transferee entered into a novation agreement under which the Transferee assumed the rights and obligations of R&Q Malta under the Transfer Agreement.

The transfer of the Transferred Business pursuant to the Scheme (**Transfer**) will complete the transaction contemplated by the Transfer Agreement.

Reinsurance with R&Q Malta

At the same time as entering into the Transfer Agreement, the Transferor and R&Q Malta entered into a loss portfolio transfer reinsurance agreement (**LPTA**) under which R&Q Malta reinsured 100% of the liabilities arising under the Transferred Policies. Claims handling in respect of the Transferred Policies has been outsourced by the Transferor to R&Q Central Services Limited (**RQCS**), a company in the same corporate group as the Transferee.

The premium payable in respect of the LPTA was paid into a segregated account held by the Transferor. Should the Transfer become effective, the LPTA will terminate, and the funds held in the segregated account will be released by the Transferor to the Transferee.

In the event that the Transfer does not become effective, the LPTA will continue in effect until all liabilities under the Transferred Policies have been extinguished, unless the parties agree to commute the LPTA, or one of the parties exercises a termination right under the terms of the LPTA.

Effect of the Transfer

A summary of the Scheme, the legal document which sets out the terms on which the Transfer will take effect, is provided at Appendix 1 to this Circular.

If the Transfer proceeds, the Transferee will replace the Transferor as insurer for all policies issued by the Transferor.

The rights and powers of the Transferor under its Articles of Association and Rules will not transfer to the Transferee, and will remain with the Transferor until the Transferor is dissolved. That means that until the Transferor is dissolved firms that have been insured by the Transferor will remain obliged to contribute capital in the event of a call being made by the Transferor and will remain able to receive a distribution in relation to the Transferor's profits.

All other rights and obligations a person has under their policy with the Transferor will remain the same, but following the Transfer will be exercisable against or owed to the Transferee alone. Valid claims will continue to be paid, although the party liable to make payment will be the Transferee, rather than the Transferor.

The Transferee will use its own claims management system to handle any claims that may arise in relation to the Transferred Business. As mentioned above, the Transferor has outsourced the claims management in respect of the Transferred Policies to RQCS, so the claims management system will not change as a result of the Transfer.

Upon its dissolution, the Transferor will cease to exist and so from this point onwards the members of the Transferor and the firms that have been insured by the Transferor will no longer have any rights against, or obligations to, the Transferor.

The Independent Expert

The Independent Expert, Alex Lee of Ernst & Young LLP, is a Fellow of the Institute and Faculty of Actuaries and has more than 20 years' experience working in the general insurance industry in the UK including acting as an independent expert in relation to insurance business transfers under UK legislation.

His appointment and the form of his report have been approved by the PRA (in consultation with the FCA).

The Independent Expert has an overriding duty of responsibility to the Court, and not to the parties involved in the Transfer, and is independent of the parties to the Scheme.

The Independent Expert Report

The Independent Expert's report must be impartial and based on a thorough scrutiny of the Scheme and the businesses of the Transferor and the Transferee. The Transferor and the Transferee have each provided the Independent Expert with access to key staff and any information he has requested, both private and public.

In his report, the Independent Expert has considered the likely effect of the Scheme on policyholders, including whether the Scheme will result in material detriment to any policyholders affected by the Scheme, relative to their current situation.

In summary, the Independent Expert's report concludes that:

1. There will be no change to the service and very little change in the security provided to policyholders and therefore no policyholders would be adversely affected to a

material extent by the Transfer.

2. Reinsurers of the Transferor will not be adversely affected by the Transfer as all reinsurance contracts other than the LPTA will be transferred to the Transferee. The exposure of reinsurers to claims will not therefore increase following the Transfer and reinsurers will continue to be required to pay out claims in respect of the same events as before the Transfer.
3. In light of this, the risk of any group of policyholders, reinsurers or other parties being adversely affected by the Transfer is sufficiently remote that there is no reason why the Transfer should not proceed.

A full copy of the Independent Expert's report will be provided free of charge on request to the contact details given on page 1 of this Circular. A summary of the report is at Appendix 2 to this Circular.

The Independent Expert will submit a supplemental report shortly before the Court hearing explaining whether there have been any relevant developments since his initial report and if so whether they affect his conclusions.

Transferor Extraordinary General Meeting

A copy of a notice to convene an Extraordinary General Meeting of the Transferor for Tuesday, 3 July 2018 at 12 noon to be held at 90 Fenchurch Street, London EC3M 4ST is set out at the end of this document. The Special Resolution to be proposed at the Extraordinary General Meeting ("**Special Resolution**") has two purposes:

- it seeks the approval of members of the Transferor for the Scheme (and the authorisation and instruction of the Board to seek the required order of the Court sanctioning the Scheme and to carry the Scheme into effect pursuant to Part VII of FSMA); and
- subject to the Scheme becoming effective, it changes the Transferor's articles of association to allow the Transferor's rules to be amended so as to provide for firms that have been insured by the Transferor to continue to share in the profits and losses of the Transferor from the Effective Date until the Transferor is dissolved.

The Transfer is conditional on the Special Resolution being approved. Members of the Transferor should therefore note that if the Special Resolution is not approved, and the Scheme does not proceed, firms that have been insured by the Transferor will remain liable to contribute capital to the Transferor in circumstances where the Transferor has continuing exposure to insurance risks.

Where and when will the Court hearing take place?

The Court hearing is scheduled to take place on 26 September 2018 at the High Court – Business and Property Courts of England and Wales, The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL. Formal notice of the hearing is at Appendix 3 to this Circular.

Who can attend?

Any person may attend the hearing. Policyholders, and any other party who believes they may be adversely affected by the Scheme, are entitled to be heard at the hearing and to raise objections to the Scheme by stating how they may be adversely affected. Further details of what to do if you wish to raise objections at the hearing are given in the "Next Steps" section below.

When will the Transfer take effect?

If approved by the Court, and provided the Special Resolution has been passed it is expected that the Transfer will become effective at 23:59 on 30 September 2018 (the "**Effective Date**").

Next Steps

We hope this document provides you with the information to allow you to understand what is proposed, and answer any questions that you may have. If you do have any questions, you can contact us using the contact details on page 1 of this Circular.

If you do not think you are adversely affected and have no objections to the Scheme you do not have to do anything.

However, if you consider you may be adversely affected by the Scheme or object to the Scheme or if you need any further information, then please let us know. You can call us between 9am and 5pm Monday to Friday, email us or write to us at the contact details provided on page 1 of this Circular.

If you have an objection to the proposals or if you believe you may be adversely affected as a result of the Scheme, you can also attend (in person or by a legal representative with advocacy rights), and make representations at the Court hearing. If you intend to do so, you are requested (though are not required) to notify Bryan Cave Leighton Paisner LLP, the solicitors acting for the Transferor and the Transferee, of your intention and the reasons why you consider you may be adversely affected by the Scheme. You should contact them by writing to Bryan Cave Leighton Paisner LLP (Reference GQUI/MGRF), Adelaide House, London Bridge, London, EC4R 9HA United Kingdom as soon as possible and ideally before 19 September 2018. This will allow us to keep you informed of any changes to the hearing date and where possible address your concerns.

If you do not give the requested notice you will still be entitled to attend and make representations at the hearing, or to instruct someone to appear and make representations on your behalf.

If you would rather make representations in writing, these will be drawn to the attention of the PRA and the FCA prior to the hearing, and will be submitted to the Court at the hearing. You are requested to send any written representations to Bryan Cave Leighton Paisner LLP at the address and contact details given in the preceding paragraph before the hearing, and ideally by 19 September 2018.

Your right to make representations either in correspondence or at the Court hearing is unaffected by the approval of the Special Resolution at the Extraordinary General Meeting, whether or not you voted in favour of that resolution.

We will keep a careful record of all the objections and representations received and will include these in the evidence to be considered by the Court at the hearing.

Contact details

You can call us, email us or write to us at the contact details given on page 1 of this Circular.

You may also contact the PRA or FCA at the following address:

Prudential Regulation Authority
Bank of England
20 Moorgate

London
EC2R 6DA
Ref: The Insurance Risk and Transactions Team

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS
Ref: Transfers of Business Team / Authorisations

Appendix 1: Summary of the Scheme

This summary sets out the principal provisions of the Scheme. Unless otherwise defined in this summary, capitalised terms used in this summary have the meanings given to them in this Circular.

The Scheme will take effect on the Effective Date. Following the Effective Date the Transferor will seek to have its permission under Part 4A of the Act cancelled by the PRA, then distribute its remaining assets to firms that have been insured by the Transferor, following which it will be dissolved pursuant to the Order of the Court that sanctions the Scheme.

The Scheme specifically excludes from the Transfer the Transferor Continuing Rights, being the Transferor's rights under its Rules and Articles, including all rights and powers in relation to Calls. So the rights and powers of the Transferor under its Rules and Articles will not transfer to the Transferee, and will remain with the Transferor until the Transferor is dissolved. This means that until the Transferor is dissolved, firms that have been insured by the Transferor will remain obliged to contribute capital in the event of a call being made by the Transferor and will remain able to receive a distribution in relation to the Transferor's profits.

On the Effective Date:

1. The Transferee will assume the Transferor's rights and obligations arising under the Transferred Policies.
2. The liabilities of the Transferor so far as they relate to the Transferred Business will be transferred to and become liabilities of the Transferee and will cease to be liabilities of the Transferor. This will include liabilities arising under each Transferring Policy, whether that policy is governed by English law or the law of another jurisdiction.
3. The Transferor's interests in outwards reinsurance contracts which protect the Transferred Business will be transferred to the Transferee.

There will be no change in the terms and conditions of the Transferred Policies.

The Transferred Business includes the Transferor's obligations in relation to the Assigned Risks Pool, which was established by the Law Society to provide professional indemnity cover for a short period to solicitors who were unable to obtain such cover on the open market.

The Scheme provides for the unlikely contingency that certain liabilities or assets may not be, or may not be capable of being, transferred on the Effective Date (**Retained Business**). Retained Business will transfer subject to the terms of the Scheme if and when the impediment to transfer is removed. In the meantime, the Transferee will be under an obligation to indemnify the Transferor in respect of any losses or liabilities arising out of the Retained Business, and to perform the Transferor's obligations in respect of the Retained Business. It is not anticipated that there will be any Retained Business.

Following the Effective Date:

1. The Transferor must account to the Transferee for all sums or benefits received after the Effective Date in respect of the Transferred Business and/or any outwards contracts of reinsurance attributable to it.

2. Any proceedings for the resolution of a dispute or claim brought against or by the Transferor, and any complaint or claim to any ombudsman, in each case relating to the Transferred Business (Proceedings) will:
 - (a) If commenced before the Effective Date, be continued by or against the Transferee;
 - (b) If commenced after the Effective Date, be commenced against or by the Transferee.
3. Any order or judgment made in any Proceedings against the Transferor which remains outstanding at the Effective Date or which is made after the Effective Date will be deemed to have been made and will be enforceable against the Transferee.

The Transferee may, with the consent of the Transferor, agree to any modification of or addition to the Scheme or any further condition or provision in the Scheme which the Court may approve or impose. In the case of an amendment affecting the substance of the Scheme, the consent of the PRA having consulted the FCA will also be required. The PRA and FCA must be notified of any application to modify the Scheme after the Effective Date.

The Scheme will be governed by and construed in accordance with English law.

Appendix 2: Summary of the Independent Expert's Report

TRANSFER OF INSURANCE BUSINESS FROM THE SOLICITORS INDEMNITY MUTUAL INSURANCE ASSOCIATION LIMITED TO R&Q GAMMA COMPANY LIMITED

SUMMARY OF INDEPENDENT EXPERT'S REPORT

INTRODUCTION

The proposed transfer (henceforth referred to as the **Transfer**) involves transferring the entire insurance business (including all assets and liabilities related thereto) of The Solicitors Indemnity Mutual Insurance Association Limited (**SIMIA**) to R&Q Gamma Company Limited (**R&Q Gamma**). Both SIMIA and R&Q Gamma are domiciled in the UK.

SIMIA is a mutual insurance company whose sole business is the provision of professional indemnity insurance to firms of solicitors based in England and Wales. R&Q Gamma was acquired by Randall & Quilter Investment Holdings Ltd (**R&Q**) in December 2016 and has assumed a range of insurance business from other entities.

The Transfer requires the approval of the High Court of England and Wales (the **Court**). A report produced by a suitably qualified person (the **Independent Expert**) is required under Section 109 of the Financial Services and Markets Act 2000 as amended by the Financial Services Act 2012 (the

FSMA) in order that the Court may properly assess the impact of the Transfer. The report describes the Transfer and addresses its likely effect on all affected policyholders and reinsurers whose contracts are being transferred, including the security of their policies and the levels of service that policyholders could expect to receive after the Transfer. This document is a summary of that report.

OVERALL CONCLUSION

I have considered the Transfer and its likely effects on the transferring policyholders of SIMIA and the existing policyholders of R&Q Gamma. I have also considered the effect on any remaining policyholders of SIMIA should they not transfer to R&Q Gamma pursuant to the Transfer (e.g. for legal or regulatory reasons although no such excluded policies are expected) as well as the impact on reinsurers of SIMIA.

I conclude that there would be no material change to the security provided to policyholders and that no group of policyholders or reinsurers affected by the Transfer would be adversely affected to a material extent by the Transfer, and that therefore there is no reason that the Transfer should not go ahead.

I will provide an update letter identifying any issues that have arisen between the date of the Independent Expert report and the final Court hearing.

ABOUT THE INDEPENDENT EXPERT

I, Alex Lee, am an associate partner in the European Actuarial Services practice of Ernst & Young LLP, a global leader in assurance, tax, transaction and advisory services. I am a Fellow of the Institute and Faculty of Actuaries, and have over 20 years' experience in the general insurance industry. I have been nominated by SIMIA and R&Q Gamma to act as the Independent Expert for the Transfer. This nomination has been approved by the UK Regulator (being the Prudential

Regulation Authority (PRA) in consultation with the Financial Conduct Authority (FCA)).

WHAT IS THE PURPOSE OF THE TRANSFER?

The Transfer is proposed to ensure that the entire insurance business of SIMIA (including all assets and liabilities related thereto) is transferred to R&Q Gamma.

The Transfer is also proposed to give financial certainty to the firms of solicitors that have been insured by SIMIA upon whom cash calls can be made if the Transfer were not to proceed.

WHO WILL BE AFFECTED BY THE TRANSFER?

It is proposed that all of the policyholders of SIMIA will have their policy transferred from SIMIA to R&Q Gamma. There are two broad groups of policyholder affected by the Transfer:

1. Existing policyholders of SIMIA
2. Existing policyholders of R&Q Gamma

WHO WILL PAY THE INSURANCE CLAIMS OF EXISTING POLICYHOLDERS OF SIMIA AFTER THE TRANSFER?

R&Q Gamma will pay the claims of these policyholders after the Transfer. Prior to the Transfer, these claims are paid by another member of the R&Q group, R&Q Insurance Malta Limited (RQIM), under the terms of a 100% reinsurance arrangement which came into effect on 1 April 2016. There will, therefore, be little operational change for this group of policyholders.

WHO WILL PAY THE INSURANCE CLAIMS OF EXISTING POLICYHOLDERS OF R&Q GAMMA AFTER THE TRANSFER?

R&Q Gamma will continue to pay the claims of these policyholders after the Transfer. There will, therefore, be no change for this group of policyholders.

HOW HAS THE INDEPENDENT EXPERT REACHED HIS CONCLUSION ON THE TRANSFER?

I have carried out various analyses on the financial statements and data of the companies involved in the Transfer. This was to test the financial strength of each company and to understand and quantify the risks that they face both before and after the Transfer.

WILL THE TRANSFER AFFECT THE SECURITY PROVIDED TO THE POLICYHOLDERS?

The conclusion of my report is that there is no material change to the security provided to the policyholders of SIMIA or R&Q Gamma. My reasons are set out below.

Based on the analysis I have carried out, I believe that R&Q Gamma is a well-capitalised company, holding in excess of the regulatory capital required to meet its liabilities. SIMIA currently relies on the reinsurance arrangements with RQIM to meet its obligations to its policyholders but also has the ability to raise further capital via supplementary calls on the firms of solicitors who are its members. Following the Transfer, both groups of policyholders will benefit from better protection as R&Q Gamma's solvency position will be further improved, driven

mainly by the transfer from SIMIA to R&Q Gamma of the premium in respect of the 100% reinsurance arrangement with RQIM (which terminates on the Transfer becoming effective).

I have carried out a review of the claims reserves for the liabilities which are intended to transfer from SIMIA to R&Q Gamma; the amount of these claims reserves is reasonable in my opinion. Nothing in my review of the claims reserves of SIMIA and R&Q Gamma contradicted the view that R&Q Gamma is well enough capitalised for both its own and SIMIA's liabilities.

I have considered whether R&Q Gamma has sufficient capital to meet its regulatory capital requirement. The Transfer would not affect R&Q Gamma's ability to meet this regulatory capital requirement.

WILL THE REINSURANCE ARRANGEMENTS OF THE COMPANIES INVOLVED CHANGE AFTER THE TRANSFER?

All of the ceded reinsurance protections held by SIMIA in respect of the transferring business are intended to transfer with the corresponding liabilities to R&Q Gamma (with the exception of the reinsurance arrangement with RQIM which will terminate on the Transfer becoming effective). Therefore, I do not believe that the Transfer will have a material adverse impact on these reinsurance protections.

WILL THE TRANSFER AFFECT THE LEVELS OF SERVICE PROVIDED TO POLICYHOLDERS?

The level and performance of service expected for administering policies and claims of the existing policyholders of R&Q Gamma and SIMIA are mandated by a claims handling agreement and the terms of this agreement will not change following the Transfer. Therefore I believe that the level of customer service for the existing policyholders of R&Q Gamma and SIMIA will be unaffected by the Transfer.

Alex Lee

**Fellow of the Institute and Faculty of Actuaries,
24 May 2018**

ABOUT THE INDEPENDENT EXPERT'S REPORT

Section 109 of the FSMA requires that an application under section 107 of the FSMA in respect of an insurance business transfer is accompanied by a report on the terms of the scheme (the **Report**). This document is a summary of the Report, but should not replace a full reading of the Report. This is because the Report contains more detailed information than is shown in this summary document. The Report complies with the applicable rules on expert evidence and with the guidance for scheme reports set out by the UK regulators, the Prudential Regulation Authority and the Financial Conduct Authority, in the "Statement of Policy - The PRA's approach to insurance business transfers – April 2015", in Chapter 18 of the PRA Supervision Handbook, and in Chapter 18 of the FCA Supervision Handbook. The form of the Report has been approved by the UK Regulator (being the PRA in consultation with the FCA), in accordance with section 109 of the FSMA and in the context of the Transfer. This summary and the Report have been prepared solely for the purposes of the FSMA requirements for Part VII transfers. This summary is subject to the same limitations as those set out in the Report and in the event of any real or perceived conflict between this summary and the Report, the Report shall prevail.

A copy of the Report and the update letter will be available to be downloaded from www.rqih.com/news/simia-part-vii-transfer/ or can be requested by e-mailing sangeeta.johnson@rqih.com or writing to 'Part VII Transfer' at Randall & Quilter Investment Holdings Ltd, 71 Fenchurch Street, London, EC3M 4BS.

Alternatively, you can request these documents free of charge by calling +44 (0) 20 7780 5925 between 10am and 4pm UK time or inspecting the documents at the offices of Randall & Quilter Investment Holdings Ltd, 71 Fenchurch Street, London, EC3M 4BS between 10am and 4pm UK time.

Appendix 3: Legal notice

IN THE HIGH COURT OF JUSTICE

CR-2018-003476

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

INSOLVENCY AND COMPANIES LIST (ChD)

IN THE MATTER OF

**THE SOLICITORS INDEMNITY MUTUAL
INSURANCE ASSOCIATION LIMITED**

-and-

IN THE MATTER OF

R&Q GAMMA COMPANY LIMITED

-and-

IN THE MATTER OF

**PART VII OF THE FINANCIAL SERVICES AND
MARKETS ACT 2000**

TRANSFER OF INSURANCE BUSINESS

NOTICE IS HEREBY GIVEN that, by application dated 30 May 2018, The Solicitors Indemnity Mutual Insurance Association Limited (the **Transferor**) and R&Q Gamma Company Limited (the **Transferee**) (together the **Applicants**), applied to the High Court of Justice of England and Wales for, amongst other things, an order under Section 111(1) of the Financial Services and Markets Act 2000 (the **Act**) sanctioning an insurance business transfer scheme (the **Scheme**) providing for the transfer of insurance business by the Transferor to the Transferee and for an order making provision under Section 112 of the Act.

The business included in the proposed transfer comprises all solicitors professional indemnity insurance business underwritten by the Transferor.

Copies of a report on the terms of the Scheme prepared by an independent expert in accordance with section 109 of the Act (the **Scheme Report**) and copies of a statement setting out the terms of the Scheme and containing a summary of the Scheme Report may be obtained, free of charge, by contacting:

Randall & Quilter Investment Holdings Limited
71 Fenchurch Street,
London EC3M 4BS,
Ref: Sangeeta Johnson
email: sangeeta.johnson@rqih.com
telephone: + 44 (0)20 7780 5925.

or may be downloaded from the website <http://www.rqih.com/news/simia-part-vii-transfer/>.

Anyone who has any concerns or objections regarding the proposed transfer or who requires any further information regarding the transfer may also contact the above address and reference or appear in Court or both.

The application will be heard on 26 September 2018 before a Judge of the High Court - Business and Property Courts of England and Wales at The Rolls Building, 7 Rolls Buildings, Fetter Lane, London, EC4A 1NL, United Kingdom. The Act provides that any person (including an employee of the Transferor or the Transferee) who alleges that he or she may be adversely affected by the carrying out of the Scheme is entitled to:

- a) make representations in writing;
- b) appear at the hearing and make representations in person; or
- c) instruct a barrister or solicitor advocate to appear at the hearing and make representations on his/her behalf.

If you intend to appear at the hearing in person, or to instruct someone to appear on your behalf, you are requested (though not required) to give notice of your intention to do so in writing, setting out the reasons why you believe you may be adversely affected.

You are requested to send such notice, or if you are not intending to appear in person or by your legal representative, any written representations that you may have, to:

Bryan Cave Leighton Paisner LLP
Adelaide House, London Bridge
London, EC4R 9HA
(ref: MGRF/GQUI/36990.00004).

Please provide such notice or such written representations by close of business on 19 September 2018. If you do not give the requested notice you will still be entitled to attend and make representations at the hearing or to instruct someone to appear and make representations on your behalf.

If the Scheme is sanctioned by the Court, it will result in the transfer of all the contracts, property, assets and liabilities of the Transferor within the scope of the Scheme to the Transferee, notwithstanding that a person would otherwise be entitled to:

1. terminate, modify, acquire or claim an interest or right; or
2. treat an interest or right as terminated or modified,

as a result of the transfer of business effected by the Scheme. Any such entitlement will only be enforceable to the extent the order of the Court makes provision to that effect.

Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, London, EC4R 9HA, Ref: GQUI/MGRF/36990.00004 Solicitors to the Applicants.

Appendix 4: Notice of Transferor EGM

NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY GENERAL MEETING of Solicitors Indemnity Mutual Insurance Association Limited will be held at 90 Fenchurch Street, London EC3M 4ST on 3 July 2018 at 12 noon when the following resolution will be proposed as a Special Resolution.

SPECIAL RESOLUTION

THAT:

1. the Scheme providing for the transfer of the entire insurance business (as defined in the Financial Services and Markets Act 2000 (the "**Act**")) of The Solicitors Indemnity Mutual Insurance Association Limited (the "**Association**") to R&Q Gamma Company Limited pursuant to Part VII of the Act (the "**Scheme**") as set out in the document marked "A" produced to the Meeting and signed for the purpose of identification by the Chairman, with or subject to any modification or condition that may be approved or imposed by the Court, be and it is hereby approved and the directors of the Association be and they are hereby authorised and instructed to do such acts and things on behalf of the Association as they consider necessary or desirable for the purpose of carrying the same into effect and of securing the sanction of the Scheme pursuant to Part VII of the Act; and
2. the Association's articles of association be and they are hereby amended:
 - (a) by the insertion in Article 1 of the following definition in place of the existing definition:

"**Risks**" The Risks as specified in the Rules from time to time or in a Certificate of Insurance in respect of which a Firm is or at any time has been insured by the Association";
 - (b) by the deletion of the word "and" at the end of article 2.1(b);
 - (c) by the insertion of the following new article 2.1(c) after the existing article 2.1(b) and the re-numbering of the existing articles 2.1(c) to 44 accordingly:

"To sell, improve, manage, develop, exchange, grant rights in or over and in any other manner deal with or dispose of the undertaking and all or any of the property and assets for the time being of the Association including without limitation, any such dealing or disposal on terms that are wholly or partly gratuitous or of a non-commercial nature; and"
 - (d) by the insertion of the following new Article 40.6 after the existing Article 40.5:

"The Directors may by resolution alter the Rules with immediate effect through the passing of the following resolution:

"the Rules of the Association applicable at any time be and they are hereby amended by the insertion of the following new Rule 1A after the existing Rule 1:

"With effect on and from the effective date of the scheme providing for the transfer of the insurance business of the Association to R&Q Gamma Company Limited pursuant to Part VII of the Financial Services and Markets Act 2000 (the

"Scheme") all rights and powers of the Association under the Rules and the Articles including all such rights and powers in relation to Calls shall continue to apply as if all Firms, Insureds and Insured Firms which were at any time insured by the Association were still insured by the Association following the transfer of the insurance business of the Association under the Scheme. If there is any conflict between the provisions of this Rule 1A and any other provision in the Rules, the provisions of this Rule 1A shall prevail and the Rules shall apply as amended by this Rule 1A." " "

BY ORDER OF THE BOARD

Secretary

Registered Office:
90 Fenchurch Street
London EC3M 4ST

Note

A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him.