

Information booklet

**RELATING TO THE PROPOSED TRANSFER OF PART OF THE GENERAL
INSURANCE BUSINESS**

OF

QBE UK LIMITED

**AND THE PROPOSED TRANSFER OF ALL OF THE GENERAL INSURANCE
BUSINESS OF**

R&Q ETA COMPANY LIMITED

AND

THE WORLD MARINE & GENERAL INSURANCE PLC

TO

INCEPTUM INSURANCE COMPANY LIMITED

UNDER PART VII OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

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PART ONE: OVERVIEW

1. Introduction

This booklet has been prepared to provide you with an overview of the proposed transfer. **Please take time to read it.**

1.1 The proposed transfer

QBE UK Limited (**QBEUK**), R&Q Eta Company Limited (**Eta**), The World Marine & General Insurance PLC (**WMG**) are the **Transferors** in the proposed transfer, and Inceptum Insurance Company Limited (**Inceptum** or the **Transferee**) is the intended recipient. QBEUK is proposing to transfer part of its run-off general insurance business to Inceptum, and Eta and WMG are proposing to transfer all of their general insurance business to Inceptum.

Eta, WMG and Inceptum are all members of the Randall and Quilter insurance group (**R&Q**), and QBEUK is a member of the QBE insurance group.

The proposed transfer will be effected by means of an insurance business transfer scheme (**Part VII Transfer or Scheme**) under Part VII of the UK Financial Services and Markets Act 2000 (**FSMA**) and is conditional upon an order of the High Court of England and Wales (**Court**) pursuant to section 111(1) of FSMA sanctioning the Scheme.

The proposed transfer is subject to legal and regulatory approvals. If approved, it is expected to take effect on 2 December 2022.

This document has been designed to give you an overview of the proposed transfer and to help you answer any questions you may have.

1.2 This Booklet

It is important that you understand the background to the proposed transfer and you are encouraged to read the whole of this booklet. A summary of a report prepared by an independent expert, Derek Newton, a Fellow of the Institute and Faculty of Actuaries, of Milliman LLP (the **Independent Expert**) is set out in Part 3 of this booklet. Mr Newton has been appointed as the Independent Expert under section 109 of FSMA to report to the Court on the effect of the proposed transfer on policyholders and other key stakeholders. His appointment has been approved by the UK Prudential Regulation Authority (**PRA**) in consultation with the UK Financial Conduct Authority (**FCA**). The PRA and the FCA are the UK financial services regulators.

The formal notice of the proposed transfer is set out in the Appendix to this document.

To help you to consider how the transfer will affect you, further details about the proposed transfer are included within this booklet, including some commonly asked questions and, in Part 2, a summary of the terms of the legal document that will give effect to the proposed transfer (the **Scheme Document**).

If you are happy with the proposed transfer, you do not need to do anything. If the transfer is approved by the Court, all policies covered by the Scheme will automatically transfer to Inceptum.

If you believe that you would be adversely affected by the proposed transfer, you are entitled to make written representations to the Court and/ or appear either in person or by counsel at the Court hearing where the application to approve the transfer will be heard. If you intend

to make written representations to the Court and/ or appear at the Court hearing you are requested to provide the written representations or notice of your intention to appear at Court with details of your concerns as soon as possible and preferably at least 15 days before the Court hearing using the contact details provided in response to “*How do I find further information*” on pages 8 and 9. However, you are not obliged to do so and may still make written representations to the Court up to and/ or at the Court hearing.

You may also raise your concerns with us in writing or over the telephone using the contact details provided in response to “*How do I find further information*” on pages 8 and 9. We will make a record of your concerns and communicate these to the PRA, the FCA and Independent Expert and the Court.

The Court hearing is currently scheduled to take place on 25 November 2022. If approved, the transfer will take effect at 00:01 (GMT) on 2 December 2022.

Copies of all documents relating to the transfer, including the full terms of the Scheme Document and the full report of the Independent Expert, are available free of charge by contacting QBEUK or R&Q at the contact details set out on pages 8 and 9 or by download from <https://qbeurope.com/quk-inceptum-part-vii-information/> and <https://www.rqih.com/news/the-world-marine-general-rq-eta-and-qbe-uk-part-vii-transfer>.

It is possible that there may be other parties with an interest under your policy or policies with a Transferor (for example, joint holders, assignees or insured subsidiaries or affiliates). If you believe that any other party may be affected by the transfer of any of your policies, please forward a copy of this booklet on to them as soon as possible.

All future updates relating to the proposed transfer, including any changes to the Court hearing date and a copy of the supplementary report to be prepared by the Independent Expert, will be posted onto the QBEUK website (<https://qbeurope.com/quk-inceptum-part-vii-information/>) and the R&Q website (<https://www.rqih.com/news/the-world-marine-general-rq-eta-and-qbe-uk-part-vii-transfer>).

2. Commonly asked questions

2.1 Why are the Transferors doing the transfer?

QBEUK

QBEUK's objective in disposing of the business to be transferred under the Scheme is to rationalise its business by divesting itself of a legacy portfolio which is no longer core to its ongoing operations.

WMG and Eta

In accordance with R&Q's ongoing strategy to streamline and integrate acquired business to achieve capital and governance efficiencies, R&Q is seeking to consolidate its UK footprint by reducing the number of UK carriers in R&Q from five to three. WMG and Eta are therefore proposing to transfer all of their insurance and reinsurance business to Inceptum and seek an order for their winding up.

2.2 What business is being transferred?

This section describes the insurance business proposed to be transferred to Inceptum by each of the Transferors pursuant to the Part VII Transfer.

QBEUK

QBEUK is proposing to transfer certain UK employers' liability and public liability business written or assumed by it that incepted on or prior to 31 December 2007, subject to certain policies that are excluded from the Scheme (as more particularly described in the Scheme Document) (the **QBEUK Transferring Business**).

The QBEUK Transferring Business was written or assumed by QBEUK under the following previous names: Legibus 373 Limited (from 1983 to 1984); Delta International Reinsurance Company Limited (from 1984 to 1987); Imperial Chemicals Reinsurance Limited (from 1987 to 1988); QBE Reinsurance (London) Limited (from 1988 to 1992); QBE International Insurance Limited (from 1992 to 2005); and QBE Insurance (Europe) Limited (from 2005 to 2007).

Eta

Eta is proposing to transfer its entire insurance business (**Eta Transferring Business**) including all of Eta's medical malpractice and professional negligence policies which it underwrote between 2005 and 2012 from the UK or the Republic of Ireland when it was a member of the Medical Protection Society group of companies.

The Eta Transferring Business was written by Eta under its then name, MPS Risk Solutions Limited.

WMG

WMG is proposing to transfer its entire insurance and reinsurance business (**WMG Transferring Business**) including:

- US asbestos, pollution and health hazard liability business written before 1973 when WMG was owned by the Commercial Union Assurance Company;
- non-marine risks, asbestos, pollution, health hazard and other exposures written between 1973 and 1982 when WMG was owned by Leslie & Godwin (Holdings) Ltd, including risks relating to a portfolio from Richard & Pearson written by Leslie & Godwin agencies; and
- a portfolio of direct and reinsurance London market business including fire, marine, product liability, engineering, contractors, professional indemnity and bankers' property and casualty business written between 1987 and 1999 when WMG was owned by the BHP Billington group.

The WMG Transferring Business was written by WMG under the following names: The World Marine Insurance Company Limited (from 1894 to 1914); The World Marine & General Insurance Company Limited (from 1914 to 1982); and, its current name, The World Marine & General Insurance PLC (from 1982 to 1999).

2.3 Who is Inceptum?

The Transferee, Inceptum, is a company incorporated in England and Wales and is authorised by the PRA and regulated by the PRA and FCA. Inceptum is authorised to carry on general insurance business in the United Kingdom with respect to certain classes of general insurance business, and has been doing so since 1998. Inceptum is a member of the R&Q group.

2.4 The transfer

What is a Part VII transfer?

“Part VII transfer” refers to a transfer of insurance business under Part VII of FSMA. It is a statutory scheme whereby the liabilities of one insurer (or a number of insurers) and corresponding assets are transferred to another entity. The process that must be followed is stringent to ensure that policyholders are protected. To be effective, the transfer scheme is required to be approved by the Court. In considering a Part VII transfer scheme, the Court will take into account the views of the PRA, the FCA and the Independent Expert, whose appointment must be approved by the PRA (in consultation with the FCA), and any objections made by affected parties.

What is the Scheme Document?

The Scheme Document is a legal document setting out the terms on which the transfer of business from the Transferors (i.e. QBEUK, Eta and WMG) to Inceptum is proposed to take effect. We have included a summary of the terms of the Scheme Document in Part Two of this booklet. A full copy of the Scheme Document can be downloaded from (<https://qbeurope.com/quk-inceptum-part-vii-information/>) or (<https://www.rqih.com/news/the-world-marine-general-rq-eta-and-qbe-uk-part-vii-transfer>). If you would like a paper copy posted to you, then please contact QBEUK or R&Q using the contact details provided in response to *“How do I find further information”* on pages 8 and 9.

When will the proposed transfer happen?

If the proposals are approved by the Court, then we expect that the transfer will take effect at 00:01 (GMT) on 2 December 2022.

Is there an opportunity to vote on these proposals?

No. There is no legal requirement for a vote. However, if you consider you may be adversely affected by the proposals or if you object to the proposals, then you have a right to raise your concerns to, and for your objection to be heard by, the Court. See the response to *“What should I do if I think I may be adversely affected by the proposal or object to the transfer?”* below for further information.

What should I do if I think I may be adversely affected by the proposal or object to the transfer?

We hope this booklet provides you with the information to allow you to understand what is proposed, and answer any questions that you may have. However, if you consider you may be adversely affected by the proposal or object to the proposal, then please let us know by calling or writing to QBEUK, Eta, WMG or Inceptum using the contact details provided in response to *“How do I find further information”* on pages 8 and 9.

If you have an objection to the proposed transfer or if you believe you will be adversely affected as a result of the proposed transfer, then you are entitled to make written representations to the Court and/ or to appear either in person or by counsel at the Court. You may also raise these concerns with us in writing or over the telephone using the contact details provided in response to *“How do I find further information”* on pages 8 and 9.

Any person who intends to appear at Court or make representations (whether by telephone

or in writing) is requested to notify his or her objections to QBEUK, Eta, WMG or Inceptum as soon as possible and preferably at least 15 days before the Court hearing at which the application to approve the transfer will be heard using the contact details provided in response to *“How do I find further information”* on pages 8 and 9. However, you are not obliged to do so and may still make written representations to the Court up to and/or at the Court hearing. The Court hearing is currently scheduled to take place on 25 November 2022.

We will keep a record of all the objections received and will provide these to the Court, the PRA, the FCA and Independent Expert, along with a copy of our responses. If you make your objection in writing, this will be included in the information supplied to the Court. Notifying us of your objection in advance of the Court hearing does not affect your right to attend and make your objection at the Court hearing itself, which you will still be able to do.

2.5 Effects of the transfer

What will be the effects of the transfer?

The full terms of the transfer are set out in the Scheme Document and are subject to Court approval. A summary of the main elements of the Scheme is contained in Part Two of this booklet.

The main terms of the proposal are as follows:

- QBEUK will transfer the QBEUK Transferring Business, Eta will transfer the Eta Transferring Business, and WMG will transfer the WMG Transferring Business, including in each case (so far as it is possible) all of the assets and liabilities compromised in each, to Inceptum; and
- The QBEUK policies, Eta policies and WMG policies subject to the Scheme will, once the proposal takes effect, cease being policies of QBEUK, Eta and WMG and become policies of Inceptum, instead.

This means that any policyholders or claimants in respect of these policies (including expired policies) will become policyholders or claimants of Inceptum following the Part VII Transfer.

Following the Part VII Transfer, personal data that was held by QBEUK, Eta or WMG in respect of transferring policyholders and claimants will be held and processed by Inceptum.

If the Court approves the transfer, its decision will bind all policyholders as a matter of English law.

It is currently expected that the Scheme will take effect at 00:01 (GMT) on 2 December 2022.

Will the terms of my policy or its administration change?

If the proposals are approved there will be no changes to the terms and conditions of any transferring policy. In broad terms, the rights and obligations of QBEUK, Eta and WMG under their transferring policies will be transferred, without alteration, to Inceptum.

Any rights or obligations policyholders or reinsurers have under such policies will remain unchanged, but following the transfer will be exercisable against or owed to Inceptum. Valid claims will continue to be paid although the party liable to make payment will be Inceptum rather than QBEUK, Eta or WMG.

Claims under transferring policies are currently handled on behalf of QBEUK, Eta and WMG by R&Q Central Services Limited (**RQCS**), a company within the R&Q group.

Following the proposed transfer, RQCS will continue to handle claims, albeit on behalf of Inceptum, and there will be no changes to how issued policies are administered as part of the proposed transfer to Inceptum. Inceptum will endeavour to ensure that policyholders continue to receive the same levels of service as currently seen. Policyholders should continue to contact their usual contact or their current broker or other intermediary for any policy or claim related queries in the usual way.

How will the Scheme affect the security of my policy?

The Scheme has been reviewed by an Independent Expert and by the FCA and PRA, and it will not take place unless approved by the Court. The Independent Expert's assessment has considered the security of all policyholders and his report is summarised in Part Three of this booklet. A full copy of the Independent Expert's report can be downloaded free of charge from the QBEUK website (<https://qbeeurope.com/quk-inceptum-part-vii-information/>) and the R&Q website (<https://www.rqih.com/news/the-world-marine-general-rq-eta-and-qbe-uk-part-vii-transfer>). If you would like a paper copy posted to you, then please contact QBEUK, Eta, WMG or Inceptum at the contact details provided in response to "How do I find further information" on pages 8 and 9.

In his report, the Independent Expert concludes, in summary, that, provided that the proposed transfer scheme operates as intended (and the Independent Expert has no grounds for believing it will not do so):

"I am satisfied that the proposed Scheme does not affect in a materially adverse way either the security or the policy servicing levels of the Transferring Policyholders."

Will transferring employers' liability policies continue to be traceable through ELTO?

Key policy details relating to all known employers' liability policies written by QBEUK since 1 April 2011, as well as any policies written before 1 April 2011 with an outstanding claim as at that date, or where a claim has been made on or after that date and liability is accepted, are included on the database held by the Employers Liability Tracing Office (**ELTO**), through which QBEUK's insurance coverage can be traced. Following the transfer, Inceptum will be traceable in the same way through this database and will be named as the relevant insurer instead of QBEUK.

There are no employers' liability policies in scope of ELTO contained in the Eta Transferring Business or WMG Transferring Business.

2.6 The Independent Expert

Who is the Independent Expert?

The Independent Expert is Derek Newton, a Fellow of the Institute and Faculty of Actuaries, of Milliman LLP. Mr Newton became a Fellow of the Institute of Actuaries in 1988.

Mr Newton has experience of general insurance which includes (reserved) roles such as Signing Actuary to Lloyd's syndicates and to Irish non-life insurance companies, as well as acting as the Independent Expert in eight insurance business transfer schemes that were sanctioned in 2014, 2015, 2016, 2017, 2019, 2020 (two) and 2021 respectively. Mr Newton is a principal and actuarial consultant in Milliman's London office. He is leader of Milliman's UK General Insurance practice and joined the firm in 2003.

The Independent Expert has been appointed to provide a scheme report as required by section 109 of FSMA to report his opinion on the likely effect of the Part VII transfer proposals on policyholders and other key stakeholders of QBEUK, Eta, WMG and Inceptum including whether any of their interests could in any way (either directly or indirectly) be materially adversely affected by the transfer. His appointment has been approved by the PRA after consulting with the FCA. He is not an advisor to any company involved in the transfer, but is a person independent of the parties involved whom the PRA and FCA consider has the necessary skills to assess the effect of the transfer.

The Independent Expert's primary role is to consider the transfer and to report his opinion to the Court. His report must be impartial, based on a thorough review of the proposals and the businesses of QBEUK, Eta, WMG and Inceptum and in a form that is approved by the PRA and FCA. All relevant companies have provided Mr Newton with access to key staff and any information he has requested.

What is the Independent Expert report?

The Independent Expert Report sets out in detail Mr Newton's opinion on the likely effect of the transfer proposals on policyholders and other key stakeholders of QBEUK, Eta, WMG and Inceptum including whether any of their interests could in any way (either directly or indirectly) be materially adversely affected by the transfer. Mr Newton has summarised his report and this summary is included at Part Three of this booklet. A full copy of his report can be downloaded free of charge from

<https://qbeeurope.com/quk-inceptum-part-vii-information/> and

<https://www.rqih.com/news/the-world-marine-general-rq-eta-and-qbe-uk-part-vii-transfer>.

If you would like a paper copy posted to you, then please contact QBEUK or Inceptum at the contact details provided in response to "How do I find further information" on pages 8 and 9.

The Independent Expert will also prepare a supplement to his report prior to the Court hearing in relation to any matters which may have changed or have been updated since his first report. The supplementary report will be posted onto the QBEUK and R&Q websites, so you may wish to check for updates.

2.7 The Court process

When is the Court hearing?

The Court will hear the application for the order sanctioning the Scheme (the Application) on 25 November 2022 at The Rolls Building, Fetter Lane, London, EC4A 1NL, United Kingdom. Anyone wishing to attend the hearing should check the QBEUK website (<https://qbeeurope.com/quk-inceptum-part-vii-information/>) or the R&Q website (<https://www.rqih.com/news/the-world-marine-general-rq-eta-and-qbe-uk-part-vii-transfer>) which will be updated should the hearing date change.

The Court hearing will be attended by representatives of the companies involved, and the Independent Expert may also attend. QBEUK, Eta, WMG and Inceptum will be jointly represented at the Court hearing by a barrister. The PRA and FCA also have the right to attend. The Court hearing is open for members of the public to attend.

Any person who believes that he or she would be adversely affected by the carrying out of the transfer is entitled to make written representations to the Court and/ or to appear either in person or by counsel at the Court hearing where the Application will be heard. You may

also raise these concerns with us in writing or over the telephone using the contact details set out in response to *“How do I find further information”* on pages 8 and 9, and we will make a record of your concerns and communicate these to the PRA, the FCA, the Independent Expert and the Court. See the response to *“What should I do if I think I may be adversely affected by the proposal or object to the transfer?”* on page 4 for further information.

What will happen at the Court hearing?

The Judge will review whether all of the legal procedures for completing a Part VII transfer have been followed correctly. The Judge will also review the witness statements and evidence presented by QBEUK, Eta, WMG and Inceptum in support of the proposed transfer, and will consider the reports of the Independent Expert, the PRA and the FCA.

Time will be allocated to hear any objections put forward (whether in writing or in person) by affected policyholders or any other person who alleges that they would be adversely affected by the proposals.

The Judge must decide whether or not it is appropriate to approve the transfer, taking all of the evidence into account. If the Judge does approve the transfer, then a Court order is made which allows the transfer to come into effect at the time specified in the order.

How will I know if the Scheme has been approved?

We will announce the outcome of the Court hearing to consider the Application on the QBEUK and R&Q websites following the Court hearing, which is due to take place on 25 November 2022. It is proposed that the transfer will take effect at 00:01 (GMT) on 2 December 2022.

2.8 Further information and action required

What should I do now?

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

If you consider you may be adversely affected by the proposal or object to the proposal, then please refer to the response to *“What should I do if I think I may be adversely affected by the proposal or object to the transfer?”* on page 4 for details of the steps you should take if you wish to object. If you need any further information about the proposals please refer to the response to *“How do I find further information”* below.

It is possible that there may be other parties with an interest under your policy or policies (for example, joint holders, assignees or insured subsidiaries or affiliates). If you believe that any other party may be affected by the transfer of any of your policies, please forward a copy of this booklet on to them as soon as possible.

How do I find further information?

Copies of documents relating to the transfer including the full Scheme Document, Independent Expert Report and this document are available to download free of charge at <https://qbeurope.com/quk-inceptum-part-vii-information/> and <https://www.rqih.com/news/the-world-marine-general-rq-eta-and-qbe-uk-part-vii-transfer>.

Future updates relating to the proposed transfer, including any changes to the Court hearing date and a copy of the supplementary report to be prepared by the Independent Expert,

will be posted onto the websites, so you may wish to check for updates. If the transfer is approved, it will be announced on the QBEUK and R&Q websites.

If you are a QBEUK policyholder and have any further questions <https://qbeeurope.com/quk-inceptum-part-vii-information/> contains additional information which you may find useful.

If you are an Eta, WMG or Inceptum policyholder and have any further questions, <https://www.rqih.com/news/the-world-marine-general-rq-eta-and-qbe-uk-part-vii-transfer> contains additional information which you may find useful.

You may also contact QBEUK, Eta, WMG or Inceptum by:

- Calling the R&Q contact centre on +44 (0)20 7977 0892 from Monday to Friday during usual business hours (09.00 to 17.00);
- Emailing businesstransfers@rqih.com referencing 'Fusion Part VII Transfer'; or
- Writing to R&Q Insurance Holdings Ltd., 71 Fenchurch Street, London EC3M 4BS; clearly marking on the front the reference 'Jacqui Rayner'.

Any other general queries relating to your policy or claims should continue to be made using the contact details set out in your policy documents.

PART TWO: 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.

PART THREE: SUMMARY OF THE REPORT OF THE INDEPENDENT EXPERT

SUMMARY OF THE REPORT OF THE INDEPENDENT EXPERT ON THE PROPOSED TRANSFER OF BUSINESS FROM QBE UK LIMITED, FROM THE WORLD MARINE & GENERAL INSURANCE PLC AND FROM R&Q ETA COMPANY LIMITED TO INCEPTUM INSURANCE COMPANY LIMITED

1 About the Independent Expert's Report and this Summary

- 1.1 I, Derek Newton, am a principal of Milliman LLP and a Fellow of the Institute and Faculty of Actuaries. I have been appointed as the independent expert to provide, in accordance with Part VII of the FSMA, a report on the potential impact of the proposed transfer (the “**Scheme**”) on the policyholders of QBE UK Limited (“**QUK**”), of The World Marine & General Insurance PLC (“**WMG**”), of R&Q Eta Company Limited (“**Eta**”) and of Inceptum Insurance Company Limited (“**Inceptum**”) (the “**Scheme Report**”). The Scheme Report is intended to assist the Court in assessing the effect of the proposed transfer on all affected policyholders, in particular to comment on possible material adverse impacts in respect of the security of their benefits under their policies and the levels of service that they could expect to receive after the transfer.
- 1.2 In the Scheme Report, I comment only on the Scheme as presented and do not consider any possible alterations or alternative arrangements.
- 1.3 This is a summary (the “**Summary**”) of the Scheme Report, dated 18 July 2022. The Summary is subject to the same limitations on its use as those set out in the Scheme Report. The Scheme Report contains the reasoning behind my conclusions, much of the detail of which I have omitted from this Summary. The Scheme Report also includes further information regarding QUK, Eta, WMG and Inceptum (the “**Companies**”), which I have also not included within this Summary. While I am satisfied that this Summary provides an appropriate synopsis of the Scheme Report, reliance on this Summary alone could be misleading. Copies of the Scheme Report and any subsequent update can be obtained on the QUK and R&Q Group website pages dedicated to the Scheme (the “**Transfer Websites**”).
- 1.4 The document in which this Summary is included contains a description of the proposed Scheme. Therefore, I have not included further description of the proposed Scheme within this Summary. Furthermore, by way of background, the Scheme Report includes material regarding the insurance regulatory environment in the UK. Again, I have not included that material within this Summary, which instead focuses on what I perceive to be the likely effect of the proposed Scheme on the security and service levels provided to policyholders of QUK, Eta, WMG and Inceptum.

2 Who will be affected by the Scheme?

- 2.1 I have determined that the following policyholder groups might be affected by the proposed Scheme:
- those policyholders of QUK, Eta and WMG with policies that will be transferring to Inceptum under the Scheme (the “**Transferring Policyholders**”);

- the current policyholders of QUK whose policies will not be transferred under the Scheme (the “**QUK Non-Transferring Policyholders**”); and
- the current policyholders of Inceptum.

I note that it is intended that the Scheme transfers all of the business of Eta and of WMG to Inceptum. I have considered the impact of the Scheme on any policyholders of Eta and of WMG whose policies became **Excluded Policies**.

- 2.2 I have assessed the circumstances, security and levels of service, separately for each of the groups of policyholders identified in paragraph 2.1 above, and have then similarly considered the changes that the Scheme is likely to cause to those circumstances, security and levels of service. I do not believe that policyholders of any other insurance companies would be affected by the proposed Scheme.

3 Will the Scheme affect the Transferring Policyholders?

SECURITY OF BENEFITS

- 3.1 The Scheme will result in no changes to the terms and conditions of any policy being transferred by the Scheme (“**Transferring Policies**”). The rights and obligations of QUK, Eta and WMG under the Transferring Policies will be transferred, without alteration, to Inceptum.
- 3.2 I have reviewed the level of eligible own funds (“**EOF**”) held as at 31 December 2020 by QUK (pre-Scheme) and the projected levels as at subsequent year-ends up to and including 2024. I have also reviewed the level of EOF held by Eta, by WMG and by Inceptum as at 31 December 2021 and the projected levels for Inceptum as at subsequent year-ends up to and including 2024 (both pre and post-Scheme). For each company, I have compared the EOF with the respective solvency capital requirements (“**SCR**”) as at the same dates (actual or projected, as appropriate). I have noted that, over the period 31 December 2020 – 31 December 2024, QUK has maintained, and is expected to maintain, its ratio of EOF to SCR (“**Capital Cover Ratio**”) at a level consistent with that of a well-capitalised¹ insurer. Similarly, I have noted that over the period 31 December 2021 – 31 December 2024, Inceptum has maintained, and is expected to maintain, its Capital Cover Ratio at a level consistent with that of a well-capitalised insurer, becoming and then remaining a very well-capitalised insurer by 31 December 2023. I have further noted that, as at 31 December 2021, Eta was a more than sufficiently capitalised insurer and WMG was a very well-capitalised insurer.
- 3.3 The implementation of the Scheme will not materially alter the Capital Cover Ratio in QUK, as QUK has already transferred the economic risk attached to the **QUK Transferring Business** through a loss portfolio transfer (“**LPT**”) whereby the QUK Transferring Business is 100% reinsured, currently by R&Q Re (Bermuda) Ltd (“**R&Q Re**”).
- 3.4 In my analysis, I have considered key components of solvency calculation and of the EOF available to meet the solvency requirements, in particular the technical provisions.

¹ In this Summary, I have defined the following terms:

- “sufficiently capitalised” denotes a Capital Cover Ratio between 100% and 119%;
- “more than sufficiently capitalised” denotes a Capital Cover Ratio between 120% and 149%;
- “well-capitalised” denotes a Capital Cover Ratio between 150% and 199%, and
- “very well-capitalised” denotes a Capital Cover Ratio in excess of 200%.

- 3.5 Taking all of these aspects into account, together with the results of some stress tests that I considered relevant, I have concluded that, on an on-going basis, the security of the Transferring Policyholders will not be adversely affected to a material extent on implementation of the Scheme by differences in the financial strength between QUK, Eta and WMG on the one hand and Inceptum on the other.

RISK PROFILE

- 3.6 Post-Scheme:

- the **QUK Transferring Policyholders** will no longer be exposed to the other risks within QUK but will now be exposed to the risks within Inceptum plus the risks of the **Eta Transferring Business** (although these appear negligible) and the **WMG Transferring Business**. As such, they would be exposed to smaller but less diversified risks, post-Scheme, than they are currently;
- the **Eta Transferring Policyholders** will no longer be exposed to just the risks within Eta but will now be exposed to the risks within Inceptum plus the risks of the QUK Transferring Business and the WMG Transferring Business. As such, they would be exposed to bigger but more diversified risks, Inceptum being, post-Scheme, than they are currently; and
- the **WMG Transferring Policyholders** will no longer be exposed to just the risks within WMG but will now be exposed to the risks within Inceptum plus the risks of the QUK Transferring Business and the Eta Transferring Business (although these appear negligible). As such, they would be exposed to bigger but more diversified risks, Inceptum being, post-Scheme, than they are currently.

- 3.7 Different risk profiles, insofar as they might affect the future financial security of policyholders, are reflected in the capital requirements of QUK, Eta, WMG and Inceptum. As I have already concluded, the security of the Transferring Policyholders will not be adversely affected to a material extent on implementation of the Scheme by differences in the financial strength between QUK, Eta and WMG on the one hand and Inceptum on the other. Therefore, I am satisfied that, even were the Scheme to result in adverse change to the Transferring Policyholders' risk exposures, the capital protection available to them post-Scheme will not be materially different to that which they enjoyed pre-Scheme. Therefore, I conclude that any change in their risk exposure will not have a materially adverse impact on the security of the Transferring Policyholders.

POLICY SERVICING

- 3.8 Currently, one small portfolio within the WMG Transferring Business is serviced by Resolute Management Services Ltd ("**RMSL**"). Otherwise, the servicing of all the Transferring Business has been delegated to R&Q Central Services Limited ("**RQCS**"). It is intended that, post-Scheme, RMSL and RQCS will continue to service those parts of the Transferring Business for which they are currently responsible, using the same processes and systems as currently used, and operating according to the same standards as currently required. There will be no migration of policy data from one administration system to another. Therefore, it is neither intended nor expected that there be any change in the administration or servicing of the Transferring Policies as a result of the Scheme.

- 3.9 Because there are no intended post-Scheme changes to the policy administration arrangements, the policy administration systems or the policy administration standards in respect of the Transferring Business, I believe that the Scheme will have no impact on the standards of policy servicing experienced by the Transferring Policyholders compared to their current position.

CHANGE IN REGULATORY ENVIRONMENT

- 3.10 Post-Scheme, the primary regulators for the Transferring Business will remain the Prudential Regulation Authority (“**PRA**”) and Financial Conduct Authority (“**FCA**”).
- 3.11 The QUK Transferring Policyholders, the Eta Transferring Policyholders, the existing Inceptum policyholders and some of the WMG Transferring Policyholders are all direct policyholders. However, the WMG Transferring Policyholders include a material number of cedant policyholders. In the event, post- Scheme, of Inceptum becoming insolvent, cedant holders of reinsurance contracts with WMG would rank behind the QUK Transferring Policyholders, the Eta Transferring Policyholders, the WMG Transferring Policyholders who are direct policyholders and the existing Inceptum policyholders in benefitting from the remaining assets within Inceptum. In this respect, the WMG Transferring Policyholders who are holders of inwards reinsurance policies would be adversely affected by the Scheme.
- 3.12 However, I consider the likelihood of Inceptum becoming insolvent post-Scheme to be remote. Therefore, I am satisfied that the Transferring Policyholders will not be materially adversely affected by the implementation of the Scheme in respect of the possible insolvency of Inceptum.
- 3.13 The Scheme would not alter the eligibility of Transferring Policyholders for compensation from the Financial Services Compensation Scheme (“**FSCS**”). Likewise, the Scheme would not alter the eligibility of policyholders to access the Financial Ombudsman Service (“**FOS**”). Therefore, those Transferring Policyholders who are currently eligible to seek compensation from the FSCS and/or to seek assistance or advice from the FOS would be equally eligible post-Scheme.

CONCLUSION

- 3.14 I am satisfied that the proposed Scheme will not adversely affect, to a material extent:
- The security of benefits under the Transferring Policies;
 - The benefits that the Transferring Policyholders could reasonably expect to receive; or
 - The standards of administration, service, management and governance that apply to the Transferring Policies.

4 Will the Scheme affect the QUK Non-Transferring Policyholders?

SECURITY OF BENEFITS AND RISK PROFILE

- 4.1 Post-Scheme, the Capital Cover Ratio within QUK is projected to be virtually unchanged.
- 4.2 The risk profile within QUK will also be virtually unchanged as a result of the Scheme, with the economic liability for the QUK Transferring Business having already been transferred to outside the **QBE Group** via the LPTA referred to in paragraph 3.3, above.

- 4.3 I have concluded that the QUK Non-Transferring Policyholders will not be adversely affected by the Scheme in terms of the financial security afforded to their benefits from QUK.

POLICY SERVICING

- 4.4 The existing arrangements for servicing and administering the business of QUK that is not being transferred by the Scheme will remain unchanged post-Scheme. Likewise, the terms and conditions of the policies not being transferred by the Scheme will remain unaltered post-Scheme.
- 4.5 The business that is not transferred by the Scheme will include the Excluded Policies (if there are any). Post-Scheme, any and all Excluded Policies will continue to be serviced by RQCS, with no changes to the processes or standards applied.

REGULATORY CONSIDERATIONS

- 4.6 There will be no change in the regulatory environment for the business of QUK that is not being transferred by the Scheme.
- 4.7 I have concluded that the Scheme would have a negligible impact upon the prospects of the QUK Non-Transferring Policyholders in the unlikely event of QUK becoming insolvent, post-Scheme.
- 4.8 The Scheme will not affect the eligibility of non-transferring policyholders of QUK to seek compensation from the FSCS or to take complaints to the FOS.

CONCLUSION

- 4.9 I am satisfied that the proposed Scheme will not adversely affect, to a material extent:
- The security of benefits of the QUK Non-Transferring Policyholders;
 - The benefits that the QUK Non-Transferring Policyholders could reasonably expect to receive; or
 - The standards of administration, service, management and governance that apply to the policies of QUK that are not being transferred under the Scheme.

5 Will the Scheme affect Eta Policyholders or WMG Policyholders who hold Excluded Policies?

- 5.1 I note that no Excluded Policies are expected, including any relating to Eta or WMG. However, it is possible that they might be Excluded Policies relating to Eta or WMG and it is the holders of any such policies whom I consider here.

SECURITY OF BENEFITS AND RISK PROFILE

- 5.2 Post-Scheme, those WMG policyholders with Excluded Policies will continue to benefit from the financial security offered by a very well-capitalised insurer.
- 5.3 Because Eta's assets include Funds at Lloyd's (amounts pledged in support of the R&Q Group's underwriting activities at Lloyd's) that will not be transferred to Inceptum as part of the Scheme but which are ineligible to be included within Eta's EOF, Eta will become, post-Scheme, a sufficiently capitalised insurer, having pre-Scheme been a more than sufficiently capitalised insurer. However, while it would appear that those Eta

policyholders with Excluded Policies will experience a reduction in the level of financial security offered by Eta, I do not believe that this would be material, both because the likelihood of Eta becoming insolvent post-Scheme remains remote and because the likelihood of any existing Eta policyholder requiring future payment is also remote.

- 5.4 I have concluded that neither the Eta Policyholders nor the WMG Policyholders who hold Excluded Policies will be adversely affected by the Scheme in terms of the financial security afforded to their benefits from Eta and WMG respectively.

POLICY SERVICING

- 5.5 RQCS will continue, post-Scheme, to service any and all policies of Eta and WMG that are Excluded Policies, with no changes to the processes or standards applied. If any Excluded Policies are drawn from that small portfolio within the WMG Transferring Business that is serviced by RMSL then, post-Scheme, RMSL will continue to service those policies.

CONCLUSION

- 5.6 I am satisfied that the proposed Scheme will not adversely affect, to a material extent:
- The security of benefits of the policyholders of either Eta or WMG with Excluded Policies;
 - The benefits that the policyholders of either Eta or WMG with Excluded Policies could reasonably expect to receive; or
 - The standards of administration, service, management and governance that apply to any and all Excluded Policies of Eta and WMG.

6 Will the Scheme affect the existing policyholders of Inceptum?

SECURITY OF BENEFITS AND RISK PROFILE

- 6.1 Projections indicate that, were the Scheme not to take place, by the end of 2022 Inceptum would have a Capital Cover Ratio consistent with it being a very well-capitalised insurer. Similar projections indicate that, post-Scheme, the Capital Cover Ratio within Inceptum would be consistent with Inceptum being a well-capitalised insurer. In my view, while implementation of the Scheme will reduce the financial strength of Inceptum in relative terms, in practice the existing Inceptum policyholders will see no material difference in the financial strength afforded to them, it being only a remote possibility that a well-capitalised insurer will become insolvent in the foreseeable future.
- 6.2 The risk profile within Inceptum will change as a result of the Scheme, with additional exposure to risks associated with the Transferring Business. As such, Inceptum policyholders will be exposed to much bigger but more diverse risks. However, this change is reflected in Inceptum's solvency requirements and I do not consider that it will jeopardise, to a material extent, the security of benefits of the existing policyholders of Inceptum.
- 6.3 I have concluded that the existing policyholders of Inceptum will not be adversely affected by the Scheme in terms of the financial security afforded to their benefits.

POLICY SERVICING

- 5.4 The existing arrangements whereby RQCS provides all servicing and administration for the policies held by existing policyholders of Inceptum will remain unchanged post-Scheme. Likewise, the terms and conditions of the existing Inceptum policies will remain unaltered post-Scheme.

REGULATORY CONSIDERATIONS

- 6.5 There will be no change in the regulatory environment for the existing business of Inceptum.
- 6.6 I have concluded that the Scheme does not affect to a material degree the prospects of the existing policyholders of Inceptum in the event of post-Scheme insolvency of Inceptum.

CONCLUSION

- 6.7 I am satisfied that the proposed Scheme will not adversely affect, to a material extent:
- The security of benefits of the existing policyholders of Inceptum;
 - The benefits that the existing policyholders of Inceptum could reasonably expect to receive; or
 - The standards of administration, service, management and governance that apply to the existing policies of Inceptum.

7 Other matters

REINSURANCE

- 7.1 I have considered the likely effects of the Scheme on the reinsurers whose reinsurance contracts cover the Transferring Business. The reinsurance arrangement that apply to the Transferring Business comprise the R&Q LPTA, under which R&Q Re 100% reinsures the QUK Transferring Business, and an arrangement whereby Aviva International Insurance Ltd (“**AAIL**”) provides 100% cover in respect of the small portfolio within WMG that is serviced by RMSL. It is intended that the AAIL contract will be transferred by the Scheme from WMG to Inceptum. Similarly, it is intended that the contract whereby R&Q Re 100% reinsures the QUK Transferring Business will also be transferred to Inceptum by the Scheme but that it shall be amended on the Effective Date so that, post-Scheme, it provides 50% quota share cover to Inceptum in respect of the QUK Transferring Business.
- 7.2 I am satisfied that the Scheme will not have a materially adverse effect on the writers of the reinsurance contracts that are being transferred. The administration of the Transferring Business, including the management and handling of claims, will continue to be performed post-Scheme by the same teams at RMSL and at RQCS, using the same processes, as it had been pre-Scheme, so the magnitude and timing of recoveries claimed against reinsurance contracts relating to the Transferring Business will be unaffected by the Scheme.

WHAT WOULD HAPPEN WERE THE SCHEME NOT TO PROCEED?

- 7.3 In the event that the Scheme were not to proceed, then the position of the Parties and

of the various groups of policyholders would remain unaltered from the current position. The Eta Transferring Business and the WMG Transferring Business would remain with Eta and WMG respectively. The legal liability for the QUK Transferring Business would remain with QUK; the economic liability for the QUK Transferring Business would remain with R&Q Re.

8 Conclusions

- 8.1 I confirm that I have been provided with access to all material facts of which I am aware and which I consider relevant in order to assess the proposals under the proposed Scheme, and I further confirm that all information that I have requested in relation to my review has been provided. In performing my review and in producing the Scheme Report, I have relied, without detailed verification, upon the accuracy and completeness of the data and information provided to me by the Companies. My conclusions depend on the substantial accuracy of this data, information and the underlying calculations. At the time of preparing the Scheme Report, I was unaware of any issue that might cause me to doubt the accuracy of the data and other information provided to me by the Companies. As far as I am aware, there are no matters that I have not taken into account in undertaking my assessment of the proposed Scheme and in preparing the Scheme Report, but that nonetheless should be drawn to the attention of policyholders in their consideration of the proposed Scheme.
- 8.2 In summary, in my opinion, provided the proposed Scheme operates as intended, and I have no grounds for believing that it will not do so, I am satisfied that the implementation of the proposed Scheme would not have a material adverse effect on:
- The Transferring Policyholders;
 - Their benefit expectations;
 - The security of their benefits;
 - The level and standards of administration and service that would apply to their policies;
 - The QUK Non-Transferring Policyholders;
 - Their benefit expectations;
 - The security of their benefits;
 - The level and standards of administration and service that would apply to their policies;
 - The existing policyholders of Inceptum;
 - Their benefit expectations;
 - The security of their benefits;
 - The level and standards of administration and service that would apply to their policies.

9 Supplemental Report

- 9.1 My analysis has been based upon the material supplied to me, including balance sheets and other information, which themselves are based on accounting positions as at 30 September 2021 (for QUK) and 31 December 2021 (for Eta, WMG and Inceptum). I have made allowance for developments that have occurred since those dates, insofar as I have been notified of them.
- 9.2 Shortly before the date of the Court hearing at which an order sanctioning the Scheme will be sought, I will prepare a supplementary report (the “**Supplemental Report**”), covering any relevant matters that might have arisen since the date of the Scheme Report. This will include consideration of updates to the accounting positions. It is intended that the Supplementary Report will be published on the Transfer Websites at least one week before the date of the final Court hearing.



Derek Newton / 18 July 2022

Fellow of the Institute and Faculty of Actuaries

APPENDIX: LEGAL NOTICE

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
COMPANIES COURT (ChD)

CR-2022-000964

IN THE MATTER OF

QBE UK LIMITED

and

IN THE MATTER OF

R&Q ETA COMPANY LIMITED

and

IN THE MATTER OF

THE WORLD MARINE & GENERAL INSURANCE PLC

and

IN THE MATTER OF

INCEPTUM INSURANCE COMPANY LIMITED

and

IN THE MATTER OF

PART VII OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

NOTICE IS HEREBY GIVEN that, on 27 July 2022, QBE UK Limited (formerly Legibus 373 Limited from 1983 to 1984; Delta International Reinsurance Company Limited from 1984 to 1987; Imperial Chemicals Reinsurance Limited from 1987 to 1988; QBE Reinsurance (London) Limited from 1988 to 1992; QBE International Insurance Limited from 1992 to 2005; and QBE Insurance (Europe) Limited from 2005 to 2018) (**QBEUK**), R&Q Eta Company Limited (formerly MPS Risk Solutions Limited from 2004 to 2019) (**Eta**), The World Marine & General Insurance PLC (formerly The World Marine Insurance Company Limited from 1894 to 1914; and The World Marine & General Insurance Company Limited from 1914 to 1982) (**WMG**) and Inceptum Insurance Company Limited (formerly Duntrade Limited from June 1998 to October 1998; Corinthian Insurance Company Limited from 1998 to 2005; and HSBC Insurance (UK) Limited from 2005 to 2011) (Inceptum and, together with QBEUK, Eta, WMG, the **Applicants**) made an application (the **Application**) to the High Court of Justice (the **Court**) pursuant to section 107(1) of the Financial Services and Markets Act 2000 (**FSMA**) for an order:

- 1) under section 111 of FSMA sanctioning an insurance business transfer scheme for the transfer of part of the general insurance business of QBEUK and all of the general insurance business of each of Eta and WMG (the **Scheme**) to Inceptum; and
- 2) making ancillary provisions in connection with the Scheme pursuant to section 112 of FSMA.

The Scheme provides for the transfer to Inceptum of the following general insurance business:

- (a) all policies originally issued by QBEUK from the UK (or issued by other insurers and subsequently assumed by QBEUK) which incepted on or prior to 31 December 2007 that have claims within certain QBEUK reserving classes detailed in the Scheme Document and related assets and liabilities; and
- (b) the entire general insurance business of each of Eta and WMG.

Copies of a report on the terms of the Scheme prepared pursuant to section 109 of FSMA (the **Independent Expert Report**), a statement setting out the terms of the Scheme and a summary of the Independent Expert Report are available free of charge to download on the QBE website (<https://qbeeurope.com/quk-inceptum-part-vii-information/>) and the R&Q website (<https://www.rqih.com/news/the-world-marine-general-rq-eta-and-qbe-uk-part-vii-transfer>). Supporting documents and any further news about the Scheme will be posted on the webpages so you may wish to check for updates. You can also request free copies of any of these documents by writing to R&Q Insurance Holdings Ltd., 71 Fenchurch Street, London EC3M 4BS (Ref: Jacqui Rayner); telephoning +44 (0)20 7977 0892 from Monday to Friday during usual business hours (09.00 to 17.00); or emailing businesstransfers@rqih.com (Ref: Fusion Part VII).

The Application is directed to be heard before a judge on 25 November 2022 at The Rolls Building, Fetter Lane, London, EC4A 1NL, United Kingdom. If approved by the Court, it is proposed that the transfer will take effect at 00:01 (GMT) on 2 December 2022.

Any person who believes that he or she would be adversely affected by the carrying out of the Scheme is entitled to make written representations to the Court and/ or have their concerns heard in person (or by a legal representative) at the hearing of the Application on 25 November 2022. Any such person may also raise their concerns in writing or over the telephone with the Applicants, who will make a record of these concerns and communicate them to the Prudential Regulation Authority, the Financial Conduct Authority, the Independent Expert and the Court.

Any person who intends to make representations (whether by telephone or in writing) or to appear at Court is requested (but not obliged) to provide details of their representations or notice of their intention to appear at Court and details of their concerns as soon as possible and ideally at least 15 days before the hearing of the Application on 25 November 2022 using the contact details set out above.

Reynolds Porter Chamberlain LLP
Tower Bridge House, St Katharine's Way, London E1W 1AA, United Kingdom
Ref: INC30.1
Solicitors for the Applicants

